

DOUGLAS COUNTY LIBRARIES

BOARD BUDGET PUBLIC HEARING AND BUSINESS MEETING

Wednesday, April 30, 2025, 5:30 p.m., Philip and Jerry Miller Library, Castle Rock, CO

<u>Agenda Topic</u>	<u>Presenter</u>	<u>Page</u>
Call meeting to Order	Terry Nolan	
Attendance		
Guests - Janeen Hathcock, CPA, Eide Bailly LLP, Dave Corliss, Town of Castle Rock		
Public Comment		
<i>Do any board members have a conflict of interest to disclose regarding any of the below matters? If so, please recuse yourself, and return to the meeting after discussion has ended.</i>		
Consent Agenda Recommendation(s) Memo	Terry Nolan	<u>3</u>
1. Minutes 03/26/25 Business Meeting		<u>4</u>
2. Minutes 04/12/25 Special Meeting / Retreat		<u>8</u>
3. Castle Pines Lease Renewal		<u>10</u>
Audit Presentation , Janeen Hathcock, CPA, Eide Bailly LLP		
• Governance Letter and Annual Report		<u>14</u>
Budget Public Hearing	Terry Nolan	
• Budget Amendments		<u>92</u>
◦ Organizational Resilience Program		
◦ Northwest Library		
Public Comment for Budget Public Hearing		
Other Business		
Action Items		
• Resolution for an Investment Advisory Firm		<u>101</u>
• Fransen Pittman Contract for Sterling Ranch Library		<u>106</u>
• Town of Castle Rock Brickyard Urban Renewal Authority Intergovernmental Agreement		<u>169</u>
• Cyber Security Report – the report will be given in Executive Session (see below)		<u>183</u>
Discussion Items		
• May Partnership of Douglas County Governments Meeting		
Executive Library Director Update	Bob Pasicznyuk	<u>184</u>
Partner Reports		
• Partnership of Douglas County Governments		
• Douglas County Youth Initiative		
• Douglas County Libraries Foundation		

Executive Session: Pursuant to C.R.S. Section 24-6-402(4)(d), for the purposes of discussing specialized details of security arrangements or investigations, including defenses against terrorism, both domestic and foreign, and specifically around library cyber security.

Return to Open Meeting

Trustee Comments

Upcoming Board Meetings

- May 15, 2025, Executive Committee Meeting, Castle Pines Library, Castle Pines, 8:00 a.m. – 9:00 a.m.
- May 28, 2025, Philip & Jerry Miller Library, Castle Rock
 - Board Study Session, 4:00 p.m. (Dinner at 5:00 p.m.)
 - Board Business Meeting, 5:30 p.m.

Other Meetings

- May 21, 2025, Partnership of Douglas County Governments, Philip & Jerry Miller Library, Castle Rock, CO 7:30 a.m. (Breakfast at 7:00 a.m.) The Library is the host and topic for this meeting.
- September 19, 2025, 10th Annual Douglas County Libraries Foundation Gala, *Beauty and the Beast*, Highlands Ranch Mansion.

Adjourn

MEMO

To:	Douglas County Libraries Board of Trustees
Date:	April 30, 2025
From:	Patti Owen-DeLay
Subject:	Consent Agenda Recommendation(s)

ISSUE:

Review and approve Consent Agenda item(s).

DISCUSSION:

The Consent Agenda follows the process outlined below:

- Items will be recommended as norm or appropriate for the Consent Agenda
- Any board member can suggest adding or pulling items from the Consent Agenda
- It takes a motion and unanimous vote to add items to the Consent Agenda
- Any one board member can request to pull consent items for further discussion, which will then be moved for discussion and possible action under Library Business
- Motion recommendation will be accepted as proposed; if an amended motion is needed, we will pull the item from the Consent Agenda to accomplish this

Consent Agenda Items for this meeting are:

1. Minutes 03/26/25 Business Meeting
2. Minutes 04/12/25 Special Meeting/Retreat
3. Castle Pine Lease Renewal

RECOMMENDATION: Move to approve the consent agenda items as presented, or as amended (if an item or items were pulled).

DOUGLAS COUNTY LIBRARIES
Board of Trustees Business Meeting
March 26, 2025
Castle Rock, CO

President Nolan called the business meeting to order at 5:31 p.m.

This meeting was held and was noticed in compliance with both Colorado Open Meeting Law and the Douglas County Libraries Bylaws.

Nolan welcomed new trustee Taylor Watson, retiring trustees Rick LaPointe and Meghann Silverthorn, and Castle Rock Mayor Jason Gray and Town Manager Dave Corliss.

The following were present:

TRUSTEES: Suzanne Burkholder, Pam Hampton, Terry Nolan, Ted Vail, Taylor Watson, and Amy Windju

McKinney was absent. The absence was excused.

STAFF: Bob Pasicznyuk, Casie Cook, Tina Schmidt, Sterling Sylvester, and Patti Owen-DeLay

GUESTS:

- Retired trustees Rick LaPointe and Meghann Silverthorn
- Town of Castle Rock: Mayor Jason Gray, Town Manager Dave Corliss, Pete Mangers, Jeff Brauer, Tara Vargish, and Steve Campbell
- Tony DeSimone of Confluence Company
- Douglas County Libraries staffers Brandon Forman, Laura Burge, and Cliff Davidson

PUBLIC: Castle Rock Officer Keiler, Kimberly Carroll, Paul Baxter (DCL staff), Ann Gearing, Adelita Campbell, Robin Warnke (DCL staff), Todd Warnke, Alex McCall, Erin Bardwell, Kelly Dixon, Kim Hermberg, Dawn Caldwell, and Wren Caldwell

PUBLIC COMMENTS

Kimberly Carroll – Douglas County resident. Opposed to change in trustee appointment process and appointment of a “book banner.” Concerned about funding for libraries with federal action around the Institute of Museum and Library Services.

Ann Gearing – Douglas County resident. Wants library to continue to remain a welcoming library that serves everyone equally.

Adelita Campbell – Douglas County resident. Opposed to appointment of Amy Windju, who advocates censorship. Concerned about lack of respect for the trustee appointment process.

Kelly Dixon – Douglas County resident. Concerned about selection of new trustees and process that was changed. Would like board to consider live streaming of meetings.

CONSENT AGENDA

1. Minutes February 26, 2025, Business Meeting
2. New Trustee Appointment – Taylor Watson
3. Final Douglas County Youth Initiative Intergovernmental Agreement

Owen-DeLay stated that the minutes have been amended to reflect Ted Vail as board secretary, not Suzanne Burkholder, and removing Lisanna Parkhurst as having prepared the minutes.

MOTION 25-03-01: Vail moved and the motion carried unanimously to approve the consent agenda, including the March 26, 2025, minutes with correction to the Board Secretary and removal of Parkhurst; the email showing appointment of new trustee Taylor Watson; and the final Douglas County Youth Initiative Intergovernmental Agreement. Burkholder seconded the motion.

LIBRARY BUSINESS

No one declared a conflict of interest.

Action Items

Recognition of Retired Trustees.

LaPointe. Trustees acknowledged LaPointe for his devotion to public service, the perspective brought, being a “devil’s advocate” in vetting decisions, and his business expertise and thoughtfulness.

Nolan read the Resolution of Appreciation for LaPointe.

MOTION 25-03-02: Nolan moved and the motion carried unanimously to adopt **Resolution 2025-03-02** recognizing the service of Library Trustee Rick LaPointe. Vail seconded the motion.

LaPointe thanked the commissioners, board, director and staff, and the community, saying that serving was the opportunity of a lifetime.

Silverthorn. Trustees acknowledged Silverthorn for her dedication to being a library patron, a wonderful colleague, having an engineer’s mind, her reasoned approach, wise counsel, parliamentary knowledge, and her sound voice on the Urban Libraries Council.

Nolan read the Resolution of Appreciation for Silverthorn.

MOTION 25-03-03: Vail moved and the motion carried unanimously to adopt **Resolution 2025-03-01** recognizing the service of Library Trustee Meghann Silverthorn. Burkholder seconded the motion.

Nolan shared that Silverthorn also received the President’s Volunteer Award for hours given in service.

Silverthorn expressed appreciation for working with LaPointe, gratitude for serving the community through the library board, and appreciation for the board and staff.

Town of Castle Rock Presentation on the Brickyard Urban Renewal Authority Project (Brickyard)

Dave Corliss introduced town staff in attendance and spoke about the Brickyard project, talking about synergy between the public Sports Center and the Brickyard development project. Corliss outlined the Urban Renewal Authority Intergovernmental Agreement that is being asked of the Library by going through his slides. The Brickyard agreement will come before the board at a future meeting.

Executive Library Director Update

Presentation: Battle of the Books

Burge gave an overview of Battle of the Books, stating that it is a voluntary reading program competition for elementary students in grades 3 through 6, in partnership with Douglas County schools. In 2025 70% of all Douglas County schools participated. Attendance in 2025 was 13,734 people.

Forman and Davidson demonstrated how Battle of the Books works, engaging in a short battle by dividing the board into two teams.

Director's Report

Pasicznyuk reported that Douglas County Libraries sees very little revenue from grants through the Institute of Museum and Library Services (IMLS) and is not dependent on any IMLS funding.

Pasicznyuk reviewed the upcoming new library to be built in northwest Douglas County, with the land agreement and construction contract expected to come to the board in April. Pasicznyuk highlighted that this new library will move us into owned facilities for all libraries, sized to give each community the baseline of all library program offerings.

PARTNER REPORTS

Partnership of Douglas County Governments

Nolan reported that he, Burkholder, and Pasicznyuk attended. The Division of Local Affairs with the state shared what they do. Nolan reported on new trustees, Battle of the Books, completion of the Highlands Ranch projects, including the roof, the upcoming new Sterling Ranch library, and IMLS funding not affecting Douglas County Libraries.

Douglas County Youth Initiative (DCYI)

Owen-DeLay shared that the Annual Youth Award nominations were received earlier this month and winners will be announced and celebrated in April.

Douglas County Libraries Foundation

Burkholder invited the board and attending community members to the Douglas Libraries Foundation 10th annual Fêtes de Fables Gala on Friday, September 19, 2025, at the Highlands Ranch Mansion.

She also mentioned that the next quarterly Douglas County Libraries Foundation meeting will be held on Monday, April 28, 2025.

Pasicznyuk shared information about the Foundation and its relationship with and work for the Library.

TRUSTEE COMMENTS

Burkholder complimented staff on the excellent engagement of community through Battle of the Books.

Watson and Windju want to see the impact numbers to the Library for the Brickyard project. Pasicznyuk reminded the board that we opt out of Urban Renewal Authority (URA) Intergovernmental Agreements, though we can negotiate terms and have done so for other municipal requests around URAs.

Nolan reminded the trustees about the mid-cycle review survey coming to them for the Executive Library Director's performance and called attention to the memo they received.

UPCOMING BOARD MEETINGS

- April 12, 2025, Board Annual Retreat, Castle Pines Library, Castle Pines, 9:00 a.m.–3:00 p.m.
- April 17, 2025, Executive Committee Meeting, Castle Pines Library, Castle Pines, 8:00 a.m.–9:00 a.m.
- April 30, 2025, Philip & Jerry Miller Library, Castle Rock
 - Board Study Session, 4:00 p.m. (Dinner at 5:00 p.m.)
 - Board Business Meeting, 5:30 p.m.

OTHER MEETINGS

- May 21, 2025, Partnership of Douglas County Governments, Philip & Jerry Miller Library, Castle Rock, 7:30 a.m. (breakfast at 7:00 a.m.). The Library is host.
- September 19, 2025, 10th Annual Douglas County Libraries Foundation Gala, *Beauty and the Beast*, Highlands Ranch Mansion.

ADJOURN

Nolan adjourned the meeting at 7:05 p.m.

Respectfully submitted,
 Ted W. Vail, Board Secretary
 Minutes prepared by Patti Owen-DeLay
 Approved MOTION _____, Date _____

DOUGLAS COUNTY LIBRARIES
Board of Trustees Special Meeting
April 12, 2025
Castle Pines, CO

President Nolan called the special meeting for board retreat to order at 9:05 a.m.

This meeting was held and was noticed in compliance with both Colorado Open Meeting Law and the Douglas County Libraries Bylaws.

The following were present:

TRUSTEES: Suzanne Burkholder, Pam Hampton, Terry Nolan, Ted Vail, Taylor Watson, and Amy Windju

Amy Windju arrived at 9:08 a.m.

Zach McKinney was absent. The absence was excused. A quorum was present.

STAFF: Bob Pasicznyuk, Amber DeBerry, Casie Cook, Jill Corrente, and Patti Owen-DeLay

Amber DeBerry, Casie Cook, and Jill Corrente arrived at 9:50 a.m.

GUEST: Michelle Newcome, Risk Resiliency, arrived at 9:44 a.m.

PUBLIC: None

LIBRARY BUSINESS

No one declared a conflict of interest.

Discussion Items

- Board Effectiveness Annual Discussion
 - With three new trustees, the board started with introductions of their individual backgrounds.
 - Nolan led the board in reviewing the Board Self-Evaluation, commenting on areas that were solid and areas to continue working on.
 - The board engaged in sharing attributes each trustee brings and how that can support their work as a board.

The board took a recess at 9:55 a.m. and restarted at 10:00 a.m.

- Organizational Resilience Security Discussion in Executive Session

EXECUTIVE SESSION

MOTION 25-04-01SP: Burkholder moved and the motion carried unanimously to move into executive session pursuant to C.R.S. Section 24-6-402(4)(d), for the purposes of discussing specialized details of security arrangements or investigations, including

defenses against terrorism, both domestic and foreign, and specifically around library safety and security. Watson seconded the motion.

The board moved into executive session at 10:05 a.m.

The board returned to open session at 11:53 a.m.

For the record, if any person who participated in the executive session believes that any substantial discussion of any matters not included in the motion to go into the executive session occurred during the executive session, or that any improper action occurred during the executive session in violation of Colorado Open Meeting Law, Nolan asked that they state their concerns for the record.

Hearing none, the meeting continued.

Return to Open Meeting

There was no further action.

ADJOURN

Nolan adjourned the meeting at 11:53 a.m.

Respectfully submitted,
Ted W. Vail, Board Secretary
Minutes prepared by Patti Owen-DeLay
Approved MOTION _____, Date _____

**MEMO**

To:	Douglas County Libraries Board of Trustees
Date:	April 30 th , 2025
From:	Casie Cook, Director of Finance
Subject:	City of Castle Pines Lease – 3rd Amendment

ISSUE:

Renewing City of Castle Pines Lease – via 3rd Amendment.

DISCUSSION:

Our Authorization of Expenditure Policy requires that the President of the Board or designee is the authorized signatory for intergovernmental agreements.

Our attorney has prepared the 3rd amendment to the City of Castle Pines lease. The City of Castle Pines has reviewed and approved the 3rd Amendment. This lease will expire on 12/31/2026. If the City of Castle Pines needs use of our space after that time, a new lease will be negotiated.

RECOMMENDATION: Staff recommends that the President of the Board or designee signs the third amendment related to the City of Castle Pines lease.

**THIRD AMENDMENT TO LEASE AGREEMENT
BY AND BETWEEN
DOUGLAS COUNTY LIBRARIES
AND
THE CITY OF CASTLE PINES, COLORADO**

This Third Amendment to Lease Agreement (the “**Third Amendment**”) is made and entered into as of this 30th day of April, 2025 (the “**Effective Date**”), by and between Douglas County Libraries, a library district formed in Douglas County pursuant to the provisions of C.R.S. §§ 24-90-101 through 119 (the “**Landlord**”), and the City of Castle Pines, Colorado, a Colorado municipal corporation (the “**Tenant**,” and together with Landlord, the “**Parties**,” or either of the Parties individually, the “**Party**”).

RECITALS

A. **WHEREAS**, the Parties have previously entered into that certain Lease Agreement, dated June 30, 2016, (the “**Lease Agreement**”) as amended by that certain First Amendment to Lease Agreement, dated April 1, 2023, (the “**First Amendment**”) and that certain Second Amendment to Lease Agreement, dated April 1, 2024, (the “**Second Amendment**”, together with the First Amendment, the “**Amendments**”) pursuant to which the Landlord agreed to make space within the Castle Pines Library available for lease to Tenant as described therein; and

B. **WHEREAS**, the Parties desire to modify and extend the terms of use of the Castle Pines Library for shared and designated public purposes with this Third Amendment.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, the Lease Agreement is modified as follows:

TERMS AND CONDITIONS

1. **Defined Terms.** Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Lease Agreement and the Amendments.

2. **Amendment to Paragraph 2.** Paragraph 2 of the Lease Agreement, as amended, is further amended as follows:

A. Paragraph 2.C. of the Lease Agreement, as amended, is hereby deleted in its entirety and replaced with the following:

“As to the Shared Spaces of the Leased Facilities, the Initial Term is renewed through December 31, 2026 (the “Renewal Term”) pursuant to this Third AmendmentAll of the other covenants, conditions and provisions provided in the Lease Agreement, as amended, shall remain in full force and effect unless modified in writing by the Parties.”

3. **Amendment to Paragraph 5.** Paragraph 5 of the Lease Agreement, as amended, is further amended as follows:

A. Paragraph 5.A. of the Lease Agreement, as amended, is hereby deleted in its entirety and replaced with the following:

“The Tenant’s employees may access the public areas of Building via use of badges to be issued by the Landlord and such badges shall provide 24 hour/7 day per week access. The Tenant shall be responsible for opening, closing, locking and otherwise ensuring the security of the Building and all of Landlord’s property at all times which are outside the hours of operation of the Building. The Tenant shall notify the Landlord and the Community Engagement Department in writing of any lost or stolen badges so that the Landlord may deactivate and reissue the badges.

The Landlord plans to install a thumb lock on the front door of the Building as soon as feasible as an emergency exit to allow for members of the public to leave if the Tenant’s meetings run after hours. If any Tenant meeting runs after hours, the Tenant shall be responsible for locking and otherwise ensuring the security of the front door of the Building after all members of the public have left.”

4. **Prior Provisions Effective.** Except as specifically provided herein and amended hereby, all of the terms and provisions of the Lease Agreement and the Amendments, shall remain in full force and effect.

5. **Further Amendment.** The Lease Agreement, as amended, may be further amended or extended, in whole or in part, by a written instrument executed by each Party.

6. **Counterpart Execution.** This Third Amendment may be executed in counterparts, each of which shall constitute an original and all of which when taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Third Amendment to Lease Agreement as of the Effective Date.

DOUGLAS COUNTY LIBRARIES

By: _____
Title: Terry Nolan, Board President

Attest:

By: _____
Title: Ted W. Vail, Board Secretary

THE CITY OF CASTLE PINES

By: _____
Title: City Manager

Attest:

By: _____
Title: City Attorney



April 7, 2025

To the Board of Trustees
Douglas County Libraries
Castle Rock, Colorado

We have audited the financial statements of Douglas County Libraries (the District) as of and for the year ended December 31, 2024, and have issued our report thereon dated April 7, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our letter dated December 18, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." In addition to the significant risks communicated to you previously, we have identified the following additional significant risk:

- **Significant Estimates** – Professional standards require auditors to contemplate significant estimates as significant risks due to the judgmental nature of the assumptions and inputs to determine the potential impact those assumptions may have on the amounts reported for the estimates. We currently identified the amounts reported related to the District's pension and other post-employment benefit plans to be significant estimates.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As discussed in Note 1 to the financial statements, the District has changed accounting policies related to accounting for compensated absences to adopt the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the net pension and other post-employment benefit (OPEB) liabilities and the related deferred inflows and outflows is based on actuarial assumptions and calculations utilized by the actuaries and provided and reviewed by management. We evaluated the key factors and assumptions used to develop the net pension and OPEB liabilities and related deferred inflows and outflows estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Districts' financial statements relate to: Capital Assets in Note 3; Long-Term Debt in Note 4; and Employee Retirement Plans in Note 5.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We noted the following modifications to the independent Auditor's Report which does not have an impact on our opinion:

- ***Adoption of a New Accounting Standard*** as discussed in Note 1 to the financial statements related to the adoption of GASB Statement No. 101, *Compensated Absences*.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated April 7, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Districts' auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in District's annual reports, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the other information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

The consolidated financial statements include the financial statements of Douglas County Library Foundation (the Foundation), which we considered to be a significant component of the consolidated financial statements. Consistent with the audit of the consolidated financial statements as a whole, our audit included obtaining an understanding of the Foundation and their environment, including internal control, sufficient to assess the risks of material misstatement of the consolidated financial statements of the Foundation and completion of further audit procedures.

This report is intended solely for the information and use of the District Board of Trustees, and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Denver, Colorado



ANNUAL REPORT

2024

Douglas County Libraries 

TABLE OF CONTENTS

TRANSMITTAL LETTER	1-6
INDEPENDENT AUDITOR'S LETTER	7-9
MANAGEMENT'S DISCUSSION AND ANALYSIS	10-17
BASIC FINANCIAL STATEMENT	18-21
Balance Sheet – Governmental Fund/Statement of Net Position	18
Statement of Revenues, Expenditures, and Change in Fund Balance – Governmental Fund/Statement of Activities	19
Reconciliation of the Balance Sheet – Governmental Fund to the Statement of Net Position	20
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance – Governmental Fund to the Statement of Activities	21
NOTES TO FINANCIAL STATEMENT	22-50
REQUIRED SUPPLEMENTARY INFORMATION	51-53
Budgetary Comparison Schedule – General Fund	51
Schedules of Proportionate Share of the Net Pension Liability and Net OPEB Liability	52
Schedules of the Employer's Contributions to the Pension Plan and OPEB	53
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	54-62
OTHER INFORMATION	63-65
Summary of Revenues, Expenditures, and Change in Fund Balance – General Fund	63
Summary Historical Comparison of Revenues, Expenditures, and Change in Fund Balance – Governmental Fund	64
History of Assessed Valuations and History of Mill Levies	65
Property Tax Collections	65

TRANSMITTAL LETTER

April 7, 2025

To the Douglas County Commissioners, the Board of Trustees of the Douglas County Libraries, and the Citizens of Douglas County:

As required by Colorado Audit Law, Section 29-1-601, et seq., C.R.S. and Colorado Library Law Section 24-90-109(1)(l), C.R.S. the Board shall ensure that an annual audit of the financial affairs and transactions of all funds and activities of the District be conducted for each fiscal year. The goal of the annual audit is to provide assurance that the financial statements of the District are presented in conformity with governmental accounting standards. The audit must be performed by an independent firm of licensed certified public accountants. In accordance with this requirement, we submit for your information and review, the Douglas County Libraries Annual Report for the year ended December 31, 2024.

Management for the District is responsible for the completeness and reliability of information presented in this report. To provide a reasonable basis for making these representations, the District has established a comprehensive internal framework that is designed to protect the District's assets from loss, theft, or misuse and to provide sufficient reliable information for the preparation of the financial statements. Because the cost of the internal controls should not exceed the benefits, the internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The District's financial statements have been audited by Eide Bailly, LLP, and they have issued an unmodified opinion on the District's financial statements. An "unmodified" opinion means that the financial statements meet the "in conformity with generally accepted accounting principles (GAAP)" requirement.

Management provides a narrative introduction, overview and analysis of the basic financial statements. Management's Discussion and Analysis (MD&A) provides an overview of the financial statements and is intended to complement this letter of transmittal. The MD&A can be found in the Financial Section of this Annual Report immediately following the report of independent auditors.

PROFILE OF THE DOUGLAS COUNTY LIBRARIES DISTRICT

Douglas County Libraries elevates our community by inspiring a love of reading, discovery and connection.

Douglas County Libraries ("the District") was established in November, 1990, by resolution of the Board of County Commissioners of Douglas County, pursuant to a vote by the electors of



Douglas County in favor of establishing a library district with the authority for a mill levy on real and personal property in Douglas County for the establishment, operation and maintenance of the District. The District includes all property within the boundaries of Douglas County, Colorado.

In order to achieve its vision, Douglas County Libraries provides the following services to all residents of Douglas County:

- Circulation, consisting of the provision of books, e-books, periodicals, audios, videos and other library content for lending use to the public;
- Online services, consisting of the District's website, research resources, tools for online learning, and an online catalog of downloadable materials;
- Community gathering spaces, including public computers and wireless access, large public meeting rooms, and smaller, private meeting/study rooms;
- Reader's advisory services, consisting of collaboration with customers to determine their likes and dislikes and recommend appropriate reading materials;
- Children's events that emphasize development of early literacy skills that enable children to translate words to images, develop their brains, and nurture the cognitive, emotional and social skills they need to develop the habits of lifelong learners;
- Reference services that provide informational and research assistance to customers, entrepreneurs and small business persons;
- Events and activities that address a variety of needs or interests among all age groups: summer reading, pairing teens with struggling young readers, group reading comprehension competitions, senior services, community and lifelong learning events, book clubs, hands-on science experiments, creative activities, High School Equivalency (HSE), English as a Second Language (ESL), local economic development and current affairs, technology literacy and job seeker skills improvement, author events, and events celebrating stories and literature;
- Douglas County Archives & Local History, which collects and preserves the history of Douglas County in order to provide historical research resources to the public.

In 2024:

- More than 1,400,186 customers visited the District's facilities (a 4.4% increase over 2023);
- The District circulated more than 5,709,374 items from its library content (a 2.3% increase over 2023);
- More than 180,150 people participated in 5,761 events offered by the District. These represent a 6.7% increase in event attendance over 2023.
- The District hosted 11,248 free room-use events in community gathering spaces, an increase of 24.0% over 2023. Paid room use equaled 1,276 events, an increase of 14.0% over 2023.

LARGE EVENTS, CAMPAIGNS & OUTREACH

We were pleased to offer several signature events, bringing people to our libraries in large numbers for events they have come to expect from Douglas County Libraries (DCL). Our customers often tell us these events represent treasured family traditions.

- Summer Reading: Flock to the Library was a traditional summer reading program, including 61 kickoff and supplemental events serving more than 7,889 customers, a 12.7% increase in event attendance over 2023. We registered 16,706 customers for Flock to the Library, a 5.6% increase over 2023.
- Fairy Tale Ball: Aladdin, a free event held at six locations, served more than 1,100 customers.
- Storybook Holiday: Paid signature events in the spring (Monkey Business!), fall (The Witches) and winter ('Twas the Night) brought more than 2,000 customers to DCL, an increase of 11.1% over 2023.
- Camp DCL: Four full-day and 12 half-day camps offered during summer break operated at six library locations and served 366 school-aged campers and their families.
- A Visit with Santa: Santa returned to DCL for 18 events serving 1,300 customers. In its second year, DCL's Booked for the Holidays served more than 500 customers at 11 other events, and thousands at the seven-week, open-house Forest of Stories exhibit.
- Battle of the Books, a literature-themed quiz-bowl style tournament, engaged 1,030 participants from 46 local elementary schools, and brought more than 10,000 audience members to four DCL locations over six weeks.
- Page to Stage provided arts-in-education enrichment to 13,769 students via 49 performances at local elementary schools, about a third more than in 2023.
- Fête des Fables: Our annual Foundation gala represented a net gain of \$70,290 for the Douglas County Libraries Foundation (DCLF), a 43.7% increase over 2023, achieved through ticket sales, pulls/auctions and direct donations/sponsorships (in-kind, individual and corporate).
- Colorado Gives Day (CGD) and an associated year-end giving campaign engaged 605 individual donors, 122 of whom donated to the Douglas County Libraries Foundation for the first time. Around 57.3% of 2023 CGD donors gave again during the 2024 campaign. Total CGD donations equaled \$86,462, and total year-end giving (Nov. 1-Dec. 31) was \$104,145, reflecting double digit increases over 2023.

LONG-TERM FINANCIAL PLANNING

The District develops an annual budget in accordance with the statutory requirements of Colorado Local Government Budget Law, Section 29-1-101 et seq., C.R.S. The budget is also compiled in compliance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) standards for budget preparation and



presentation or other relevant regulations. The budget shall reflect the plans and strategies of the District as adopted by the Board.

The District is committed to maintaining the infrastructure and finishes of its libraries and has completed a facilities master plan that identifies:

- Equipment replacement and infrastructure maintenance needs to be funded from current property tax revenues, and
- Facility upgrades and expansion requirements, to be funded from District reserves.

In addition, the District has developed a long-range forecast in an effort to ensure that operations and debt service obligations for program expenditure requirements do not require the use of reserves and can be fully funded from current property tax revenues going forward.

As previously indicated, employees of the District are provided with pension benefits through the Public Employees' Retirement Association (PERA) defined benefit plan. The District, and its employees, belong to the Local Government Division of the pension trust fund. As such, the District, and its employees, are obligated to contribute to PERA at those rates established by the Colorado legislature for the Local Government Division of the pension trust fund.

The District has identified a capital improvement need for a larger facility in northwest Douglas County to serve projected growth in the area.

FACTORS AFFECTING FINANCIAL CONDITION

The historical financial statements and the 2024 budget are best understood when considered from the broader perspective of the specific environment in which the District operates.

Property Tax Revenues and Constitutional Limitations

The District derives the majority of its revenues from property taxes. In general, the county assessor revalues real estate in odd-numbered years on the basis of comparable sales during the previous two-year period.

The District, under the leadership of our citizen-led Board of Trustees, directed staff to limit 2026 revenues by \$5,000,000 toward tax relief. The Board is committed to both premium libraries and responsible financial stewardship.

Operating, Facility Maintenance, and Debt Service Expenditures

The District is investing in several important areas in 2025: the compensation line has grown by approximately 9%, which allows for a market adjustment, a 3.5% merit increase, and recognition for top performance. The District is also investing \$0.734 million into facilities maintenance and management, and allows for an amount of approximately \$2 million to be set aside toward a new facility planned in Northwest Douglas County. Additionally, the budget will allow for several large projects including a parking lot rotomill and resurface and elevator and fire alarm upgrades at Highlands Ranch.

The District has adopted a compensation strategy that supports competitive wages and benefits. The District, as a participant in the Local Government Division, contributes 10% of qualifying salaries and wages to each employee's PERA account, and 4.81% of salaries and wages are deposited in the Local Government Division Trust fund to pay off unfunded liabilities of the DB Plan.

The District sold its property located at 102 South Wilcox Street, Castle Rock, in 2025, and received net proceeds of \$3.048 million.

Maximum debt service under the terms of the 2015 CoPs is \$2.125 million. The District made a \$1.455 million principal payment plus interest and premium amortization payments of \$0.557 million in 2024.

Operating revenues budgeted for 2025 are projected to exceed operating expenditures, interest and principal payments and the costs to maintain the District's facilities by \$7.883 million. Non-operating expenditures related to tax relief and capital projects total \$5.870, bringing total revenues over expenditures to \$2.013 million.

ACKNOWLEDGEMENTS

We'd like to acknowledge the outstanding effort of the Accounting / Finance department who worked diligently on preparing for the audit, and to both the Accounting / Finance department and the Community Engagement division for assisting with the preparation of this document.

Respectfully Submitted,

Bob Pasicznyuk
Executive Director

Casie Cook
Director of Finance

Tammy Goodwin
Controller

Independent Auditor's Report

To the Board of Trustees
Douglas County Libraries
Castle Rock, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, and the major fund information of Douglas County Libraries (the District) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and the major fund information of the District, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of a New Accounting Standard

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended December 31, 2024. As a result of implementing the standard, there was no effect on the General Fund and governmental activities beginning fund balance and net position as of January 1, 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, pension schedules, OPEB schedules, and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the summary of revenues, expenditures and change in fund balance-general fund, summary historical comparison of revenues, expenditures and change in fund balance-general fund, history of assessed valuations and history of mill levies, and property tax collections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Denver, Colorado
April 7, 2025



MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION & ANALYSIS OF OPERATING RESULTS

December 31, 2024

*Douglas County Libraries elevates our community by inspiring
a love of reading, discovery and connection.*

The District operates seven library facilities throughout Douglas County. In addition, the District operates Douglas County Libraries Archives & Local History, which collects and preserves the history of Douglas County in order to provide historical research resources to the public. In 2024, the District employed a workforce of 266 full-time equivalent people, who were complemented by approximately 1,282 volunteers who provided 27,720 hours of service at no cost to the District or Douglas County. The District's workforce is broken down as follows:

<u>Percent of Workforce</u>	
86%	Library Operations & Community Engagement
5%	Facilities & Information Technology
9%	Executive, Finance, & Human Resources

The District's strategic plan includes a goal focused on crafting the next generation of libraries to support delivery of premium and personal experiences to all library customers. The District has adopted a facilities master plan to establish the priorities, tasks and budget commitments necessary to construct and maintain facilities that meet the needs of Douglas County in the premium and personal fashion embodied in the District's strategic plan.

The District's financial results for the year ended December 31, 2024, reflect the impact of the following:

- Payment of principal, interest and premium amortization obligations totaling \$2.012 million on the District's 2015 Certificates of Participation (2015 CoPs).
- Net proceeds of \$3.048 million received from the sale of 102 South Wilcox Street.
- The District's Highlands Ranch branch underwent improvements to the roof and HVAC costing \$1.230 million in 2024.
- Received \$1.691 million of property tax funds for Covid from 2022.

The District's financial commitments that are tied to its facilities master plan make it essential to distinguish the results of normal recurring operating activities vs. the financial impact of non-operating transactions such as capital outlays for facility improvements, lease income, and disposals of capital assets. Accordingly, the comparison of year-over-year results in this Discussion and Analysis has been presented on both an as-adjusted and as-reported basis to better illustrate the results of normal recurring operating activities.



The District uses a single general operating fund to account for all transactions and financial resources. The District is committed to ensuring that expenditures associated with day-to-day library operations and routine maintenance of District facilities, furniture and equipment do not exceed annual program and general revenues. Accordingly, the District reports capital expenditures on two separate line items on the financial statements.

- Capital outlay for program expenditures are funded from current operating revenues and include those normal recurring expenditures to repair, maintain or upgrade computers, equipment, furniture, carpeting, roofs, parking lots, and heating, ventilation, and air conditioning (HVAC) units.
- Capital outlay for non-expenditures represent facility upgrades, remodels, and new construction including planning and design costs, and new furniture, fixtures and equipment associated with these projects. Capital outlay for non-operating expenditures are funded from District reserves.

The District maintains financial statements under two separate methods of accounting, as required by Government Accounting Standards:

Governmental Fund Financial Statements;
Government Activities Financial Statements.

An analysis of the District's financial position, and its results of operations, under each of these two methods of accounting is presented below, including the distinctions between the two methods.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The government fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are generally recorded when cash is received, or expenses are paid. Accordingly, funds received through financing activities are recorded as revenues in the period received, expenditures for capital assets are reported as an expense in the period expended, and long-term liabilities are recorded when currently payable, rather than when an obligation is incurred.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE

	2024		2023	
	Amount	% of Total	Amount	% of Total
Program Revenues:				
Operating contributions and grants	\$ 475,185	1.10%	\$ 303,961	0.81%
Charges for services	445,097	1.03%	534,069	1.42%
General Revenues:				
Property taxes	37,678,094	87.38%	32,295,064	85.66%
Auto ownership taxes	2,734,022	6.34%	3,036,478	8.05%
Investment earnings	1,789,666	4.15%	1,531,656	4.06%
Total Revenues	<u>43,122,064</u>	<u>100.00%</u>	<u>37,701,228</u>	<u>100.00%</u>
Program Expenditures				
Operating expenditures	29,865,213	85.68%	25,639,534	84.15%
Capital outlay	2,630,605	7.55%	2,479,094	8.14%
Interest and principal payments	2,360,855	6.77%	2,349,845	7.71%
Total Program Expenditures	<u>34,856,673</u>	<u>100.00%</u>	<u>30,468,473</u>	<u>100.00%</u>
Net Change in Fund Balance - As Adjusted	<u>8,265,391</u>		<u>7,232,755</u>	
Non-Operating Revenues (Expenditures):				
Capital outlay	(2,366,582)	-294.91%	(13,238,407)	103.24%
Sale of capital assets	3,047,921	379.82%	0	0.00%
Lease income (expenditures), net	0	0.00%	(11,538)	0.09 %
Leases issued-inflow	0	0.00%	404,906	(3.16) %
Subscriptions issued-inflow	121,129	15.09%	21,741	(0.17%)
Total Non-Operating Revenues (Expenditures), Net	<u>802,468</u>	<u>100.00%</u>	<u>(12,823,298)</u>	<u>100.00%</u>
Net Change in Fund Balance - As Reported	<u>9,067,859</u>		<u>(5,590,543)</u>	
Beginning Fund balance	<u>20,101,403</u>		<u>25,691,946</u>	
Ending Fund Balance	<u><u>\$ 29,169,262</u></u>		<u><u>\$ 20,101,403</u></u>	

Revenues increased \$5.421 million due primarily to an increase in property taxes of \$5.383 million (16.67%).

Total program expenditures increased \$4.388 million (14.4%). This increase in total program expenditures was primarily due to an increase of \$1.567 million in library salaries and wages, an increase of \$0.715 million in e-content materials, an increase of \$0.394 million in health insurance, an increase of \$0.262 in PERA Retirement-Pension, and an increase of \$0.224 million in program provider fees.

Capital outlays for program expenditures increased by \$0.152 million.

Capital outlays for non-operating expenditures decreased by \$10.872 million due to the cost of building the replacement Castle Rock facility, completed in 2023.

Sale of capital assets increased by \$3.048 million due to the sale of 102 South Wilcox Street from Douglas County Libraries to Berkenkotter Holdings. This amount includes the total consideration of \$3.250 million (purchase price), \$0.001 million in interest earned on earnest money deposit, less \$0.203 million in settlement costs.

Subscriptions issued-inflow, for a total of \$0.121 million, included Questica budget software.

The District is reporting an ending fund balance of \$29.169 million at December 31, 2024. This represents an increase of \$9.068 million from December 31, 2023, fund balance of \$20.101 million. The District's fund balance increased in 2024 primarily due to the sale of 102 South Wilcox Street, and an increase in property taxes.

- The non-spendable fund balance, which represents prepaid expenses and security deposits, decreased \$0.271 million, from a balance of \$0.637 million at December 31, 2023, to a balance of \$0.365 million at December 31, 2024.
- The restricted fund balance, comprised of emergency reserves as required by Article X, Section 20, of the Colorado Constitution, increased \$0.151 million, from a balance of \$1.121 million at December 31, 2023, to a balance of \$1.272 million at December 31, 2024. Emergency reserves are calculated as three percent of general revenues, excluding grants.
- The committed fund balance in 2024 was specifically created for the purpose of Highlands Ranch roof and HVAC, and Lone Tree staff space. This balance has increased from zero as of December 31, 2023, to a balance of \$0.292 million.
- The assigned fund balance is calculated by combining 1) reserves, established by the Board of Trustees to fund first-quarter operations due to the timing of property tax receipts, and 2) reserves to cover insurance deductibles. The assigned fund balance increased \$0.700 million, from \$3.600 million as of December 31, 2023, to \$4.300 million as of December 31, 2024.
- The unassigned fund balance represents amounts available for any purpose, including debt service for the Certificates of Participation and for future acquisitions of capital assets. The unassigned fund balance increased \$8.197 million, from a balance of \$14.743 million at December 31, 2023, to a balance of \$22.904 million at December 31, 2024.

ANALYSIS OF 2024 BUDGET vs ACTUAL RESULTS

	Budget	Actual	Variance
Revenues			
Property taxes	\$ 36,156,932	\$ 37,678,094	\$ 1,521,162
Auto ownership taxes	1,568,000	2,734,022	1,166,022
Contributions and grants	305,932	475,185	169,253
Charges for services	345,468	445,097	99,629
Investment earnings	1,205,050	1,789,666	584,616
Total Revenues	<u>39,581,382</u>	<u>43,122,064</u>	<u>3,540,682</u>
Operating Expenditures			
Salaries, wages & benefits	20,189,931	19,843,078	(346,853)
Library content	4,617,007	4,630,294	13,287
Facilities	2,432,382	1,821,236	(611,146)
Technology equipment and services	1,644,823	1,758,919	114,096
Library programs & outreach	1,582,839	1,573,548	(9,291)
District-wide support	1,906,455	1,703,956	(202,499)
Capital outlay	1,098,571	1,164,787	66,216
Subtotal Operating Expenditures	<u>33,472,008</u>	<u>32,495,818</u>	<u>(976,190)</u>
Debt service	2,163,535	2,360,855	197,320
Total Operating Expenditures, Debt Service & Fees	<u>35,635,543</u>	<u>34,856,673</u>	<u>(778,870)</u>
Revenues Over (Under) Operating Expenditures	<u>3,945,839</u>	<u>8,265,391</u>	<u>4,319,552</u>
Non-Operating Revenues (Expenditures)			
Capital outlay	(2,801,005)	(2,366,582)	434,423
Sale of capital assets	0	3,047,921	3,047,921
Subscriptions issued-inflow	0	121,129	121,129
Total Non-Operating Revenues (Expenditures), Net	<u>(2,801,005)</u>	<u>802,468</u>	<u>3,603,473</u>
Total Revenues Over (Under) Total Expenditures	<u>\$ 1,144,834</u>	<u>\$ 9,067,859</u>	<u>\$ 7,923,025</u>

The District's final 2024 budget anticipated an excess of total revenues over total expenditures of \$1.145 million. Actual 2024 total revenues exceeded total expenditures by \$9.068 million.

Total 2024 revenues were over budget by \$3.541 million (8.9%) primarily due to property taxes and auto ownership taxes and investment earnings.

Total operating expenditures were under budget by (\$0.976) million (3.3%), due to salaries, wages, and benefits and facilities cost savings related to the District in 2024.

Spending on non-operating expenditures was under budget by (\$3.604) million due to coming in under budget on capital projects and the sale of the 102 South Wilcox Street of \$3.048 million.

GOVERNMENTAL ACTIVITIES FINANCIAL STATEMENTS

The governmental activities financial statements measure and report all assets, liabilities, deferred inflows of resources, revenues, expenses, gains, and losses using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Accordingly, the governmental activities statement of net position includes capital assets and long-term liabilities.

STATEMENT OF ACTIVITIES

	2024		2023	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Program Revenues				
Operating contributions and grants	\$ 475,185	1.10%	\$ 303,961	0.81%
Charges for services	445,097	1.03%	534,069	1.42%
General Revenues				
Property taxes	37,678,094	87.38%	32,295,064	85.66%
Auto ownership taxes	2,734,022	6.34%	3,036,478	8.05%
Investment earnings	1,789,666	4.15%	1,531,656	4.06%
Total Revenues	<u>43,122,064</u>	<u>100.00%</u>	<u>37,701,228</u>	<u>100.00%</u>
Program Expenses				
Operating expenses	32,921,489	98.88%	29,169,958	98.56%
Interest and principal payments	372,989	1.12%	426,387	1.44%
Total Program Expenses	<u>33,294,478</u>	<u>100.00%</u>	<u>29,596,345</u>	<u>100.00%</u>
Change in Net Position - As Adjusted	9,827,586		8,104,883	
Non-Operating Revenues (Expenses):				
Lease income (expense), net	0	0.00%	(11,538)	0.39%
Gain on sale/disposal of capital assets	360,188	100.00%	(2,978,375)	99.61%
Total Non-Operating Expenses	<u>360,188</u>	<u>100.00%</u>	<u>(2,989,913)</u>	<u>100.00%</u>
Change in Net Position - As Reported	10,187,774		5,114,970	
Beginning Net Position	64,704,559		59,589,589	
Ending Net Position	<u>\$ 74,892,333</u>		<u>\$ 64,704,559</u>	

As adjusted, which is more representative of normal recurring operations, the change in net position increased \$1.723 million, from \$8.105 million for the year ended December 31, 2023,

to \$9.828 million over the same period in 2024. The increase in the change in net position is primarily due to the following:

- Revenues increased by \$5.421 million primarily due to increases in property taxes of \$5.383 million (16.67%). These results are consistent with those reported on the District's Government Fund financial statements.
- Operating expenses increased by \$3.749 million, driven primarily by library salaries and wages and pension expense. Library salaries and wages was an increase of \$1.567 million and proportionate share of pension expense was an increase of \$1.369 million, increasing expenses by \$2.936 million.

As reported, the change in net position increased \$5.073 million, from \$5.115 million at December 31, 2023, to \$10.188 million at December 31, 2024. This increase in change in net position is due to the changes noted above in the adjusted change in net position, plus the following:

- In 2024, the District recorded net proceeds from the sale of 102 South Wilcox Street of \$3.048 million.

STATEMENT OF NET POSITION

	2024		2023	
	Amount	% of Total	Amount	% of Total
Assets				
Current assets	\$ 72,902,902	52.84%	\$ 21,915,354	24.28%
Capital assets	65,056,178	47.16%	68,330,393	75.72%
Total Assets	137,959,080	100.00%	90,245,747	100.00%
Total Deferred Outflows of Resources	6,472,689	100.00%	8,356,847	100.00%
Liabilities				
Current liabilities	5,377,722	19.71%	5,183,231	15.69%
Long-term liabilities	21,902,650	80.29%	27,847,424	84.31%
Total Liabilities	27,280,372	100.00%	33,030,655	100.00%
Total Deferred Inflows of Resources	42,259,064	100.00%	867,380	100.00%
Net Position				
Net investment in capital assets	53,367,229	71.26%	54,780,862	84.66%
Restricted fund	1,272,047	1.70%	1,121,120	1.73%
Unrestricted	20,253,057	27.04%	8,802,577	13.60%
Total Net Position	\$ 74,892,333	100.00%	\$ 64,704,559	100.00%

The decrease in net investment in capital assets of (\$1.414) million, from \$54.781 million at December 31, 2023, to \$53.367 million at December 31, 2024, is due primarily to the following:

- a decrease in assets due to the sale of 102 South Wilcox Street.
- an increase in assets being depreciated for 2024.

The increase in restricted fund balance of \$0.151 million, from \$1.121 million as of December 31, 2023, to \$1.272 million at December 31, 2024, is attributable to emergency reserves.

The increase in the unrestricted fund balance of \$11.450 million, from \$8.803 million as of December 31, 2023, to \$20.253 million at December 31, 2024, is primarily attributable to an increase in property taxes of \$5.383 million and a sale of asset of \$3.048 million.

DOUGLAS COUNTY LIBRARIES FOUNDATION

The Douglas County Libraries Foundation (the Foundation) was founded in 1992 as a 501c3 nonprofit organization to fund capital improvements and support various programs that enhance the vision and core values of the District. The Foundation is reported in the District's financial statements as a Discretely Presented Component Unit.

The Foundation is governed by an independent Board of Directors, including one member from the District's Board of Trustees and nine additional directors. The Foundation board includes the District's Director of Community Engagement, who acts as the Foundation Executive Director; the District's Director of Finance, who acts as the Foundation Treasurer, and the District's Executive and Culture Administrator, who acts as the Foundation Secretary, all of whom are ex-officio.

During 2023, the Foundation granted \$0.125 million of unrestricted funds plus \$0.019 million of restricted funds to the District. The Foundation granted \$0.125 million of unrestricted funds, plus \$0.016 million of restricted funds to the District for the year ended December 31, 2024.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances for the District and the Foundation. For questions concerning the information provided in this report or to request a copy of the Foundation's internal financial statements, please contact the Director of Finance at Douglas County Libraries, 100 South Wilcox Street, Castle Rock, CO 80104.



BASIC FINANCIAL STATEMENT



DOUGLAS COUNTY LIBRARIES
BALANCE SHEET
GOVERNMENTAL FUND /STATEMENT OF NET POSITION
December 31, 2024

	Primary Government			Component Unit
	General - Governmental		Statement of Net Position - Governmental Activities	Douglas County Libraries Foundation
	Fund	Adjustments		
Assets				
Cash and investments	\$ 30,123,708	\$ 0	\$ 30,123,708	\$ 2,600,783
Property taxes receivable, net of allowance	42,088,728	0	42,088,728	0
Prepays and other assets	365,388	0	365,388	3,450
Receivable from component unit	308,253	0	308,253	0
Other receivables	16,824	0	16,824	0
Capital assets, net of accumulated amortization/depreciation	0	59,574,768	59,574,768	0
Capital assets not being amortized/depreciated	0	5,481,410	5,481,410	0
Total Assets	72,902,901	65,056,178	137,959,079	2,604,233
Deferred Outflows of Resources				
Deferred outflows - net pension liability	0	6,270,879	6,270,879	0
Deferred outflows - net OPEB liability	0	201,811	201,811	0
Total Deferred Outflows of Resources	0	6,472,690	6,472,690	0
Liabilities				
Accounts payable	1,400,404	0	1,400,404	0
Accrued salaries and benefits	461,729	0	461,729	0
Accrued interest payable	0	43,726	43,726	0
Payable to primary government	0	0	0	308,253
Noncurrent liabilities				
Due within one year	0	3,471,863	3,471,863	0
Due in more than one year	0	9,630,545	9,630,545	0
Net pension liability	0	11,397,071	11,397,071	0
Net OPEB liability	0	875,034	875,034	0
Total Liabilities	1,862,133	25,418,239	27,280,372	308,253
Deferred Inflows of Resources				
Deferred inflows - net pension liability	0	67,347	67,347	0
Deferred inflows - net OPEB liability	0	320,211	320,211	0
Property tax revenue	41,871,506	0	41,871,506	0
Total Deferred Inflows of Resources	41,871,506	387,558	42,259,064	0
Fund Balance/Net Position				
Fund balance				
Nonspendable fund	365,388	(365,388)	0	0
Restricted fund	1,272,047	(1,272,047)	0	0
Committed fund	292,000	(292,000)	0	0
Assigned fund	4,300,000	(4,300,000)	0	0
Unassigned fund balance	22,939,827	(22,939,827)	0	0
Total Fund Balances	29,169,262	(29,169,262)	0	0
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 72,902,901			
Net Position				
Net investment in capital assets	0	53,367,229	53,367,229	0
Restricted fund	0	1,272,047	1,272,047	0
Unrestricted	0	20,253,057	20,253,057	2,295,980
Total Net Position	\$ 0	\$ 74,892,333	\$ 74,892,333	\$ 2,295,980

The accompanying notes are an integral part of these financial statements.

DOUGLAS COUNTY LIBRARIES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUND / STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

	Primary Government			Component Unit Douglas County Libraries Foundation
	General - Governmental		Statement of Activities - Governmental	
	Fund	Adjustments	Activities	
Expenditures/Expenses				
Current				
Operating	\$ 27,508,988	\$ 5,659,439	\$ 33,168,427	\$ 240,846
Pension expense	2,356,225	(2,374,063)	(17,838)	0
OPEB expense	0	(229,100)	(229,100)	0
Capital Outlay	4,997,187	(4,997,187)	0	0
Debt Service				
Principal	1,774,653	(1,774,653)	0	0
Interest and fees	586,202	(213,213)	372,989	0
Total Expenditures/Expenses	37,223,255	(3,928,777)	33,294,478	240,846
Program Revenues				
Operating contributions and grants	475,185	0	475,185	177,022
Charges for services	445,097	0	445,097	225,231
Total Program Revenues	920,282	0	920,282	402,253
Net Program Revenues/(Expenses)	(36,302,973)	3,928,777	(32,374,196)	161,407
General Revenues/(Expenses)				
Property taxes	37,678,094	0	37,678,094	0
Auto ownership taxes	2,734,022	0	2,734,022	0
Investment earnings	1,789,666	0	1,789,666	211,497
Total General Revenues/(Expenses)	42,201,782	0	42,201,782	211,497
Other Financing Sources (Uses)				
Gain on sale/disposal of capital assets	3,047,921	(2,687,733)	360,188	0
Subscriptions issued-inflow	121,129	(121,129)	0	0
Total Other Financing Sources (Uses)	3,169,050	(2,808,862)	360,188	0
Net Change in Fund Balance	9,067,859	(9,067,859)	0	0
Change in Net Position		10,187,774	10,187,774	372,904
Fund Balance/Net Position				
Beginning of Year	20,101,403	44,603,156	64,704,559	1,923,076
End of Year	\$ 29,169,262	\$ 45,723,071	\$ 74,892,333	\$ 2,295,980

The accompanying notes are an integral part of these financial statements.

DOUGLAS COUNTY LIBRARIES
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
December 31, 2024

Fund Balance - Governmental Fund	\$29,169,262
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	
Capital Assets	92,912,601
Accumulated depreciation	<u>(27,856,423)</u>
	65,056,178
Certificates of Participation are not due and payable in the current period and, therefore, are not reported in the governmental fund.	
Principal, Certificates of Participation Series 2015	(10,375,000)
Premium, Certificates of Participation Series 2015	<u>(595,502)</u>
Accrued interest	<u>(40,386)</u>
	(11,010,888)
Lease to Purchase is not due and payable in the current period and, therefore, are not reported in the governmental fund.	
Principal, lease to purchase	(197,666)
Accrued interest	<u>(1,502)</u>
	(199,168)
Lease is not due and payable in the current period and, therefore, are not reported in the governmental fund.	
Principal, lease	(388,134)
Accrued interest	<u>(1,191)</u>
	(389,325)
Subscription Assets is not due and payable in the current period and, therefore, are not reported in the governmental fund.	
Principal, Subscription Assets & Accrued Interest	(132,647)
Accrued Interest	<u>(647)</u>
	(133,294)
Pension liability is not due and payable in the current period and, therefore, is not reported in the governmental fund.	
Pension related deferred outflows	6,270,879
Pension related deferred inflows	<u>(67,347)</u>
Net pension liability	<u>(11,397,071)</u>
	(5,193,539)
OPEB liability is not due and payable in the current period and, therefore, is not reported in the governmental fund.	
OPEB related deferred outflows	201,811
OPEB related deferred inflows	<u>(320,211)</u>
Net OPEB liability	<u>(875,034)</u>
	(993,434)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental fund.	
Net Position of Governmental Activities	<u>\$74,892,333</u>

The accompanying notes are an integral part of these financial statements.

DOUGLAS COUNTY LIBRARIES
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE -
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

Net Change in Fund Balance - Governmental Fund	\$9,067,859
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and disposals.	
Capital asset additions	4,997,187
Depreciation	(5,583,668)
Capital asset disposals	<u>(2,687,733)</u>
	(3,274,214)
Compensated absences do not require use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.	
	(75,771)
Interest and payment activities on the 2015 CoPs do not require use of current financial resources and, therefore, are not reported in the governmental fund.	
Principal payment	1,455,000
Amortization of premium	207,058
Accrued interest expense	<u>6,062</u>
	1,668,120
Subscriptions issued provide inflows of resources to governmental funds, but increases liabilities in the statement of net position	
	(121,129)
Interest and payment activities on lease to purchase do not require use of current financial resources and, therefore, are not reported in the governmental fund.	
Principal payment	136,409
Accrued interest expense	<u>1,428</u>
	137,837
Debt service payments for principal payments are reported as expenditures in the governmental funds, but are not reported as expenses in the statement of activities	
Principal, lease	173,020
Accrued interest expense	<u>(958)</u>
	172,062
Debt service payments for principal payments are reported as expenditures in the governmental funds, but are not reported as expenses in the statement of activities	
Principal, subscriptions	10,224
Accrued interest expense	<u>(378)</u>
	9,846
Pension liability does not require use of current financial resources and, therefore, is not reported as expenditures in the governmental fund	
	2,374,064
OPEB liability does not require use of current financial resources and, therefore, is not reported as expenditures in the governmental fund	
	229,100
Change in Net Position of Governmental Activities	<u>\$10,187,774</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENT



NOTES TO FINANCIAL STATEMENTS

December 31, 2024

1. Summary of Significant Accounting Policies

Reporting Entity

Douglas County Libraries (the District) was established in 1990 to provide library services within Douglas County, Colorado. A seven-member Board of Trustees, appointed by the Douglas County Commissioners, governs the District.

The accompanying financial statements present the District, which is the primary government, and its component unit. A component unit is a legally separate organization for which the District is considered to be financially accountable.

Discretely Presented Component Unit. The Douglas County Libraries Foundation (the Foundation) is a nonprofit organization whose sole purpose is to support the District by funding opportunities above and beyond the District's normal operating budget. The Foundation is governed by a seven-member Board of Directors led by the Foundation's and District's Executive Director. Separately issued internal financial statements of the Foundation may be obtained by contacting the Foundation's offices at 100 South Wilcox Street, Castle Rock, Colorado 80104.

Governmental Activities and Fund Financial Statements

The basic financial statements are presented in a combined format for both the fund and governmental activities level. These include the balance sheet governmental fund/statement of net position and the statement of revenues, expenditures, and change in fund balance governmental fund/statement of activities.

The statement of activities demonstrates the degree to which the expenses of the District are offset by program revenues. Program revenues include operating contributions and grants and charges to users of the District's services.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue that are susceptible to accrual are property taxes and investment earnings. All other revenue items are



considered to be measurable and available only when cash is received by the District. Expenditures generally are recorded when an obligation is incurred, as under accrual accounting; however, expenditures related to compensated absences and debt are recorded only when payment is due.

The governmental activities financial statements measure and report all assets, liabilities, deferred inflows and outflows of resources, revenues, expenses, gains, and losses using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The governmental activities financial statements do not include fiduciary funds or component units that are fiduciary in nature.

The general operating fund is the District's only fund and is used to account for all financial resources of the District.

Cash and Investments

Colorado Revised Statutes (CRS) authorize the District to invest in certain obligations of the U.S. Treasury and U.S. agencies, commercial paper, repurchase agreements, local government investment pools, and other specified investments. The District's investment policy is to follow state statutes regarding investments, which generally limit investments to those instruments with maturities of five years or less, unless the governing body of the District authorizes investment for a longer period. All District investments are held in a local government investment pool and are reported at net asset value. Securities with maturities of 12 months or less from the balance sheet date are reported as short-term investments.

Property Taxes Receivable

Property values are assessed and a lien placed on the property as of January 1. Property taxes are levied no later than December 22. Taxes are payable in the following year, either in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31. Property taxes are reported as deferred inflows of resources and recognized as revenue upon collection.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental fund and governmental activities financial statements.

Capital Assets

Capital assets, which include land, buildings, furniture, equipment, and library materials, are reported in the governmental activities financial statements. In the governmental fund financial



statements, capital assets are charged to expenditures when purchased. Capital assets, which are defined as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year, are recorded at historical cost, with the exception of library materials, which are capitalized regardless of cost. Prior to 2024, the individual cost threshold was \$5,000. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. The District values donated capital assets at the estimated acquisition value of the item at the date of donation.

Capital assets of the District are depreciated using the straight-line method. The composite method is used in the depreciation of library materials. These assets are depreciated over the following estimated useful lives:

Asset	Years
Buildings	30
Building improvements	15
Shelving	10
Furniture	10
Equipment and machinery	5
Computers	4
Library materials	4

Right to use leased assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the District's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Compensated Absences

As of January 1, 2024, the District adopted GASB Statement No. 101, Compensated Absences. The provisions of this standard modernize the types of leave that are considered a compensated absence and provide guidance for a consistent recognition and measurement of the compensated absence liability.

It is the District's policy to permit employees to accumulate earned but unused personal time off (PTO). All PTO is accrued when earned in the governmental activities financial statements. A liability for these amounts is reported in the governmental fund statements only if they are due, for example, as a result of employee resignations and retirements.

Long-Term Debt

In the governmental activities financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method.

In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of the debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources or uses. Issuance costs are reported as current period expenditures.

Lease Liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the District.

Subscription Liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the District.

Pensions

The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA).

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit

payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until then. The District has recognized deferred outflows of resources in the governmental activities financial statements in accordance with the presentation requirements for Pension and OPEB.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. The District has recognized deferred inflows of resources in the governmental activities financial statements in accordance with the presentation requirements for property taxes, Pension and OPEB.

Fund Balance

The District reports fund balance and net position in accordance with the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement identifies fund balance categories to make the nature and extent of the constraints placed on a governmental entity's fund balances more transparent.

The following classifications describe the relative strength of the spending constraints under GASB 54:

- Nonspendable fund balance represents amounts that are nonspendable in form or are legally or contractually required to be maintained intact.
- Restricted fund balance represents amounts constrained to specific purposes by external parties, such as grantors, contributors, or through constitutional provisions. Restricted fund balance also includes revenues raised pursuant to legislation that restricts the use of funds to a specific purpose.
- Committed Fund balance represents amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
- Assigned fund balance represents amounts the District intends to use for a specific purpose. Intent can be expressed by either the District's Board of Trustees or by an official or body to which the Board delegates the authority. Assigned fund balance is established through adoption of a Board resolution or the amendment of the budget as intended for a specific purpose, such as the purchase of fixed assets, construction, debt service, etc.
- Unassigned fund balance represents amounts that are available for any purpose.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When amounts in multiple unrestricted fund balance classifications could be used, the District considers committed funds to be used first, then assigned, and finally unassigned fund balances.

As a nonprofit organization operating under the Financial Accounting Standards Board (FASB), the Foundation reports net position with restricted or unrestricted funds, in accordance with donor requests.

2. Cash and Investments

At December 31, 2024, the District had the following cash and investments:

	<u>Unrestricted</u>
Total Cash and Investments	
Cash	\$ 375,933
Local government investment pool	29,747,775
Total Cash and Investments	<u>\$ 30,123,708</u>

Amounts held by the local government investment pool are invested with COLOTRUST and CSIP, which are investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state regulations governing local government investment pools. COLOTRUST and the CSIP Liquid Portfolio operate similarly to a money market fund, are rated AAA by Standard & Poor's, and each share is equal in value to \$1.00. The CSIP Term portfolio invests only in securities permissible under Colorado law and is rated AAAf by Fitch Ratings. The CSIP Term portfolio offers fixed-rate, fixed-term investments with maturities of 90-365 days. The rate is fixed for

the full term of the investment, and there may be a penalty for early redemption. The CSIP Term portfolio has a goal of \$1.00 per share net asset value at maturity, however the value may fluctuate prior to maturity. Financial statements and additional information about COLOTRUST are available at <http://www.colotrust.com>. Financial statements and additional information about CSIP are available at <http://www.csipinvest.com>.

The District limits its exposure to credit risk, which is the risk of loss due to the failure of the security issuer or backer, by diversifying the investment portfolio so that potential losses on individual securities will be minimized and by limiting investments to specified credit ratings. Management believes at December 31, 2024, no investments subject the District to credit concentration risk. The District's interest rate risk is related only to its investments with the Colorado Local Government Liquid Asset Trust (COLOTRUST) and Colorado Statewide Investment Pool (CSIP).

In addition, District funds may only be deposited in banks that are members of the Federal Deposit Insurance Corporation (FDIC) or have been designated by the State Banking Board as an eligible public depository under the Colorado Public Deposit Protection Act (PDPA). Under the provisions of PDPA, amounts on deposit in excess of federal insurance levels must be collateralized by the depository using securities with a market value of 102 percent of the aggregate uninsured deposits. The State Regulatory Commission for banks and financial services is required by statute to qualify eligible PDPA depositories, limit the types of securities that can be used for collateral, and monitor the reporting of uninsured deposits and assets maintained in the collateral pools.

At December 31, 2024, the District had deposits with a book balance of \$375,933 and a bank balance of \$385,303, of which \$278,157 was covered by the FDIC. As required by State of Colorado Law, no deposits held by the District as of December 31, 2024, in a single depository institution exceeded 25 percent of the District's total investment portfolio.

The provisions of GASB Statement No. 72, *Fair Value Measurements and Application* (GASB 72), are effective for financial statement periods beginning after June 30, 2015. GASB 72 defines a hierarchy of inputs used to determine fair value and requires disclosure of the valuation techniques and the nature of inputs employed to determine fair value.

The District holds investments in external government investment pools, which are stated at net asset value, which approximate fair value. At this time, the District does not hold investments carried at fair value as defined by GASB 72.

The Foundation holds the following cash and investments at December 31, 2024:

	<u>Unrestricted</u>
Total Cash and Investments	
Cash	\$ 261,232
Investments	2,124,397
Endowments	<u>215,154</u>
Total Cash and Investments	<u>\$ 2,600,783</u>

The Foundation reports investments in accordance with GASB, all of which are considered to be Level 1, at market value as an approximation of fair value on December 31, 2024.

In late 2020, the Foundation established the Douglas County Libraries Foundation Fund (the Fund). The Fund is a Nonprofit Agency Endowment Fund that is held and managed by the Rose Community Foundation on behalf of the Foundation. The Fund is designed to preserve investment principal in perpetuity and provide investment income that can be channeled into the Foundation's support efforts for the District. In March 2024, the Foundation invested an additional \$610 consisting of donations.

The Fund's assets are invested according to the Rose Community Foundation's asset allocation methods. Up to 2% of the Fund's assets are eligible to be distributed annually (the Spendable Amount), with any unused Spendable Amount being returned to Fund Principle at the end of each calendar year. The Foundation did not distribute any of the Fund's assets in 2024.

The Foundation funds may also only be deposited in a bank that is a member of the FDIC. At December 31, 2024, the Foundation had deposits with a book balance of \$261,232 and bank balance of \$261,232, which was insured by the FDIC up to \$250,000. As required by State of Colorado Law, no deposits held by the District as of December 31, 2024, in a single depository institution exceeded 25 percent of the Foundation's total investment portfolio. The Foundation currently invests excess cash in an investment account with Bank of Oklahoma where funds are used to purchase a mix of equities, mutual funds, bonds, Real Estate Investment Trusts (REITs), as well as cash.

3. Capital Assets

The District disposed of items with a net book value totaling \$2,687,733, comprised mostly of the land included in the Wilcox building sale.

The District recorded depreciation and amortization expense of \$5,583,668 for the year ended December 31, 2024, of which \$1,622,120 is attributable to the District's library materials and the remainder being primarily attributable to the newly capitalized facilities, due to the age of the District's other facilities.

Capital asset activity for the year ended December 31, 2024:

	Balance 1/1/2024	Additions	Deductions	Reclass	Balance 12/31/2024
Capital assets not being depreciated:					
Land	\$ 6,591,347	\$ 0	\$ (2,588,939)	\$ 0	\$ 4,002,408
Construction in progress	21,000	1,257,773	0	(21,000)	1,257,773
Artwork	221,229	0	0	0	221,229
Total capital assets not being depreciated	6,833,576	1,257,773	(2,588,939)	(21,000)	5,481,410
Capital assets being amortized/depreciated:					
Buildings	59,680,788	0	0	0	59,680,788
Building Improvements	5,869,167	491,294	(117,652)	0	6,242,809
Computers	4,474,752	755,633	(86,354)	0	5,144,031
Shelving	1,882,971	0	0	0	1,882,971
Furniture	3,675,820	250,252	(60,377)	0	3,865,695
Equipment and machinery	2,770,601	655,287	(275,647)	21,000	3,171,241
Right to use leased assets	807,866	0	0	0	807,866
Subscription assets	68,234	121,129	0	0	189,363
Archives and Collections	6,919,062	1,465,818	(1,938,453)	0	6,446,427
Total capital assets being amortized/depreciated	86,149,261	3,739,413	(2,478,483)	21,000	87,431,191
Accumulated depreciation:					
Buildings	(12,196,512)	(1,982,892)	0	0	(14,179,404)
Building Improvements	(1,802,211)	(403,297)	50,822	0	(2,154,686)
Computers	(3,240,616)	(487,129)	86,354	0	(3,641,391)
Shelving	(1,110,209)	(177,157)	0	0	(1,287,366)
Furniture	(1,477,586)	(364,393)	41,430	0	(1,800,549)
Equipment and machinery	(1,864,738)	(339,187)	262,630	0	(1,941,295)
Right to use leased assets	(265,314)	(173,461)	0	0	(438,775)
Subscription assets	(2,415)	(34,032)	0	0	(36,447)
Archives and Collections	(2,692,843)	(1,622,120)	1,938,453	0	(2,376,510)
Total accumulated amortization/depreciation	(24,652,444)	(5,583,668)	2,379,689	0	(27,856,423)
Total capital assets being amortized/depreciated, net	61,496,817	(1,844,255)	(98,794)	21,000	59,574,768
Governmental activities capital assets, net	\$ 68,330,393	\$ (586,482)	\$ (2,687,733)	\$ 0	\$ 65,056,178

4. Long-Term Debt

Certificates of Participation

In 2015, the District issued \$20,655,000 in Certificates of Participation (2015 CoPs) to partially fund the construction of three new libraries. The 2015 CoPs carry an average coupon rate of 2.545 percent. Interest payments are due semi-annually in June and December. Principal payments are due annually in December, through 2030.

Annual debt service requirements are as follows as of December 31, 2024:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 1,525,000	\$ 484,625	\$ 2,009,625
2026	1,600,000	408,375	2,008,375
2027	1,680,000	328,375	2,008,375
2028	1,765,000	244,375	2,009,375
2029	1,855,000	156,125	2,011,125
2030	1,950,000	63,375	2,013,375
	\$ 10,375,000	\$ 1,685,250	\$ 12,060,250

Lease to Purchase

In 2021, the District entered into a lease to purchase for nineteen self-check kiosks for a total purchase price of \$222,863 and a financed cost of \$196,844. Principal and interest payments are due annually in May from 2022 through 2025. In 2022, the District entered into a lease to purchase for two servers located at Iron Mountain and Lone Tree library for a total purchase price and finance cost of \$347,310. Principal and interest payments are due monthly from 2022 through 2027.

Annual debt service requirements are as follows as of December 31, 2024:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 136,291	\$ 4,754	\$ 141,045
2026	45,074	1,822	46,896
2027	16,301	156	16,457
	\$ 197,666	\$ 6,732	\$ 204,398

Leases

In 2022, the District implemented GASB Statement No. 87, *Leases*, that included the Roxborough Library. Douglas County Libraries is required to make principal and interest payments through December, 2025. In 2023, the District entered into lease agreements for two courier trucks and the Facilities shop for a total purchase price of \$404,906. The District is required to make principal and interest payments through February, 2029, and January, 2028, respectively. The lease liability was valued using discount rates between 1.0% and 4.8%. The rate was determined such as based on the interest rates for similar lengths as disclosed in the Bond Buyer State and Local Government's Series Rates for similar terms as of the date of projected close, plus an additional 200 basis points (2%). The discount rate is found at <https://fiscaldata.treasury.gov/datasets/slgs-daily-rate-table/demand-deposit-rate> by selecting "State and Local Government Series Rates."

Remaining principal and interest payments on leases are as follows:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 181,209	\$ 11,818	\$ 193,027
2026	75,263	6,039	81,302
2027	78,556	3,169	81,725
2028	46,972	804	47,776
2029	6,134	12	6,146
	\$ 388,134	\$ 21,842	\$ 409,976

Subscription-Based Information Technology Arrangements (SBITA)

In 2023, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* that included a SBITA contract for the use of lease asset software for a total purchase price of \$68,234. Douglas County Libraries is required to make principal and interest payments through December, 2025. In 2024, the District entered into a SBITA contract for the use of budgeting software with a purchase price of \$121,129. The District is required to make principal and interest payments through January, 2029. The SBITA liability was valued using discount rates between 3.31% and 6.19%. The rate was determined such as based on the interest rates for similar lengths as disclosed in the Bond Buyer State and Local Government's Series Rates for similar terms as of the date of projected close, plus an additional 200 basis points (2%). The discount rate is found at <https://fiscaldatabase.treasury.gov/datasets/slgs-daily-rate-table/demand-deposit-rate> by selecting "State and Local Government Series Rates."

Remaining principal and interest payments on SBITAs are as follows:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 35,502	\$ 3,859	\$ 39,361
2026	21,970	2,528	24,498
2027	23,465	1,740	25,205
2028	25,034	901	25,935
2029	26,676	3	26,679
	\$ 132,647	\$ 9,031	\$ 141,678

Changes in Long-Term Debt

Changes in the District's long-term obligations for the year ended December 31, 2024, consisted of the items below:

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 1,337,688	\$ 75,771	\$ 0	\$ 1,413,459	\$ 1,413,459
2015 Certificates of Participation	11,830,000	0	1,455,000	10,375,000	1,525,000
2015 Premium	802,560	0	207,058	595,502	180,403
Lease to Purchase	334,075	0	136,409	197,666	136,291
Leases	561,154	0	173,020	388,134	181,209
Subscriptions	21,742	121,129	10,224	132,647	35,501
Total	\$ 14,887,219	\$ 196,900	\$ 1,981,711	\$ 13,102,408	\$ 3,471,863

5. Employee Retirement Plans

Defined Benefit Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the LGDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that may be obtained at <https://www.copera.org/forms-resources/financial-reports-and-studies>.

Benefits provided as of December 31, 2023. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

It is possible for employees participating in the LGDTF to be earning service credit under the Denver Public Schools (DPS) benefit structure. The lifetime retirement benefit for all eligible retiring employees under the DPS benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases, the service retirement benefit is limited to 100% of highest average salary and cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. For Safety Officers whose disability is caused by an on-the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of December 31, 2024. Eligible employees of the District and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under CRS § 24-51-401, et seq. and §

24-51-413. Employee contribution rates for the period of January 1, 2024, through December 31, 2024, are summarized in the table below:

	January 1, 2023 Through December 31, 2023	January 1, 2024 Through December 31, 2024
Employee contribution (all employees other than Safety Officers)	9.00%	9.00%

*Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

The employer contribution requirements for all employees other than Safety Officers are summarized in the tables below:

	January 1, 2023 Through December 31, 2023	January 1, 2024 Through December 31, 2024
Employer contribution rate	11.00%	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	9.98%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.06%	0.08%
Total employer contribution rate to the LGDTF	13.74%	13.74%

*Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$2,218,559 for the year ended December 31, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the LGDTF was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TPL to December 31, 2023. The District's proportion of the net pension liability

was based on District contributions to the LGDTF for the calendar year 2023 relative to the total contributions of participating employers.

At December 31, 2024, the District reported a liability of \$11,397,071 for its proportionate share of the net pension liability.

At December 31, 2023, the District's proportion was 1.553 percent, which was an increase of 0.029 percent from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the District recognized pension expense that was reduced by (\$2,374,064) and reported pension related deferred outflows of resources and deferred inflows of resources related to pensions as shown in the following table:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 616,774	\$ 11,707
Changes of assumptions or other inputs	0	0
Net difference between projected and actual earnings on pension plan investments	3,327,992	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	107,554	55,640
Contributions subsequent to the measurement date	2,218,559	0
Total	<u>\$ 6,270,879</u>	<u>\$ 67,347</u>

\$2,218,559 reported as deferred outflows of resources related to pension, resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,		
2025	\$ 468,027	
2026	1,268,355	
2027	2,738,645	
2028	(490,054)	
	<u>\$ 3,984,973</u>	

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than Safety Officers	3.20%-11.30%
Safety Officers	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions for members other than Safety Officers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members other than Safety Officers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS- 2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and

estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and HCTF were \$24.967 million and \$1.033 million, respectively.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and, therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's proportionate share of the net pension liability or asset to changes in the discount rate. The table below presents the proportionate share of the net pension liability or asset calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability or asset would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability (asset)	\$ 22,339,527	\$ 11,397,071	\$ 2,230,984

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's annual comprehensive financial report, which may be obtained at <https://www.copera.org/forms-resources/financial-reports-and-studies>.

Other Post-Employment Benefits

Health Care Trust Fund

Plan description. Eligible employees of the District are provided with other post-employment benefits (OPEB) through the Health Care Trust Fund (HCTF)—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (ACFR) that may be obtained at <https://www.copera.org/forms-resources/financial-reports-and-studies>.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure. The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$164,457 for the year ended December 31, 2024.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2024, the District reported a liability of \$875,034 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2023. The District's proportion of the net OPEB liability was based on the District contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District's proportion was 0.123 percent, which was an increase of 0.001 percent from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the District recognized OPEB expense of \$229,100. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 0	\$ 179,347
Changes of assumptions or other inputs	10,290	92,783
Net difference between projected and actual earnings on OPEB plan investments	27,063	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	0	48,082
Contributions subsequent to the measurement date	164,457	0
	<hr/> <u>\$ 201,810</u>	<hr/> <u>\$ 320,211</u>

\$164,457 reported as deferred outflows of resources related to OPEB, which resulted from contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,
2025 \$ (133,367)
2026 (72,672)
2027 (23,552)
2028 (44,644)
2029 (8,623)
<hr/> <u>\$ (282,858)</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2022, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	
Members other than Safety Officers	3.20%-11.30%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans ¹	7.00% in 2023, gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

The 2023 Medicare Part A premium is \$506 per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A

premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.70%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than Safety Officers) were based upon the PubG-2010 Employee Table with generational projections using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS- 2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors were considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by

weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the health care cost trend rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 849,919	\$ 875,034	\$ 902,353

¹For the January 1, 2024, plan year

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfer of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Based on the above assumptions and methods, the HCTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate; therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	Current		
	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability (asset)	\$ 1,033,525	\$ 875,034	\$ 739,445

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's annual comprehensive financial report, which may be obtained at <https://www.copera.org/forms-resources/financial-reports-and-studies>.

6. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources or revenue until that time.

At December 31, 2024, the District has recorded a deferred inflow for property tax revenues to be levied and collected in 2024 of \$41,871,506. Accordingly, the District has presented these unavailable revenues as a deferred inflow of resources in the balance sheet – governmental fund/statement of net position as prescribed under Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65).

Additionally, at December 31, 2024, the District has recorded a deferred inflow for pension and OPEB-related liabilities of \$67,347 and \$320,211, respectively. Accordingly, the District has presented these unavailable revenues as a deferred inflow of resources in the balance sheet – governmental fund/statement of net position as prescribed under GASB 68 and GASB 75.

7. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources until that time.

At December 31, 2024, the District has recorded a deferred outflow for pension and OPEB-related liabilities of \$6,270,879 and \$201,810, respectively. Accordingly, the District has presented these unavailable revenues as a deferred outflow of resources in the balance sheet – governmental fund/statement of net position as prescribed under GASB 68 and GASB 75.

8. Fund Balance/Net Position

The District reports fund balance and net position in accordance with GASB 54. This statement redefines the elements of fund balance in governmental funds and more clearly describes the different types of governmental funds.

Amounts reported as nonspendable fund balance at December 31, 2024, include prepaids of \$308,223 considered nonspendable in form and \$57,165 of security deposits.

At December 31, 2024, the District reported restricted fund balance of \$1,272,047, which is the emergency reserve as required by Article X, Section 20, of the Colorado Constitution.

Assigned fund balance at December 31, 2024, includes \$4,300,000, which is pursuant to the District's reserve policy to establish reserves to cover first-quarter obligations prior to receipt of property tax revenues, contingencies, and insurance deductibles.

At December 31, 2024, the District reported committed fund balance of \$292,000, which is constrained to the specific purpose of the Highlands Ranch roof & HVAC project and Lone Tree staff space project by the District's Board of Trustees. This cannot be used for any other purpose unless the Board takes action to remove or change the constraint by adoption of Board resolutions.

The District reported unassigned fund balance at December 31, 2024, of \$22,939,826.

Net position as reported at December 31, 2024, includes a net investment in capital assets of \$53,367,229. This amount represents the District's investment in capital assets of \$65,056,178, net of the District's remaining obligation under the 2015 CoPs at December 31, 2024, of \$10,970,502, which is net of unamortized premium of \$595,502, net of Lease to Purchase of \$197,666, net of leases of \$388,134, and net of subscriptions of \$132,647.

The Foundation reported net position at December 31, 2024, comprised of unrestricted funds of \$2,295,980.

9. Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters for which the District carries commercial and workers' compensation insurance. Settled claims have not exceeded coverage for property, liability, or workers' compensation deductibles in the past five fiscal years. In the 2025 Budget, the District has included funds to provide limited medical benefits for volunteers who serve in the District in lieu of workers' compensation for which volunteers are ineligible.

10. Tax, Spending and Debt Limitations

Article X, Section 20, of the Colorado Constitution contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments. In 1996, the voters of the County approved an increased mill levy and authorized the District to collect and spend or retain all revenue without regard to any limitations under this article or any other Colorado law. A Colorado Attorney General's opinion issued in 1999 affirms the ability of a district that holds a vote pursuant to statute to obtain such voter approval.

11. Commitment & Contingencies

The District does not currently have reportable Commitments and/or Contingencies.

REQUIRED SUPPLEMENTARY INFORMATION



BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
For the Years Ended December 31, 2024
(Unaudited)

	Original Budget	Final Budget	Actual	Variance
Expenditures				
Current				
Operating				
Salaries and benefits	\$ 20,189,930	\$ 20,189,930	\$ 19,843,078	\$ (346,852)
Library materials	4,617,007	4,617,007	4,630,294	13,287
Facilities	2,652,382	2,432,382	1,821,236	(611,146)
Technology and support services	1,714,940	1,644,823	1,758,919	114,096
Programs and outreach	1,577,839	1,582,839	1,573,548	(9,291)
District-wide support	1,899,455	1,906,455	1,703,956	(202,499)
Capital Outlay	3,618,735	3,899,576	3,531,369	(368,207)
Debt Service	2,166,260	2,163,535	2,360,855	197,320
Total Expenditures	<u>38,436,548</u>	<u>38,436,547</u>	<u>37,223,255</u>	<u>(1,213,292)</u>
Program Revenues				
Operating contributions and grants	305,932	305,931	475,185	169,254
Charges for services	345,468	345,468	445,097	99,629
Total Program Revenues	<u>651,400</u>	<u>651,399</u>	<u>920,282</u>	<u>268,883</u>
Net Program Expenses	<u>(37,785,148)</u>	<u>(37,785,148)</u>	<u>(36,302,973)</u>	<u>1,482,175</u>
General Revenues				
Property taxes	36,156,932	36,156,932	37,678,094	1,521,162
Auto ownership taxes	1,568,000	1,568,000	2,734,022	1,166,022
Investment earnings	1,205,050	1,205,050	1,789,666	584,616
Total General Revenues	<u>38,929,982</u>	<u>38,929,982</u>	<u>42,201,782</u>	<u>3,271,800</u>
Other Financing Sources (Uses)				
Sale of capital assets	0	0	3,047,921	3,047,921
Subscriptions issued-inflow	0	0	121,129	121,129
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>3,169,050</u>	<u>3,169,050</u>
Net Change in Fund Balance	1,144,834	1,144,834	9,067,859	7,923,025
Fund Balance, Beginning of Year	0	0	20,101,403	20,101,403
Fund Balance, End of Year	<u>\$ 1,144,834</u>	<u>\$ 1,144,834</u>	<u>\$ 29,169,262</u>	<u>\$ 28,024,428</u>

See the accompanying independent auditor's report

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Years Ended December 31,

District's proportion (percentage) of the collective net pension liability (asset)	District's proportionate share of the collective pension liability (asset)	Covered payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net pension as a percentage of the total pension liability
2024	1.55%	\$11,397,071	\$13,828,660	82%
2023	1.52%	\$15,281,393	\$12,624,049	121%
2022	1.63%	-\$1,400,686	\$12,279,731	-11%
2021	1.64%	\$8,539,635	\$11,664,855	73%
2020	1.70%	\$12,441,110	\$11,715,798	106%
2019	1.72%	\$21,675,902	\$11,308,418	192%
2018	1.80%	\$20,082,094	\$11,800,629	170%
2017	1.85%	\$24,917,735	\$11,184,779	223%
2016	1.76%	\$19,433,036	\$10,018,742	194%
2015	1.76%	\$15,770,396	\$9,641,175	164%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
For the Years Ended December 31,

District's proportion (percentage) of the collective net OPEB liability (asset)	District's proportionate share of the collective OPEB liability (asset)	Covered payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net OPEB as a percentage of the total pension liability
2024	0.12%	\$875,034	\$13,828,660	6.33%
2023	0.12%	\$998,211	\$12,624,049	7.91%
2022	0.13%	\$1,090,415	\$12,279,731	8.88%
2021	0.12%	\$1,186,573	\$11,664,855	10.17%
2020	0.13%	\$1,464,199	\$11,715,798	12.50%
2019	0.13%	\$1,819,124	\$11,308,418	16.09%
2018	0.14%	\$1,821,389	\$11,800,629	15.43%
2017	0.14%	\$1,836,557	\$11,184,779	16.42%

See Note 2 to the Required Supplementary Information.
 See the accompanying independent auditor's report.

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLAN
For the Years Ended December 31,

	Statutorily required contributions	Contributions in relation to the statutorily required distribution	Contribution deficiency (excess)	Covered payroll	Contribution as a percentage of covered payroll
2024	\$ 2,218,560	\$ 2,218,560	\$ -	16,123,254	13.76%
2023	\$ 1,900,058	\$ 1,900,058	\$ -	13,828,660	13.74%
2022	\$ 1,699,413	\$ 1,699,413	\$ -	12,624,049	13.46%
2021	\$ 1,620,924	\$ 1,620,924	\$ -	12,279,731	13.20%
2020	\$ 1,505,196	\$ 1,505,196	\$ -	11,664,855	12.90%
2019	\$ 1,485,563	\$ 1,485,563	\$ -	11,715,798	12.68%
2018	\$ 1,433,907	\$ 1,433,907	\$ -	11,308,418	12.68%
2017	\$ 1,496,320	\$ 1,496,320	\$ -	11,800,629	12.68%
2016	\$ 1,364,600	\$ 1,364,600	\$ -	11,184,779	12.20%
2015	\$ 1,270,376	\$ 1,270,376	\$ -	10,018,742	12.68%

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS TO OPEB
For the Years Ended December 31,

	Statutorily required contributions	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contribution as a percentage of covered payroll
2024	\$ 164,457	\$ 164,457	\$ -	16,123,254	1.02%
2023	\$ 141,052	\$ 141,052	\$ -	13,828,660	1.02%
2022	\$ 128,765	\$ 128,765	\$ -	12,624,049	1.02%
2021	\$ 125,254	\$ 125,254	\$ -	12,279,731	1.02%
2020	\$ 118,982	\$ 118,982	\$ -	11,664,855	1.02%
2019	\$ 119,501	\$ 119,501	\$ -	11,715,798	1.02%
2018	\$ 115,346	\$ 115,346	\$ -	11,308,418	1.02%
2017	\$ 116,056	\$ 116,056	\$ -	11,800,629	0.98%

See Note 2 to the Required Supplementary Information.
See the accompanying independent auditor's report.



NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2024

1. Stewardship, Compliance, and Accountability

The District's Board of Trustees holds a public hearing in the fall each year to approve the budget for the general fund and appropriate the funds for the ensuing year. Expenditures may not legally exceed amounts appropriated by fund. Any change in the budget for a particular fund requires approval by the Board of Trustees. Management is authorized to make transfers between line items within a fund.

This budgetary comparison schedule is presented on a basis in conformity with generally accepted accounting principles (GAAP).

2. Pension and OPEB Related Disclosures

GASB 68, adopted during fiscal year 2015, and GASB 75, implemented during fiscal year 2018, require disclosure of the District's proportionate share of the net pension liability at the measurement date and contributions to the pension plan for the previous 10-year period. Until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2023 Changes in Plan Provisions Since 2022

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24,000 payment received on December 4, 2023, and a \$2,000 receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and Health Care Trust Fund (HCTF) were \$24,967 and \$1,033, respectively.
- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225,000 direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10,000 from the General Fund, totaling \$14,561.
- SB 23-163, enacted and effective June 6, 2023, states beginning July 1, 2023, a wildlife officer and a parks and recreation officer employed by the Division of Parks and

Wildlife in the Department of Natural Resources, is classified as a "State Trooper" for the purpose of determining their service retirement eligibility.

- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a “12-pay” method to a “non-12-pay” method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.

2022 Changes in Plan Provisions Since 2021

- HB 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled \$225,000 direct distribution, a warrant to PERA in the amount of \$380,000 with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by \$190,000 to \$35,000. The July 1, 2024, direct distribution will not be reduced from \$225,000 due to a negative investment return in 2022.
- The TPL for the Local Government Division, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, as allowable under C.R.S. § 24-51-313, of Tri-County Health, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

2021 Changes in Plan Provisions Since 2020

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

2020 Changes in Plan Provisions Since 2019

- HB 20-1379, enacted on June 29, 2020, suspended the \$225,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.
- HB 20-1394, enacted on June 29, 2020, requires 5.0% of the Judicial Division base employer contributions rate to be paid by the members of the Judicial Division for the State's 2020-21 and 2021-22 fiscal years. This does not apply to the employer or member contribution rates for judges employed by the Denver County Court.
- SB 18-200 and SB 20-057, enacted in 2018 and 2020, respectively expanded the definition of "State Trooper" under Colorado law as follows:
 - Beginning July 1, 2020, new or existing employees of the Division of Fire Prevention and Control in the Department of Public Safety classified as firefighter I through firefighter VII;
 - New members hired on or after January 1, 2020, as a county sheriff, undersheriff, deputy sheriff, noncertified deputy sheriff, or detention officer by a Local Government Division employer; and
 - New members hired on or after January 1, 2020, as a corrections officer classified as I through IV by a State Division employer.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

2019 Changes in Plan Provisions Since 2018

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - AI cap is lowered from 1.50% per year to 1.25% per year.
- HB 19-1217, enacted May 20, 2019, repealed the member contribution increases scheduled for the Local Government Division pursuant to SB 18-200.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

2018 Changes in Plan Provisions Since 2017

- The following changes were made to the plan provisions as part of SB 18-200:
 - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
 - Employer contribution rates increase by 0.25% effective July 1, 2019, for State, School, Judicial, and DPS Divisions.
 - An annual direct distribution of \$225,000 from the State of Colorado, recognized as a non-employer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.

- AI cap is lowered from 2.00% per year to 1.50% per year.
- Initial AI waiting period is extended from one year after retirement to three years after retirement.
- AI payments are suspended for 2018 and 2019.
- The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020, increases from three to five years for the State, School, Local Government, and DPS Divisions and increases from one to three years for the Judicial Division.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

2017 Changes in Plan Provisions Since 2016

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division on December 2, 2017. For the purpose of the December 31, 2017, measurement date, liabilities were determined assuming no additional benefit accruals for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of \$1,159 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$1,063 and \$96, respectively.
- Pursuant to HB 17-1265, the amortization equalization disbursement (AED) and supplemental amortization equalization disbursement (SAED) contribution rates are adjusted for employers in the Judicial Division as follows:
 - For the calendar year beginning in 2019, C.R.S. § 24-51-411(4.5) increased the AED payment to 3.40% of PERA-includable salary and requires the AED payment to increase by 0.40% at the start of each of the following four calendar years through 2023, at which time the AED payment will be 5.00% of PERA-includable salary.
 - For the calendar year beginning in 2019, C.R.S. § 24-51-411(7.5) increased the SAED payment to 3.40% of PERA-includable salary and requires the SAED payment to increase by 0.40% at the start of each of the following four calendar years through 2023, at which time the SAED payment will be 5.00% of PERA-includable salary.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

2016 Changes to Plan Provisions Since 2015

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

2015 Changes in Plan Provisions Since 2014

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.
- As required under C.R.S. § 24-51-401(1.7)(e), PERA calculated and provided to the Colorado General Assembly an adjustment to the DPS Division's employer contribution rate to assure the equalization of the School Division's and the DPS Division's ratios of unfunded actuarial accrued liability to payroll as of December 31, 2039. Subsequently, the Colorado General Assembly passed HB 15-1391, reducing the employer contribution rate of the DPS Division from 13.75% to 10.15%, effective January 1, 2015.

2014 Changes in Plan Provisions Since 2013

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2023 Changes in Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions.

2022 Changes in Assumptions or Other Inputs Since 2021

- There were no changes made to the actuarial methods or assumptions.

2021 Changes in Assumptions or Other Inputs Since 2020

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

2020 Changes in Assumptions or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State and Local Government Divisions (members other than Safety Officers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for Safety Officers was changed to the PubS-2010 Employee Table with generational projection using scale MP-2019.

- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State and Local Government Divisions (members other than Safety Officers) was changed to the PubG-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for Safety Officers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105% of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The disabled mortality assumption for Safety Officers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a benefit-weighted basis.

2019 Changes in Assumptions or Other Inputs Since 2018

- The assumption used to value the AI cap benefit provision was changed from 1.50% to 1.25%.

2018 Changes in Assumptions or Other Inputs Since 2017

- The single equivalent interest rate (SEIR) for the State Division was increased from 4.72% to 7.25% to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.
- The SEIR for the School Division was increased from 4.78% to 7.25% to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.
- The SEIR for the Judicial Division was increased from 5.41% to 7.25% to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

2017 Changes in Assumptions or Other Inputs Since 2016

- The SEIR for the State Division was lowered from 5.26% to 4.72% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The SEIR for the School Division was lowered from 5.26% to 4.78% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The SEIR for the Judicial Division was increased from 5.18% to 5.41 % to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR for the State, School, and Judicial Divisions changed from 3.86% on the prior measurement date to 3.43% on the measurement date.

2016 Changes in Assumptions or Other Inputs Since 2015

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The post-retirement mortality assumption for healthy lives for the State and Local Government Divisions was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 73% factor applied to ages below 80 and a 108% factor applied to age 80 and above, projected to 2018, for males, and a 78% factor applied to ages below 80 and a 109% factor applied to age 80 and above, projected to 2020, for females.
- The post-retirement mortality assumption for healthy lives for the School, Judicial, and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, for males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.

- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35% to 0.40%.
- The SEIR for the State and School Divisions was lowered from 7.50% to 5.26% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86% on the measurement date.
- The SEIR for the Local Government Division was lowered from 7.50% to 7.25%, reflecting the change in the long-term expected rate of return.
- The SEIR for the Judicial Division was lowered from 5.73% to 5.18% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate from 3.57% on the prior measurement date to 3.86% on the measurement date.
- The SEIR for the DPS Division was lowered from 7.50% to 7.25%, reflecting the change in the long-term expected rate of return.

2015 Changes in Assumptions or Other Inputs Since 2014

- The SEIR for the Judicial Division was lowered from 6.14% to 5.73% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate from 3.70% on the prior measurement date to 3.57% on the measurement date.
- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18-month AI timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.

- Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

2014 Changes in Assumptions or Other Inputs Since 2013

- The SEIR for the Judicial Division was lowered from 6.66% to 6.14% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate from 4.73% on the prior measurement date to 3.70% on the measurement date.
- In 2012, a lawsuit was initiated to determine the amount owed to PERA by Memorial and the City of Colorado Springs (City) for Memorial's departure from PERA. In September 2014, PERA and the City agreed to resolve the lawsuit. The agreement provided for the City to pay PERA \$190,000 for the liabilities associated with the retirement and health care benefits already earned by 7,666 Memorial employees for the work they performed before Memorial ceased to be a PERA employer. On October 3, 2014, PERA received a disaffiliation payment from the City, which was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$186,006 and \$3,994, respectively.

OTHER INFORMATION



**SUMMARY OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
– GENERAL FUND**
**For the Years Ended December 31,
(Unaudited)**

	2020	2021	2022	2023	2024
Expenditures					
Current					
Operating					
Salaries and benefits	\$ 15,243,578	\$ 15,807,234	\$ 16,523,332	\$ 17,482,263	\$ 19,843,078
Library materials	3,840,904	3,847,342	3,996,798	3,969,124	4,630,294
Facilities	1,527,772	1,673,773	1,785,765	1,801,238	1,821,236
Technology and support services	1,412,851	1,360,864	1,395,873	1,462,249	1,758,919
Programs and outreach	503,623	822,131	1,137,341	1,177,265	1,573,548
District-wide support	1,099,971	1,188,083	1,260,806	1,318,090	1,703,956
Capital Outlay	1,214,327	2,046,816	12,821,756	14,146,806	3,531,369
Debt Service	2,012,800	2,013,425	2,225,930	2,349,845	2,360,855
Total Expenditures	26,855,826	28,759,668	41,147,601	43,706,880	37,223,255
Program Revenues					
Operating contributions and grants	340,873	264,404	421,593	303,961	475,185
Charges for services	410,207	566,869	567,080	534,069	445,097
Total Program Revenues	751,080	831,273	988,673	838,030	920,282
Net Program Expenses	(26,104,746)	(27,928,395)	(40,158,928)	(42,868,850)	(36,302,973)
General Revenues					
Property taxes	28,971,244	29,655,129	32,350,900	32,295,064	37,678,094
Auto ownership taxes	2,529,513	288,807	2,894,516	3,036,478	2,734,022
Investment earnings	195,065	38,739	521,327	1,531,656	1,789,666
Total General Revenues	31,695,822	29,982,675	35,766,743	36,863,198	42,201,782
Other Financing Sources (Uses)					
Sale of capital assets	0	0	0	0	3,047,921
Lease income (expenditures), net	106,996	108,853	2,138	(11,538)	0
Lease to purchase	0	196,844	347,310	0	0
Leases issued-inflow	0	0	436,818	404,906	0
Subscriptions issued-inflow	0	0	0	21,741	121,129
Total Other Financing Sources (Uses)	106,996	305,697	786,266	415,109	3,169,050
Net Change in Fund Balance	5,698,072	2,359,977	(3,605,919)	(5,590,543)	9,067,859
Fund Balance, Beginning of Year	18,639,816	24,337,888	29,297,865	25,691,946	20,101,403
Fund Balance, End of Year	\$ 24,337,888	\$ 26,697,865	\$ 25,691,946	\$ 20,101,403	\$ 29,169,262

**SUMMARY HISTORICAL COMPARISON OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE – GOVERNMENTAL FUND**
For the Years Ended December 31, 2024
(Unaudited)

	Actual			Budget
	2022	2023	2024	2025
Statistics				
Circulation	6,056,477	6,036,732	6,399,328	
Patron visits	1,326,756	1,340,490	1,400,186	
Building square footage	176,000	192,968	194,073	
Full time equivalent employee headcount	243	254	266	
Revenues				
Property and auto ownership taxes	\$ 35,245,416	\$ 35,331,542	\$ 40,412,116	\$ 43,600,866
Charges for services	567,080	534,069	445,097	346,998
Contributions and grants	421,593	303,961	475,185	405,932
Investment earnings	521,327	1,531,656	1,789,666	1,483,779
Total Revenues	<u>36,755,416</u>	<u>37,701,228</u>	<u>43,122,064</u>	<u>45,837,575</u>
Operating Expenditures				
Salaries, wages and benefits	16,523,332	17,482,263	19,843,078	21,255,129
Library content	3,996,798	3,969,124	4,630,294	4,617,295
Facilities	1,785,765	1,801,238	1,821,236	2,783,777
Technology equipment and services	1,395,873	1,462,249	1,758,919	1,874,709
Programs and outreach	1,137,341	1,177,265	1,573,548	1,602,269
District-wide support	1,260,806	1,318,090	1,703,956	2,155,436
Interest and principal payments	2,225,930	2,349,845	2,360,855	2,150,670
Capital outlay	1,338,024	908,399	1,164,787	1,515,300
Total Operating Expenditures	<u>29,663,869</u>	<u>30,468,473</u>	<u>34,856,673</u>	<u>37,954,585</u>
Revenues Over (Under) Operating Expenditures	<u>7,091,547</u>	<u>7,232,755</u>	<u>8,265,391</u>	<u>7,882,990</u>
Non-Operating Revenues (Expenditures)				
Capital outlay	(11,483,732)	(13,238,407)	(2,366,582)	(870,000)
Sale of capital assets	0	0	3,047,921	0
Lease income (expenditures), net	2,138	(11,538)	0	0
Lease to purchase	347,310	0	0	0
Leases issued-inflow	436,818	404,906	0	0
Subscriptions issued-inflow	0	21,741	121,129	0
Tax relief	0	0	0	(5,000,000)
Total Non-Operating Revenues (Expenditures), net	<u>(10,697,466)</u>	<u>(12,823,298)</u>	<u>802,468</u>	<u>(5,870,000)</u>
Total Revenues Over (Under) Total Expenditures	<u>\$ (3,605,919)</u>	<u>\$ (5,590,543)</u>	<u>\$ 9,067,859</u>	<u>\$ 2,012,990</u>

HISTORY OF ASSESSED VALUATIONS (Unaudited)

Levy/Collection Year	Assessed Valuation	Percent Change	Statutory "Actual" Value
2019/2020	\$ 7,239,081,296	12.43%	\$ 72,076,633,311
2020/2021	\$ 7,406,236,279	2.31%	\$ 74,185,916,447
2021/2022	\$ 8,065,691,731	8.90%	\$ 81,370,875,194
2022/2023	\$ 8,104,381,140	0.48%	\$ 83,777,072,422
2023/2024	\$ 10,292,323,249	27.00%	\$ 114,596,756,478
2024/2025	\$ 10,500,376,390	2.02%	\$ 117,505,520,097

HISTORY OF MILL LEVIES (Unaudited)

Levy / Collection Year	General Fund	Special Abatement	Temporary Rate Reduction	Total Levy
2019/2020	4.000	0.023		4.023
2020/2021	4.000	0.012		4.012
2021/2022	4.000	0.021		4.021
2022/2023	4.000	0.008		4.008
2023/2024	4.000	0.000	-0.487	3.513
2024/2025	4.000	0.000		4.000

PROPERTY TAX COLLECTIONS (Unaudited)

Levy/Collection Year	Taxes Levied	Current Tax Collections	Collection Rate
2018/2019	\$ 25,806,853	\$ 25,849,883	100.17%
2019/2020	\$ 29,122,824	\$ 29,173,238	100.17%
2020/2021	\$ 29,713,820	\$ 29,901,263	100.63%
2021/2022	\$ 32,432,146	\$ 32,606,739	100.54%
2022/2023	\$ 32,436,073	\$ 32,641,357	100.63%
2023/2024	\$ 36,156,932	\$ 36,305,658	100.41%



**MEMO**

To:	Douglas County Libraries Board of Trustees
Date:	April 30 th , 2025
From:	Casie Cook, Director of Finance
Subject:	2025 Budget Amendment

ISSUE:

The original 2025 budget did not set dollars aside for an Organizational Resilience Program, or for construction to begin on Sterling Ranch (previously approved in motion 25-01-07).

DISCUSSION:

Staff recommends re-allocating \$142,000 from the Access Refresh portion of the Safety and Security department's budget to fund an organizational resilience program which will build a framework for how DCL approaches Safety and Security into the future.

Additionally, staff recommends that the Board approve the amount projected for the 2025 portion of the Sterling Ranch build which totals \$4,076,765.

RECOMMENDATION: Staff recommends approving Resolution 2025-04-01.

DOUGLAS COUNTY LIBRARIES
 BOARD OF TRUSTEES
 RESOLUTION TO AMEND 2025 BUDGET
 AND
 RE-APPROPRIATE FUNDS FOR 2025
 R 2025-04-01

COMES NOW, TR (Terry) Nolan, the President of the Board of Trustees of the Douglas County Library (the "Library"), and certifies that at a regular meeting of the Board of Trustees of the Library held, Wednesday, the 30th day of April, 2025, at 5:30 P.M., the following Resolution was adopted by affirmative vote of a majority of the Board of Trustees, to-wit:

WHEREAS, the Board of Trustees of the Library appropriated funds for the fiscal year 2025 as follows:

General Fund:

Current operating expenses	\$37,954,585
Tax Relief	5,000,000
Capital Outlay	870,000
Emergency reserves	1,054,497
Total general fund appropriations	<u>\$44,879,082</u>

and;

WHEREAS, the 2025 budget approved and adopted by the Board of Trustees of the Library on December 4, 2024, after due and proper notice did not include funds in capital expenditures for the new build of the Sterling Ranch site. The original budget also did not reflect a reallocation of capital expenditure costs to operating expenditures to fund the Organizational Resilience Program for the Library; and

WHEREAS, the Library Board of Trustees approved the new build project via motion 25-01-07: Burkholder moved and the motion passed unanimously to accept staff findings for scope of a 16,000 square foot library in Sterling Ranch Northwest Douglas County, take the time to evaluate a secondary location, but keep to timeline, and \$21,650,000 cost toward an anticipated opening in 2027. McKinney seconded the motion.

WHEREAS, the Library is to fund the entire Sterling Ranch site from its reserves, with \$4,076,765 required to cover the first-year expenses for the 2025 budget year; and

WHEREAS, the Library will reallocate \$142,000 budget dollars from the Access Control Refresh capital project to the operating budget to fund the Organizational Resilience Program; and

WHEREAS, due and proper notice was published on April 17, 2025 in the Douglas County News Press, indicating (i) the date and time of the hearing at which the adoption of the proposed 2025 budget amendment will be considered; (ii) that the proposed budget amendment is available for inspection by the public at a designated place; and (iii) that any interested persons may file any objections to the proposed budget amendment at any time prior to the final adoption of the budget by the Library, as shown on the publisher's Affidavit of Publication attached hereto as Exhibit A and incorporated herein by this reference; and

WHEREAS, the proposed budget amendment was open for inspection by the public at a designated place; and

WHEREAS, no interested persons have registered any objections to said proposed budget amendment; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE DOUGLAS COUNTY LIBRARIES OF DOUGLAS COUNTY, COLORADO:

Section 1. The Board of Trustees of the Library hereby approves and adopts the amended 2025 budget attached hereto as Exhibit B and incorporated herein by this reference.

Section 2. The Board of Trustees of the Library hereby confirms and re-appropriates from the revenues and capital reserves of the Library to the General Fund the following sums for the purposes stated:

General Fund:

Current operating expenses	\$37,954,584
Tax Relief	5,000,000
Capital outlay	4,946,765
Emergency reserves	1,054,497
Total general fund appropriations	<u>\$48,955,846</u>

And affirms that any ending fund balances shall be reserved for purposes of Article X, Section 20 of the Colorado Constitution.

Section 3. This resolution shall take effect upon its adoption.

[The remainder of this page is intentionally left blank.]

Whereupon, a motion was made by Trustee _____ and seconded by Trustee _____, and upon a unanimous vote this Resolution was approved by the Board of Trustees.

APPROVED AND ADOPTED THIS 30TH DAY OF APRIL 2025.

DOUGLAS COUNTY LIBRARIES

By: TR (Terry) Nolan, Board President

ATTEST:

By: Ted W. Vail, Board Secretary

STATE OF COLORADO
COUNTY OF DOUGLAS
DOUGLAS COUNTY LIBRARIES

I, Ted W. Vail, hereby certify that I am a trustee and the duly elected and qualified Secretary of the Douglas County Libraries, and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of the District, adopted at a regular meeting of the Board of Trustees of the Douglas County Libraries held on April 30th, 2025, at the Philip and Jerry Miller Library, 100 S Wilcox St, Castle Rock, CO 80104, as recorded in the official record of the proceedings of the Douglas County Libraries, insofar as said proceedings relate to the budget hearing for fiscal year ending December 31, 2025; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name this _____ day of

2025

Ted W. Vail, Secretary

EXHIBIT A

Notice of Regular Meeting
Affidavit of Publication
Notice as to Proposed 2025 Budget Amendment

EXHIBIT B

Amended 2025 Budget

DOUGLAS COUNTY LIBRARIES
BOARD OF TRUSTEES
ACKNOWLEDGMENT OF NOTICE AND
APPROVAL OF RECORD OF PROCEEDINGS

We, the undersigned members of the Board of Trustees of the Douglas County Libraries, Douglas County, Colorado, do hereby acknowledge receipt of proper notice of the public hearing of the Board held Wednesday, April 30th, 2025 informing of the date, time, and place of the meeting and the purpose for which it was called, and do hereby waive any and all other notices which might be required by law, and we do hereby approve said record of proceedings and the actions taken by the Board of Trustees as stated therein.

TR (Terry) Nolan

Suzanne Burkholder

Ted W. Vail

Zachary McKinney

P (Pam) Hampton

Taylor Dane Watson

Amy Windju

PUBLIC NOTICE

NOTICE AS TO AMENDED 2025 BUDGET

NOTIC~~99~~ of \$180 HEREBY GIVEN that an amendment to the 2025 budget has been submitted to the Board of Trustees of the Douglas County Libraries. A copy for public inspection of such amended budget will be available on our website at dcl.org, under Who We Are/Board of Trustees. The proposed budget will be considered at the regular meeting of the Douglas County Libraries Board of Trustees to be held at the Philip and Jerry Miller Library, 100 S Wilcox St, Castle Rock CO 80104 on **Wednesday, April 30, 2025 at 5:30 p.m.**

Any interested elector of the Douglas County Libraries may inspect the amended budget and file or register any objections at any time prior to the final adoption of the budget.

Dated: April 17, 2025
**BY ORDER OF THE BOARD OF TRUSTEES
DOUGLAS COUNTY LIBRARIES**

**By: /s/ Robert Pasicznyuk
Library Director**

Legal Notice No. DC 1144
First Publication: April 17, 2025
Last Publication: April 17, 2025
Publisher: Douglas County News-Press

**Revenue**

	2025		2025
	Approved Budget	Amendment	Amended Budget
Property taxes	\$42,001,506		\$42,001,506
Specific Ownership Taxes	1,599,360		1,599,360
Contributions/Grants	405,932		405,932
Charges for services	346,998		346,998
Interest Income	1,483,779		1,483,779
Total Revenue	\$45,837,575	\$0	\$45,837,575

Operating Expenditures

Salaries & Wages	\$17,333,994		\$17,333,993
Benefits	1,359,171		1,359,171
PERA Pension	2,561,964		2,561,964
Library Content	4,617,295		4,617,295
Facilities	2,783,777	(28,000)	2,755,777
Technology, Equipment & 3rd-Party Services	1,874,710		1,874,710
Library Programs & Outreach	1,602,269		1,602,269
District-Wide Support Costs	1,501,423	142,000	1,643,423
Capital Maintenance Projects	1,515,300	(114,000)	1,401,300
Total Operating Expenditures	\$35,149,903	\$0	\$35,149,902

Debt Service	\$2,150,670		\$2,150,670
County Treasurer's Fees	654,012		654,012
Total Operating, Interest & Fee Expenditures	\$37,954,585	\$0	\$37,954,584

Total Revenues Over (Under) Operating Expenditures	\$7,882,990	\$0	\$7,882,991
---	--------------------	------------	--------------------

Non-Operating Revenues (Expenditures)			
Tax Relief	(\$5,000,000)		(\$5,000,000)
Capital Improvement Projects	(870,000)	(4,076,765)	(4,946,765)
Total Non-Operating Revenues (Expenditures)	(\$5,870,000)	(\$4,076,765)	(\$9,946,765)
Total Revenues Over (Under) Total Expenditures	\$2,012,990	(\$4,076,765)	(\$2,063,774)
Beginning Fund Balance	29,362,231		\$29,362,231
Ending Fund Balance	\$31,375,221		\$27,298,457

MEMO

To:	Douglas County Libraries Board of Trustees
Date:	April 30 th , 2025
From:	Casie Cook, Director of Finance
Subject:	Investment Firm Selection

ISSUE:

The Library needs an experienced investment strategist to advise on the Library's portfolio, particularly during times of economic uncertainty. Leveraging long-term and short-term investments during market volatility can be advantageous in a turbulent economic climate.

DISCUSSION:

Per the Library's financial policies, the Board delegates management responsibility of the Library's investment program to the Executive Library Director who shall ensure that all investment transactions are undertaken in accordance with the Library's Investment and Cash Management Policy, and that an effective system of internal controls is maintained for all investment transactions. It is the duty of the Board to select a registered investment advisory firm that specializes in the management of fixed-income public funds.

Additionally, a Board resolution is required to open or close any new Library account at a financial institution. Note that Library funds may only be deposited in financial institutions that have been designated by the Division of Banking or the Division of Financial Services under the Colorado Department of Regulatory Agencies as an eligible public depository to the extent that the deposit is (i) insured by the Federal Deposit Insurance Corporation (FDIC) or (ii) secured by a pledge of eligible collateral as required by the Public Deposit Protection Act.

The Library would benefit from the expert guidance given by an investment firm. If the Library selects an investment advisor, a customary requirement of opening any investment account with an investment firm is to place the invested funds in a custodial account. Ideally, an investment firm shall not have custody or possession of the funds that an organization has placed under its management due to internal controls. With a custodial account, financial statements for the investment portfolio are produced by a third party, not produced by the investment firm.

The alternative to not selecting an investment firm is to continue with our current investment strategy, which is to have approximately 99.7% of our cash held at ColoTrust in the Plus+ fund. This fund has a 30-day yield of 4.4002% as of 4/21/2025, and is a stable local government pool offering daily liquidity, which they themselves say "is better suited for every-day funds". This fund is subject to fluctuations in the federal funds rate.

RECOMMENDATION:

The staff recommend that the Board select Chandler Asset Management (Chandler) as our investment advisory firm.

Chandler is recommended based on their history of providing investment strategies to public agencies, institutions, and other risk-conscious clients through the management of high-quality fixed income portfolios.

Additionally, Chandler was selected based upon the expertise of staff member Chris Blackwood, Senior Portfolio and Investment Pool Strategist, who brings more than 25 years of experience in the financial services industry focusing on local government investment pools. Mr. Blackwood would be the Library's dedicated investment advisor. He has provided investment advisory services to local governments throughout the Rocky Mountain region. His experience also includes serving as an administrator and/or portfolio manager for three Local Government Investment Pools; as a research director for several bond underwriting firms; and as a senior economist to the Governor of Colorado. He is the author of four books, including his most recent publication, *Investing Public Funds in Colorado*, a definitive guide to permitted public investments in the Centennial State.

Chandler's fee is .12% of 1% (12 basis points) of the first \$25M we invest, and .10% of 1% (10 basis points) of any excess of \$25M. The annual fee would be divided monthly. Chandler also retains the associated accrued interest on their monthly fee. Note that Chandler's expense equals the fee currently being charged by ColoTrust in our Plus+ fund.

Chandler utilizes UMB Bank as the custodian of their investments. The Library would need to open a custodial account with UMB Bank, and would pay a \$5,000 annual fee to UMB (the annual minimum) to receive custodial services for the Library.

Note that Chandler is a SEC registered investment adviser, specializing in fixed income portfolio management, and local government investment pools. Our investment strategy would comply with the depository and investment restrictions detailed in the following Colorado law:

- Public Deposit Protection Act, Section 11-10.5-101, et seq., C.R.S.
- Standard for Investment, Section 15-1-304, C.R.S.
- Funds - Legal Investments, Section 24-75-601, et seq., C.R.S.
- Investment Funds - Local Government Pooling, Section 24-75-701, et seq., C.R.S.
- Protection of Deposits of Public Monies, Section 11-47-101, et seq., C.R.S.

Additionally, there is language in Chandler's Investment Management Agreement that states they will comply with DCL's Investment and Cash Management Policy (DCL's policy would be attached as an exhibit to the agreement). Note: we can terminate the agreement any time.

Staff recommends that the Board approve the selection of Chandler Asset Management as the Library's registered investment advisory firm, and for board approval allowing staff to open a custodial account at UMB bank per resolution No. 2025-04-02.

DOUGLAS COUNTY LIBRARIES
BOARD OF TRUSTEES
RESOLUTION TO SELECT INVESTMENT ADVISORY FIRM
AND
OPEN CUSTODIAL ACCOUNT FOR INVESTED FUNDS
R 2025-04-02

WHEREAS, the Board of Trustees of Douglas County Libraries has determined that it is in the best interest of the Library to select an investment firm to manage its investment portfolio;

WHEREAS, the Board of Trustees has selected Chandler Asset Management based on their expertise, reputation, and proposed investment strategy;

WHEREAS, the Board of Trustees has determined that it is necessary to open a custodial bank account to facilitate the management of the Library's investment portfolio;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees hereby selects Chandler Asset Management as the Library's investment firm;

BE IT FURTHER RESOLVED, that the Board of Trustees authorizes Robert Pasicznyuk, Executive Director, and Casie Cook, Director of Finance to open a custodial bank account with UMB Bank on behalf of Douglas County Libraries;

BE IT FURTHER RESOLVED, that Robert Pasicznyuk, Executive Director, and Casie Cook, Director of Finance is authorized to execute any and all documents necessary to effectuate the opening of the custodial bank account and to take any other actions necessary to implement this resolution.

[The remainder of this page is intentionally left blank.]

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Douglas County Libraries, Colorado approves the actions needed select Chandler Asset Management as its investment firm, and to open a custodial account at UMB Bank.

APPROVED AND ADOPTED THIS 30TH DAY OF APRIL 2025.

DOUGLAS COUNTY LIBRARIES

By: TR (Terry) Nolan, Board President

ATTEST:

By: Ted W. Vail, Board Secretary

STATE OF COLORADO

COUNTY OF DOUGLAS

DOUGLAS COUNTY LIBRARIES

**MEMO**

To:	Douglas County Libraries Board of Trustees
Date:	April 30 th , 2025
From:	Casie Cook, Director of Finance
Subject:	Fransen Pittman Contract – Sterling Ranch

ISSUE:

DCL needs to execute Fransen Pittman contract to build Sterling Ranch.

DISCUSSION:

Our Authorization of Expenditure Policy requires that the President of the Board or designee is the authorized signatory for major capital expenditures.

Our attorney has reviewed and approved the AIA contract related to the Sterling Ranch build and provided a Supplementary Conditions statement which Fransen Pittman has reviewed and approved, and attached as an exhibit to the contract.

RECOMMENDATION: Staff recommends that the approve the contract with Fransen Pittman as presented.


AIA® Document A141® – 2014
Standard Form of Agreement Between Owner and Design-Builder

AGREEMENT made as of the 30th day of April in the year 2025
(In words, indicate day, month and year.)

BETWEEN the Owner:
(Name, legal status, address and other information)

Douglas County Library
 100 S. Wilcox Street
 Castle Rock, CO 80104

and the Design-Builder:
(Name, legal status, address and other information)

Fransen Pittman Construction Inc.
 9563 S. Kingston Court
 Englewood, CO 80112

for the following Project:
(Name, location and detailed description)

Douglas County Library Northwest Branch

The Owner and Design-Builder agree as follows.

ADDITIONS AND DELETIONS:

The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An *Additions and Deletions Report* that notes added information as well as revisions to the standard form text is available from the author and should be reviewed. A vertical line in the left margin of this document indicates where the author has added necessary information and where the author has added to or deleted from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Consultation with an attorney is also encouraged with respect to professional licensing requirements in the jurisdiction where the Project is located.

TABLE OF ARTICLES

- 1 GENERAL PROVISIONS
- 2 COMPENSATION AND PROGRESS PAYMENTS
- 3 GENERAL REQUIREMENTS OF THE WORK OF THE DESIGN-BUILD CONTRACT
- 4 WORK PRIOR TO EXECUTION OF THE DESIGN-BUILD AMENDMENT
- 5 WORK FOLLOWING EXECUTION OF THE DESIGN-BUILD AMENDMENT
- 6 CHANGES IN THE WORK
- 7 OWNER'S RESPONSIBILITIES
- 8 TIME
- 9 PAYMENT APPLICATIONS AND PROJECT COMPLETION
- 10 PROTECTION OF PERSONS AND PROPERTY
- 11 UNCOVERING AND CORRECTION OF WORK
- 12 COPYRIGHTS AND LICENSES
- 13 TERMINATION OR SUSPENSION
- 14 CLAIMS AND DISPUTE RESOLUTION
- 15 MISCELLANEOUS PROVISIONS
- 16 SCOPE OF THE AGREEMENT

TABLE OF EXHIBITS

- A DESIGN-BUILD AMENDMENT
- B INSURANCE AND BONDS
- C SUSTAINABLE PROJECTS

ARTICLE 1 GENERAL PROVISIONS

§ 1.1 Owner's Criteria

This Agreement is based on the Owner's Criteria set forth in this Section 1.1.

(Note the disposition for the following items by inserting the requested information or a statement such as "not applicable" or "unknown at time of execution." If the Owner intends to provide a set of design documents, and the requested information is contained in the design documents, identify the design documents and insert "see Owner's design documents" where appropriate.)

§ 1.1.1 The Owner's program for the Project:

(Set forth the program, identify documentation in which the program is set forth, or state the manner in which the program will be developed.)

New Developed site and ground up structure, 16,000 Square Foot (2) story Library building with Parking Lot. The Program and Square footage of the building shall be finalized through the collaborative design process between

design-builder and the Owner. Finalized program details will be included in the GMP amendment with all applicable drawings and specifications.

§ 1.1.2 The Owner's design requirements for the Project and related documentation:

(Identify below, or in an attached exhibit, the documentation that contains the Owner's design requirements, including any performance specifications for the Project.)

N/A.

§ 1.1.3 The Project's physical characteristics:

(Identify or describe, if appropriate, size, location, dimensions, or other pertinent information, such as geotechnical reports; site, boundary and topographic surveys; traffic and utility studies; availability of public and private utilities and services; legal description of the site; etc.)

All work to be performed at the site location of West Titan Road & Piney River Ave. Littleton, CO 80125.

(Paragraphs deleted)

§ 1.1.6 The Owner's budget for the Work to be provided by the Design-Builder is set forth below:
(Provide total for Owner's budget, and if known, a line item breakdown of costs.)

Total Construction Budget: Eighteen Million, One Hundred and Twenty-Six, Four Hundred and Seven Dollars.
 (\$18,171,178).

Project Design Fees: \$1,292,300

Preconstruction Fees: \$75,744

Construction, Insurance, Contingency, Project Fee, Bond, 2 year warranty: \$15,803,489

Excludes Soft Costs, FF&E

§ 1.1.7 The Owner's design and construction milestone dates:

.1 Design phase milestone dates:

Anticipated Design May 2025 – January 2026

.2

(Paragraphs deleted)

Substantial Completion date:

Exhibit G _ Schedule TBD

.3 Other milestone dates:

N/A

§ 1.1.8 The Owner requires the Design-Builder to retain the following Architect, Consultants and Contractors at the Design-Builder's cost:

(List name, legal status, address and other information.)

.1 Architect

OPN Architects Inc

100 Court Ave Ste 100, Des Moines, IA 50309.

.2 Consultants

TBD

.3 Contractors

Fransen Pittman Construction Inc.
9563 S. Kingston Ct Englewood, CO 80112

(Paragraphs deleted)

§ 1.1.10 The Design-Builder shall confirm that the information included in the Owner's Criteria complies with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities.

§ 1.1.10.1 If the Owner's Criteria conflicts with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, the Design-Builder shall notify the Owner of the conflict.

§ 1.1.11 If there is a change in the Owner's Criteria, the Owner and the Design-Builder shall execute a Modification in accordance with Article 6.

§ 1.1.12 If the Owner and Design-Builder intend to transmit Instruments of Service or any other information or documentation in digital form, they shall endeavor to establish necessary protocols governing such transmissions. Unless otherwise agreed, the parties will use AIA Document E203™–2013 to establish the protocols for the development, use, transmission, and exchange of digital data and building information modeling.

§ 1.2 Project Team

§ 1.2.1 The Owner identifies the following representative in accordance with Section 7.1.1:
(List name, address and other information.)

Bob Pasicznyuk
Executive Library Director
100 S. Wilcox Street
Castle Rock, CO 80104
+1 (303) 688-7654
rpasicznyuk@dclibraries.org

§ 1.2.2 The persons or entities, in addition to the Owner's representative, who are required to review the Design-Builder's Submittals are as follows:
(List name, address and other information.)

N/A

§ 1.2.3 The Owner will retain the following consultants and separate contractors:
(List discipline, scope of work, and, if known, identify by name and address.)

N/A

§ 1.2.4 The Design-Builder identifies the following representative in accordance with Section 3.1.2:
(List name, address and other information.)

Jeffrey Pittman
Sr. Project Manager
9563 S. Kingston Court
Englewood, CO 80112
720-724-0090
jeffpittman@fransenpittman.com

§ 1.2.5 Neither the Owner's nor the Design-Builder's representative shall be changed without ten days' written notice to the other party.

§ 1.3 Binding Dispute Resolution

For any Claim subject to, but not resolved by, mediation pursuant to Section 14.3, the method of binding dispute resolution shall be the following:

(Check the appropriate box. If the Owner and Design-Builder do not select a method of binding dispute resolution below, or do not subsequently agree in writing to a binding dispute resolution other than litigation, Claims will be resolved by litigation in a court of competent jurisdiction.)

- Arbitration pursuant to Section 14.4
- Litigation in a court of competent jurisdiction
- Other: *(Specify)*

§ 1.3.1 In the event either party to this Contract commences a legal proceeding to enforce or interpret this Agreement, then the prevailing party shall be awarded its attorney's fees and costs.

§ 1.4 Definitions

§ 1.4.1 Design-Build Documents. The Design-Build Documents consist of this Agreement between Owner and Design-Builder and its attached Exhibits (hereinafter, the "Agreement"); other documents listed in this Agreement; and Modifications issued after execution of this Agreement. A Modification is (1) a written amendment to the Contract signed by both parties, including the Design-Build Amendment, (2) a Change Order, or (3) a Change Directive.

§ 1.4.2 The Contract. The Design-Build Documents form the Contract. The Contract represents the entire and integrated agreement between the parties and supersedes prior negotiations, representations or agreements, either written or oral. The Contract may be amended or modified only by a Modification. The Design-Build Documents shall not be construed to create a contractual relationship of any kind between any persons or entities other than the Owner and the Design-Builder.

§ 1.4.3 The Work. The term "Work" means the design, construction and related services required to fulfill the Design-Builder's obligations under the Design-Build Documents, whether completed or partially completed, and includes all labor, materials, equipment and services provided or to be provided by the Design-Builder. The Work may constitute the whole or a part of the Project.

§ 1.4.4 The Project. The Project is the total design and construction of which the Work performed under the Design-Build Documents may be the whole or a part, and may include design and construction by the Owner and by separate contractors.

§ 1.4.5 Instruments of Service. Instruments of Service are representations, in any medium of expression now known or later developed, of the tangible and intangible creative work performed by the Design-Builder, Contractor(s), Architect, and Consultant(s) under their respective agreements. Instruments of Service may include, without limitation, studies, surveys, models, sketches, drawings, specifications, digital models and other similar materials.

§ 1.4.6 Submittal. A Submittal is any submission to the Owner for review and approval demonstrating how the Design-Builder proposes to conform to the Design-Build Documents for those portions of the Work for which the Design-Build Documents require Submittals. Submittals include, but are not limited to, shop drawings, product data, and samples. Submittals are not Design-Build Documents unless incorporated into a Modification.

§ 1.4.7 Owner. The Owner is the person or entity identified as such in the Agreement and is referred to throughout the Design-Build Documents as if singular in number. The term "Owner" means the Owner or the Owner's authorized representative.

§ 1.4.8 Design-Builder. The Design-Builder is the person or entity identified as such in the Agreement and is referred to throughout the Design-Build Documents as if singular in number. The term "Design-Builder" means the Design-Builder or the Design-Builder's authorized representative.

§ 1.4.9 Consultant. A Consultant is a person or entity providing professional services for the Design-Builder for all or a portion of the Work, and is referred to throughout the Design-Build Documents as if singular in number. To the

extent required by the relevant jurisdiction, the Consultant shall be lawfully licensed to provide the required professional services.

§ 1.4.10 Architect. The Architect is a person or entity providing design services for the Design-Builder for all or a portion of the Work, and is lawfully licensed to practice architecture in the applicable jurisdiction. The Architect is referred to throughout the Design-Build Documents as if singular in number.

§ 1.4.11 Contractor. A Contractor is a person or entity performing all or a portion of the construction, required in connection with the Work, for the Design-Builder. The Contractor shall be lawfully licensed, if required in the jurisdiction where the Project is located. The Contractor is referred to throughout the Design-Build Documents as if singular in number and means a Contractor or an authorized representative of the Contractor.

§ 1.4.12 Confidential Information. Confidential Information is information containing confidential or business proprietary information that is clearly marked as "confidential."

§ 1.4.13 Contract Time. Unless otherwise provided, Contract Time is the period of time, including authorized adjustments, as set forth in the Design-Build Amendment for Substantial Completion of the Work.

§ 1.4.14 Day. The term "day" as used in the Design-Build Documents shall mean calendar day unless otherwise specifically defined.

§ 1.4.15 Contract Sum. The Contract Sum is the amount to be paid to the Design-Builder for performance of the Work after execution of the Design-Build Amendment, as identified in Article A.1 of the Design-Build Amendment.

ARTICLE 2 COMPENSATION AND PROGRESS PAYMENTS

§ 2.1 Compensation for Work Performed Prior To Execution of Design-Build Amendment

§ 2.1.1 Unless otherwise agreed, payments for Work performed prior to Execution of the Design-Build Amendment shall be made monthly. For the Design-Builder's performance of Work prior to the execution of the Design-Build Amendment, the Owner shall compensate the Design-Builder as follows:

(Insert amount of, or basis for, compensation, including compensation for any Sustainability Services, or indicate the exhibit in which the information is provided. If there will be a limit on the total amount of compensation for Work performed prior to the execution of the Design-Build Amendment, state the amount of the limit.)

Project Design Fees: (\$1,292,300), Preconstruction Services Fee: (\$75,744), and a project fee of 4.20% will be billed monthly on a percent complete basis per the following schedule:

Design Fees:

- Schematic Design 20%
- Design Development 25%
- Construction Documents 32.5%
- Construction Administration 20%
- Closeout 2.5%

Preconstruction Services:

- Cost Modeling Workshop 60%
- GMP Development 40%

§ 2.1.2 The hourly billing rates for services of the Design-Builder and the Design-Builder's Architect, Consultants and Contractors, if any, are set forth below.

(If applicable, attach an exhibit of hourly billing rates or insert them below.)

Exhibit C – Construction Labor Rates, Construction Equipment Rates, Architect & Consultant Labor Rates.

Individual or Position	Rate

§ 2.1.3 Compensation for Reimbursable Expenses Prior To Execution of Design-Build Amendment

§ 2.1.3.1 Reimbursable Expenses are in addition to compensation set forth in Section 2.1.1 and 2.1.2 and include expenses, directly related to the Project, incurred by the Design-Builder and the Design-Builder's Architect, Consultants, and Contractors, as follows:

- .1 Transportation and authorized out-of-town travel and subsistence;
- .2 Dedicated data and communication services, teleconferences, Project web sites, and extranets;
- .3 Fees paid for securing approval of authorities having jurisdiction over the Project;
- .4 Printing, reproductions, plots, standard form documents;
- .5 Postage, handling and delivery;
- .6 Expense of overtime work requiring higher than regular rates, if authorized in advance by the Owner;
- .7 Renderings, physical models, mock-ups, professional photography, and presentation materials requested by the Owner;
- .8 All taxes levied on professional services and on reimbursable expenses; and
- .9 Other Project-related expenditures, if authorized in advance by the Owner.

§ 2.1.3.2 For Reimbursable Expenses, the compensation shall be the expenses the Design-Builder and the Design-Builder's Architect, Consultants and Contractors incurred, plus an administrative fee of Four point Two percent (4.20 %) of the expenses incurred.

§ 2.1.4 Payments to the Design-Builder Prior To Execution of Design-Build Amendment

§ 2.1.4.1 Payments are due and payable upon presentation of the Design-Builder's invoice. Amounts unpaid twenty (20) days after the invoice date shall bear interest at the rate entered below, or in the absence thereof at the legal rate prevailing from time to time at the principal place of business of the Design-Builder.

(Insert rate of monthly or annual interest agreed upon.)

(8 %) Eight percentage points per annum.

§ 2.1.4.2 Records of Reimbursable Expenses and services performed on the basis of hourly rates shall be available to the Owner at mutually convenient times for a period of two years following execution of the Design-Build Amendment or termination of this Agreement, whichever occurs first.

§ 2.2 Contract Sum and Payment for Work Performed After Execution of Design-Build Amendment

For the Design-Builder's performance of the Work after execution of the Design-Build Amendment, the Owner shall pay to the Design-Builder the Contract Sum in current funds as agreed in the Design-Build Amendment.

ARTICLE 3 GENERAL REQUIREMENTS OF THE WORK OF THE DESIGN-BUILD CONTRACT

§ 3.1 General

§ 3.1.1 The Design-Builder shall comply with any applicable licensing requirements in the jurisdiction where the Project is located.

§ 3.1.2 The Design-Builder shall designate in writing a representative who is authorized to act on the Design-Builder's behalf with respect to the Project.

§ 3.1.3 The Design-Builder shall perform the Work in accordance with the Design-Build Documents. The Design-Builder shall not be relieved of the obligation to perform the Work in accordance with the Design-Build Documents by the activities, tests, inspections or approvals of the Owner.

§ 3.1.3.1 The Design-Builder shall perform the Work in compliance with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities. If the Design-Builder performs Work contrary to applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities, the Design-Builder shall assume responsibility for such Work and shall bear the costs attributable to correction.

§ 3.1.3.2 Neither the Design-Builder nor any Contractor, Consultant, or Architect shall be obligated to perform any act which they believe will violate any applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities. If the Design-Builder determines that implementation of any instruction received from the Owner, including those in the Owner's Criteria, would cause a violation of any applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, the Design-Builder shall notify the Owner in

writing. Upon verification by the Owner that a change to the Owner's Criteria is required to remedy the violation, the Owner and the Design-Builder shall execute a Modification in accordance with Article 6.

§ 3.1.4 The Design-Builder shall be responsible to the Owner for acts and omissions of the Design-Builder's employees, Architect, Consultants, Contractors, and their agents and employees, and other persons or entities performing portions of the Work.

§ 3.1.5 General Consultation. The Design-Builder shall schedule and conduct periodic meetings with the Owner to review matters such as procedures, progress, coordination, and scheduling of the Work.

§ 3.1.6 When applicable law requires that services be performed by licensed professionals, the Design-Builder shall provide those services through qualified, licensed professionals. The Owner understands and agrees that the services of the Design-Builder's Architect and the Design-Builder's other Consultants are performed in the sole interest of, and for the exclusive benefit of, the Design-Builder.

§ 3.1.7 The Design-Builder, with the assistance of the Owner, shall prepare and file documents required to obtain necessary approvals of governmental authorities having jurisdiction over the Project.

§ 3.1.8 Progress Reports

§ 3.1.8.1 The Design-Builder shall keep the Owner informed of the progress and quality of the Work. On a monthly basis, or otherwise as agreed to by the Owner and Design-Builder, the Design-Builder shall submit written progress reports to the Owner, showing estimated percentages of completion and other information identified below:

- .1 Work completed for the period;
- .2 Project schedule status;
- .3 Submittal schedule and status report, including a summary of outstanding Submittals;
- .4 Responses to requests for information to be provided by the Owner;
- .5 Approved Change Orders and Change Directives;
- .6 Pending Change Order and Change Directive status reports;
- .7 Tests and inspection reports;
- .8 Status report of Work rejected by the Owner;
- .9 Status of Claims previously submitted in accordance with Article 14;
- .10 Cumulative total of the Cost of the Work to date including the Design-Builder's compensation and Reimbursable Expenses, if any.

(Paragraphs deleted)

§ 3.1.9 Design-Builder's Schedules

§ 3.1.9.1 The Design-Builder, promptly after execution of this Agreement, shall prepare and submit for the Owner's information a schedule for the Work. The schedule, including the time required for design and construction, shall not exceed time limits current under the Design-Build Documents, shall be revised at appropriate intervals as required by the conditions of the Work and Project, shall be related to the entire Project to the extent required by the Design-Build Documents, shall provide for expeditious and practicable execution of the Work, and shall include allowances for periods of time required for the Owner's review and for approval of submissions by authorities having jurisdiction over the Project.

§ 3.1.9.2 The Design-Builder shall perform the Work in general accordance with the most recent schedules submitted to the Owner.

§ 3.1.10 Certifications. Upon the Owner's written request, the Design-Builder shall obtain from the Architect, Consultants, and Contractors, and furnish to the Owner, certifications with respect to the documents and services provided by the Architect, Consultants, and Contractors (a) that, to the best of their knowledge, information and belief, the documents or services to which the certifications relate (i) are consistent with the Design-Build Documents, except to the extent specifically identified in the certificate, and (ii) comply with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities governing the design of the Project; and (b) that the Owner and its consultants shall be entitled to rely upon the accuracy of the representations and statements contained in the certifications. The Design-Builder's Architect, Consultants, and Contractors shall not be required to execute certificates or consents that would require knowledge, services or responsibilities beyond the scope of their services.

§ 3.1.11 Design-Builder's Submittals

§ 3.1.11.1 Prior to submission of any Submittals, the Design-Builder shall prepare a Submittal schedule, and shall submit the schedule for the Owner's approval. The Owner's approval shall not unreasonably be delayed or withheld. The Submittal schedule shall (1) be coordinated with the Design-Builder's schedule provided in Section 3.1.9.1, (2) allow the Owner reasonable time to review Submittals, and (3) be periodically updated to reflect the progress of the Work. If the Design-Builder fails to submit a Submittal schedule, the Design-Builder shall not be entitled to any increase in Contract Sum or extension of Contract Time based on the time required for review of Submittals.

§ 3.1.11.2 By providing Submittals the Design-Builder represents to the Owner that it has (1) reviewed and approved them, (2) determined and verified materials, field measurements and field construction criteria related thereto, or will do so and (3) checked and coordinated the information contained within such Submittals with the requirements of the Work and of the Design-Build Documents.

§ 3.1.11.3 The Design-Builder shall perform no portion of the Work for which the Design-Build Documents require Submittals until the Owner has approved the respective Submittal.

§ 3.1.11.4 The Work shall be in accordance with approved Submittals except that the Design-Builder shall not be relieved of its responsibility to perform the Work consistent with the requirements of the Design-Build Documents. The Work may deviate from the Design-Build Documents only if the Design-Builder has notified the Owner in writing of a deviation from the Design-Build Documents at the time of the Submittal and a Modification is executed authorizing the identified deviation. The Design-Builder shall not be relieved of responsibility for errors or omissions in Submittals by the Owner's approval of the Submittals.

§ 3.1.11.5 All professional design services or certifications to be provided by the Design-Builder, including all drawings, calculations, specifications, certifications, shop drawings and other Submittals, shall contain the signature and seal of the licensed design professional preparing them. Submittals related to the Work designed or certified by the licensed design professionals, if prepared by others, shall bear the licensed design professional's written approval. The Owner and its consultants shall be entitled to rely upon the adequacy, accuracy and completeness of the services, certifications or approvals performed by such design professionals.

§ 3.1.12 Warranty. The Design-Builder warrants to the Owner that materials and equipment furnished under the Contract will be of good quality and new unless the Design-Build Documents require or permit otherwise. The Design-Builder further warrants that the Work will conform to the requirements of the Design-Build Documents and will be free from defects, except for those inherent in the quality of the Work or otherwise expressly permitted by the Design-Build Documents. Work, materials, or equipment not conforming to these requirements may be considered defective. The Design-Builder's warranty excludes remedy for damage or defect caused by abuse, alterations to the Work not executed by the Design-Builder, improper or insufficient maintenance, improper operation, or normal wear and tear and normal usage. If required by the Owner, the Design-Builder shall furnish satisfactory evidence as to the kind and quality of materials and equipment.

§ 3.1.13 Royalties, Patents and Copyrights

§ 3.1.13.1 The Design-Builder shall pay all royalties and license fees.

§ 3.1.13.2 The Design-Builder shall defend suits or claims for infringement of copyrights and patent rights and shall hold the Owner and its separate contractors and consultants harmless from loss on account thereof, but shall not be responsible for such defense or loss when a particular design, process or product of a particular manufacturer or manufacturers is required by the Owner, or where the copyright violations are required in the Owner's Criteria. However, if the Design-Builder has reason to believe that the design, process or product required in the Owner's Criteria is an infringement of a copyright or a patent, the Design-Builder shall be responsible for such loss unless such information is promptly furnished to the Owner. If the Owner receives notice from a patent or copyright owner of an alleged violation of a patent or copyright, attributable to the Design-Builder, the Owner shall give prompt written notice to the Design-Builder.

§ 3.1.14 Indemnification

§ 3.1.14.1 To the fullest extent permitted by law, the Design-Builder shall indemnify and hold harmless the Owner, including the Owner's agents and employees, from and against claims, damages, losses and expenses, including but

not limited to attorneys' fees, arising out of or resulting from performance of the Work, but only to the extent caused by the negligent acts or omissions of the Design-Builder, Architect, a Consultant, a Contractor, or anyone directly or indirectly employed by them or anyone for whose acts they may be liable. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity that would otherwise exist as to a party or person described in this Section 3.1.14.

§ 3.1.14.2 The indemnification obligation under this Section 3.1.14 shall not be limited by a limitation on amount or type of damages, compensation, or benefits payable by or for Design-Builder, Architect, a Consultant, a Contractor, or anyone directly or indirectly employed by them, under workers' compensation acts, disability benefit acts or other employee benefit acts.

§ 3.1.15 Contingent Assignment of Agreements

§ 3.1.15.1 Each agreement for a portion of the Work is assigned by the Design-Builder to the Owner, provided that

- .1 assignment is effective only after termination of the Contract by the Owner for cause, pursuant to Sections 13.1.4 or 13.2.2, and only for those agreements that the Owner accepts by written notification to the Design-Builder and the Architect, Consultants, and Contractors whose agreements are accepted for assignment; and
- .2 assignment is subject to the prior rights of the surety, if any, obligated under bond relating to the Contract.

When the Owner accepts the assignment of an agreement, the Owner assumes the Design-Builder's rights and obligations under the agreement.

§ 3.1.15.2 Upon such assignment, if the Work has been suspended for more than 30 days, the compensation under the assigned agreement shall be equitably adjusted for increases in cost resulting from the suspension.

§ 3.1.15.3 Upon such assignment to the Owner under this Section 3.1.15, the Owner may further assign the agreement to a successor design-builder or other entity. If the Owner assigns the agreement to a successor design-builder or other entity, the Owner shall nevertheless remain legally responsible for all of the successor design-builder's or other entity's obligations under the agreement.

§ 3.1.16 Design-Builder's Insurance and Bonds. The Design-Builder shall purchase and maintain insurance and provide bonds as set forth in Exhibit B.

ARTICLE 4 WORK PRIOR TO EXECUTION OF THE DESIGN-BUILD AMENDMENT

§ 4.1 General

§ 4.1.1 Any information submitted by the Design-Builder, and any interim decisions made by the Owner, shall be for the purpose of facilitating the design process and shall not modify the Owner's Criteria unless the Owner and Design-Builder execute a Modification.

§ 4.1.2 The Design-Builder shall advise the Owner on proposed site use and improvements, selection of materials, and building systems and equipment. The Design-Builder shall also provide the Owner with recommendations, consistent with the Owner's Criteria, on constructability; availability of materials and labor; time requirements for procurement, installation and construction; and factors related to construction cost including, but not limited to, costs of alternative designs or materials, preliminary budgets, life-cycle data, and possible cost reductions.

§ 4.2 Evaluation of the Owner's Criteria

§ 4.2.1 The Design-Builder shall schedule and conduct meetings with the Owner and any other necessary individuals or entities to discuss and review the Owner's Criteria as set forth in Section 1.1. The Design-Builder shall thereafter again meet with the Owner to discuss a preliminary evaluation of the Owner's Criteria. The preliminary evaluation shall address possible alternative approaches to design and construction of the Project and include the Design-Builder's recommendations, if any, with regard to accelerated or fast-track scheduling, procurement, or phased construction. The preliminary evaluation shall consider cost information, constructability, and procurement and construction scheduling issues.

§ 4.2.2 After the Design-Builder meets with the Owner and presents the preliminary evaluation, the Design-Builder shall provide a written report to the Owner, summarizing the Design-Builder's evaluation of the Owner's Criteria. The report shall also include

- .1 allocations of program functions, detailing each function and their square foot areas;
- .2 intentionally omitted;
- .3 a preliminary schedule, which shall include proposed design milestones; dates for receiving additional information from, or for work to be completed by, the Owner; anticipated date for the Design-Builder's Proposal; and dates of periodic design review sessions with the Owner; and
- .4 the following:

(List additional information, if any, to be included in the Design-Builder's written report.)

§ 4.2.3 The Owner shall review the Design-Builder's written report and, if acceptable, provide the Design-Builder with written consent to proceed to the development of the Preliminary Design as described in Section 4.3. The consent to proceed shall not be understood to modify the Owner's Criteria unless the Owner and Design-Builder execute a Modification.

§ 4.3 Preliminary Design

§ 4.3.1 Upon the Owner's issuance of a written consent to proceed under Section 4.2.3, the Design-Builder shall prepare and submit a Preliminary Design to the Owner. The Preliminary Design shall include a report identifying any deviations from the Owner's Criteria, and shall include the following:

- .1 Confirmation of the allocations of program functions;
- .2 Site plan;
- .3 Building plans, sections and elevations;
- .4 Structural system;
- .5 Selections of major building systems, including but not limited to mechanical, electrical and plumbing systems; and
- .6 Outline specifications or sufficient drawing notes describing construction materials.

The Preliminary Design may include some combination of physical study models, perspective sketches, or digital modeling.

§ 4.3.2 The Owner shall review the Preliminary Design and, if acceptable, provide the Design-Builder with written consent to proceed to development of the Design-Builder's Proposal. The Preliminary Design shall not modify the Owner's Criteria unless the Owner and Design-Builder execute a Modification.

§ 4.4 Design-Builder's Proposal

§ 4.4.1 Upon the Owner's issuance of a written consent to proceed under Section 4.3.2, the Design-Builder shall prepare and submit the Design-Builder's Proposal to the Owner. The Design-Builder's Proposal shall include the following:

- .1 A list of the Preliminary Design documents and other information, including the Design-Builder's clarifications, assumptions and deviations from the Owner's Criteria, upon which the Design-Builder's Proposal is based;
- .2 The proposed Contract Sum, including the compensation method and, if based upon the Cost of the Work plus a fee, a written statement of estimated cost organized by trade categories, allowances, contingencies, Design-Builder's Fee, and other items that comprise the Contract Sum;
- .3 The proposed date the Design-Builder shall achieve Substantial Completion;
- .4 An enumeration of any qualifications and exclusions, if applicable;
- .5 A list of the Design-Builder's key personnel, Contractors and suppliers; and
- .6 The date on which the Design-Builder's Proposal expires.

§ 4.4.2 Submission of the Design-Builder's Proposal shall constitute a representation by the Design-Builder that it has visited the site and become familiar with local conditions under which the Work is to be completed.

§ 4.4.3 If the Owner and Design-Builder agree on a proposal, the Owner and Design-Builder shall execute the Design-Build Amendment setting forth the terms of their agreement.

ARTICLE 5 WORK FOLLOWING EXECUTION OF THE DESIGN-BUILD AMENDMENT

§ 5.1 Construction Documents

§ 5.1.1 Upon the execution of the Design-Build Amendment, the Design-Builder shall prepare Construction Documents. The Construction Documents shall establish the quality levels of materials and systems required. The Construction Documents shall be consistent with the Design-Build Documents.

§ 5.1.2 The Design-Builder shall provide the Construction Documents to the Owner for the Owner's information. If the Owner discovers any deviations between the Construction Documents and the Design-Build Documents, the Owner shall promptly notify the Design-Builder of such deviations in writing. The Construction Documents shall not modify the Design-Build Documents unless the Owner and Design-Builder execute a Modification. The failure of the Owner to discover any such deviations shall not relieve the Design-Builder of the obligation to perform the Work in accordance with the Design-Build Documents.

§ 5.2 Construction

§ 5.2.1 Commencement. Except as permitted in Section 5.2.2, construction shall not commence prior to execution of the Design-Build Amendment. The date of the commencement of the Work shall be within 10 days after completion of the following:

- .1 Owner's approval of the total Cost of the Work;
- .2 Owner furnishing evidence of ability to finance the entire Cost of the Work;
- .3 Procurement of a complete and final Building Permit and other permits necessary for the commencement and continuity of construction operations; and
- .4 Issuance of a notice to proceed with the construction phase.

§ 5.2.2 If the Owner and Design-Builder agree in writing, construction may proceed prior to the execution of the Design-Build Amendment. However, such authorization shall not waive the Owner's right to reject the Design-Builder's Proposal.

§ 5.2.3 The Design-Builder shall supervise and direct the Work, using the Design-Builder's best skill and attention. The Design-Builder shall be solely responsible for, and have control over, construction means, methods, techniques, sequences and procedures, and for coordinating all portions of the Work under the Contract, unless the Design-Build Documents give other specific instructions concerning these matters.

§ 5.2.4 The Design-Builder shall be responsible for inspection of portions of Work already performed to determine that such portions are in proper condition to receive subsequent Work.

§ 5.3 Labor and Materials

§ 5.3.1 Unless otherwise provided in the Design-Build Documents, the Design-Builder shall provide and pay for labor, materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation, and other facilities and services, necessary for proper execution and completion of the Work, whether temporary or permanent, and whether or not incorporated or to be incorporated in the Work.

§ 5.3.2 When a material or system is specified in the Design-Build Documents, the Design-Builder may make substitutions only in accordance with Article 6.

§ 5.3.3 The Design-Builder shall enforce strict discipline and good order among the Design-Builder's employees and other persons carrying out the Work. The Design-Builder shall not permit employment of unfit persons or persons not properly skilled in tasks assigned to them.

§ 5.4 Taxes

The Design-Builder shall pay sales, consumer, use and similar taxes, for the Work provided by the Design-Builder, that are legally enacted when the Design-Build Amendment is executed, whether or not yet effective or merely scheduled to go into effect.

§ 5.5 Permits, Fees, Notices and Compliance with Laws

§ 5.5.1 Unless otherwise provided in the Design-Build Documents, the Design-Builder shall secure and pay for the building permit as well as any other permits, fees, licenses, and inspections by government agencies, necessary for proper execution of the Work and Substantial Completion of the Project.

§ 5.5.2 The Design-Builder shall comply with and give notices required by applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities, applicable to performance of the Work.

§ 5.5.3 Concealed or Unknown Conditions. If the Design-Builder encounters conditions at the site that are (1) subsurface or otherwise concealed physical conditions that differ materially from those indicated in the Design-Build Documents or (2) unknown physical conditions of an unusual nature that differ materially from those ordinarily found to exist and generally recognized as inherent in construction activities of the character provided for in the Design-Build Documents, the Design-Builder shall promptly provide notice to the Owner before conditions are disturbed and in no event later than 21 days after first observance of the conditions. The Owner shall promptly investigate such conditions and, if the Owner determines that they differ materially and cause an increase or decrease in the Design-Builder's cost of, or time required for, performance of any part of the Work, shall recommend an equitable adjustment in the Contract Sum or Contract Time, or both. If the Owner determines that the conditions at the site are not materially different from those indicated in the Design-Build Documents and that no change in the terms of the Contract is justified, the Owner shall promptly notify the Design-Builder in writing, stating the reasons. If the Design-Builder disputes the Owner's determination or recommendation, the Design-Builder may proceed as provided in Article 14.

§ 5.5.4 If, in the course of the Work, the Design-Builder encounters human remains, or recognizes the existence of burial markers, archaeological sites, or wetlands, not indicated in the Design-Build Documents, the Design-Builder shall immediately suspend any operations that would affect them and shall notify the Owner. Upon receipt of such notice, the Owner shall promptly take any action necessary to obtain governmental authorization required to resume the operations. The Design-Builder shall continue to suspend such operations until otherwise instructed by the Owner but shall continue with all other operations that do not affect those remains or features. Requests for adjustments in the Contract Sum and Contract Time arising from the existence of such remains or features may be made as provided in Article 14.

§ 5.6 Allowances

§ 5.6.1 The Design-Builder shall include in the Contract Sum all allowances stated in the Design-Build Documents. Items covered by allowances shall be supplied for such amounts, and by such persons or entities as the Owner may direct, but the Design-Builder shall not be required to employ persons or entities to whom the Design-Builder has reasonable objection.

§ 5.6.2 Unless otherwise provided in the Design-Build Documents,

- .1 allowances shall cover the cost to the Design-Builder of materials and equipment delivered at the site and all required taxes, less applicable trade discounts;
- .2 the Design-Builder's costs for unloading and handling at the site, labor, installation costs, overhead, profit, and other expenses contemplated for stated allowance amounts, shall be included in the Contract Sum but not in the allowances; and
- .3 whenever costs are more than or less than allowances, the Contract Sum shall be adjusted accordingly by Change Order. The amount of the Change Order shall reflect (1) the difference between actual costs and the allowances under Section 5.6.2.1 and (2) changes in Design-Builder's costs under Section 5.6.2.2.

§ 5.6.3 The Owner shall make selections of materials and equipment with reasonable promptness for allowances requiring Owner selection.

§ 5.7 Key Personnel, Contractors and Suppliers

§ 5.7.1 The Design-Builder shall not employ personnel, or contract with Contractors or suppliers to whom the Owner has made reasonable and timely objection. The Design-Builder shall not be required to contract with anyone to whom the Design-Builder has made reasonable and timely objection.

§ 5.7.2 If the Design-Builder changes any of the personnel, Contractors or suppliers identified in the Design-Build Amendment, the Design-Builder shall notify the Owner and provide the name and qualifications of the new personnel, Contractor or supplier. The Owner may reply within 14 days to the Design-Builder in writing, stating (1) whether the Owner has reasonable objection to the proposed personnel, Contractor or supplier or (2) that the Owner requires additional time to review. Failure of the Owner to reply within the 14-day period shall constitute notice of no reasonable objection.

§ 5.7.3 Except for those persons or entities already identified or required in the Design-Build Amendment, the Design-Builder, as soon as practicable after execution of the Design-Build Amendment, shall furnish in writing to the Owner the names of persons or entities (including those who are to furnish materials or equipment fabricated to a special design) proposed for each principal portion of the Work. The Owner may reply within 14 days to the Design-Builder in writing stating (1) whether the Owner has reasonable objection to any such proposed person or entity or (2) that the Owner requires additional time for review. Failure of the Owner to reply within the 14-day period shall constitute notice of no reasonable objection.

§ 5.7.3.1 If the Owner has reasonable objection to a person or entity proposed by the Design-Builder, the Design-Builder shall propose another to whom the Owner has no reasonable objection. If the rejected person or entity was reasonably capable of performing the Work, the Contract Sum and Contract Time shall be increased or decreased by the difference, if any, occasioned by such change, and an appropriate Change Order shall be issued before commencement of the substitute person or entity's Work. However, no increase in the Contract Sum or Contract Time shall be allowed for such change unless the Design-Builder has acted promptly and responsively in submitting names as required.

§ 5.8 Documents and Submittals at the Site

The Design-Builder shall maintain at the site for the Owner one copy of the Design-Build Documents and a current set of the Construction Documents, in good order and marked currently to indicate field changes and selections made during construction, and one copy of approved Submittals. The Design-Builder shall deliver these items to the Owner in accordance with Section 9.10.2 as a record of the Work as constructed.

§ 5.9 Use of Site

The Design-Builder shall confine operations at the site to areas permitted by applicable laws, statutes, ordinances, codes, rules and regulations, lawful orders of public authorities, and the Design-Build Documents, and shall not unreasonably encumber the site with materials or equipment.

§ 5.10 Cutting and Patching

The Design-Builder shall not cut, patch or otherwise alter fully or partially completed construction by the Owner or a separate contractor except with written consent of the Owner and of such separate contractor; such consent shall not be unreasonably withheld. The Design-Builder shall not unreasonably withhold from the Owner or a separate contractor the Design-Builder's consent to cutting or otherwise altering the Work.

§ 5.11 Cleaning Up

§ 5.11.1 The Design-Builder shall keep the premises and surrounding area free from accumulation of waste materials or rubbish caused by operations under the Contract. At completion of the Work, the Design-Builder shall remove waste materials, rubbish, the Design-Builder's tools, construction equipment, machinery and surplus materials from and about the Project.

§ 5.11.2 If the Design-Builder fails to clean up as provided in the Design-Build Documents, the Owner may do so and Owner shall be entitled to reimbursement from the Design-Builder.

§ 5.12 Access to Work

The Design-Builder shall provide the Owner and its separate contractors and consultants access to the Work in preparation and progress wherever located. The Design-Builder shall notify the Owner regarding Project safety criteria and programs, which the Owner, and its contractors and consultants, shall comply with while at the site.

§ 5.13 Construction by Owner or by Separate Contractors

§ 5.13.1 Owner's Right to Perform Construction and to Award Separate Contracts

§ 5.13.1.1 The Owner reserves the right to perform construction or operations related to the Project with the Owner's own forces; and to award separate contracts in connection with other portions of the Project, or other construction or operations on the site, under terms and conditions identical or substantially similar to this Contract, including those terms and conditions related to insurance and waiver of subrogation. The Owner shall notify the Design-Builder promptly after execution of any separate contract. If the Design-Builder claims that delay or additional cost is involved because of such action by the Owner, the Design-Builder shall make a Claim as provided in Article 14.

§ 5.13.1.2 When separate contracts are awarded for different portions of the Project or other construction or operations on the site, the term "Design-Builder" in the Design-Build Documents in each case shall mean the individual or entity that executes each separate agreement with the Owner.

§ 5.13.1.3 The Owner shall provide for coordination of the activities of the Owner's own forces, and of each separate contractor, with the Work of the Design-Builder, who shall cooperate with them. The Design-Builder shall participate with other separate contractors and the Owner in reviewing their construction schedules. The Design-Builder shall make any revisions to the construction schedule deemed necessary after a joint review and mutual agreement. The construction schedules shall then constitute the schedules to be used by the Design-Builder, separate contractors and the Owner until subsequently revised.

§ 5.13.1.4 Unless otherwise provided in the Design-Build Documents, when the Owner performs construction or operations related to the Project with the Owner's own forces or separate contractors, the Owner shall be deemed to be subject to the same obligations, and to have the same rights, that apply to the Design-Builder under the Contract.

§ 5.14 Mutual Responsibility

§ 5.14.1 The Design-Builder shall afford the Owner and separate contractors reasonable opportunity for introduction and storage of their materials and equipment and performance of their activities, and shall connect and coordinate the Design-Builder's construction and operations with theirs as required by the Design-Build Documents.

§ 5.14.2 If part of the Design-Builder's Work depends upon construction or operations by the Owner or a separate contractor, the Design-Builder shall, prior to proceeding with that portion of the Work, prepare a written report to the Owner, identifying apparent discrepancies or defects in the construction or operations by the Owner or separate contractor that would render it unsuitable for proper execution and results of the Design-Builder's Work. Failure of the Design-Builder to report shall constitute an acknowledgment that the Owner's or separate contractor's completed or partially completed construction is fit and proper to receive the Design-Builder's Work, except as to defects not then reasonably discoverable.

§ 5.14.3 The Design-Builder shall reimburse the Owner for costs the Owner incurs that are payable to a separate contractor because of the Design-Builder's delays, improperly timed activities or defective construction. The Owner shall be responsible to the Design-Builder for costs the Design-Builder incurs because of a separate contractor's delays, improperly timed activities, damage to the Work or defective construction.

§ 5.14.4 The Design-Builder shall promptly remedy damage the Design-Builder wrongfully causes to completed or partially completed construction or to property of the Owner or separate contractors as provided in Section 10.2.5.

§ 5.14.5 The Owner and each separate contractor shall have the same responsibilities for cutting and patching the Work as the Design-Builder has with respect to the construction of the Owner or separate contractors in Section 5.10.

§ 5.15 Owner's Right to Clean Up

If a dispute arises among the Design-Builder, separate contractors and the Owner as to the responsibility under their respective contracts for maintaining the premises and surrounding area free from waste materials and rubbish, the Owner may clean up and will allocate the cost among those responsible.

ARTICLE 6 CHANGES IN THE WORK

§ 6.1 General

§ 6.1.1 Changes in the Work may be accomplished after execution of the Contract, and without invalidating the Contract, by Change Order or Change Directive, subject to the limitations stated in this Article 6 and elsewhere in the Design-Build Documents.

§ 6.1.2 A Change Order shall be based upon agreement between the Owner and Design-Builder. The Owner may issue a Change Directive without agreement by the Design-Builder.

§ 6.1.3 Changes in the Work shall be performed under applicable provisions of the Design-Build Documents, and the Design-Builder shall proceed promptly, unless otherwise provided in the Change Order or Change Directive.

§ 6.2 Change Orders

A Change Order is a written instrument signed by the Owner and Design-Builder stating their agreement upon all of the following:

- .1 The change in the Work;
- .2 The amount of the adjustment, if any, in the Contract Sum or, if prior to execution of the Design-Build Amendment, the adjustment in the Design-Builder's compensation; and
- .3 The extent of the adjustment, if any, in the Contract Time.

§ 6.3 Change Directives

§ 6.3.1 A Change Directive is a written order signed by the Owner directing a change in the Work prior to agreement on adjustment, if any, in the Contract Sum or, if prior to execution of the Design-Build Amendment, the adjustment in the Design-Builder's compensation, or Contract Time. The Owner may by Change Directive, without invalidating the Contract, order changes in the Work within the general scope of the Contract consisting of additions, deletions or other revisions, the Contract Sum or, if prior to execution of the Design-Build Amendment, the adjustment in the Design-Builder's compensation, and Contract Time being adjusted accordingly.

§ 6.3.2 A Change Directive shall be used in the absence of total agreement on the terms of a Change Order.

§ 6.3.3 If the Change Directive provides for an adjustment to the Contract Sum or, if prior to execution of the Design-Build Amendment, an adjustment in the Design-Builder's compensation, the adjustment shall be based on one of the following methods:

- .1 Mutual acceptance of a lump sum properly itemized and supported by sufficient substantiating data to permit evaluation;
- .2 Unit prices stated in the Design-Build Documents or subsequently agreed upon;
- .3 Cost to be determined in a manner agreed upon by the parties and a mutually acceptable fixed or percentage fee; or
- .4 As provided in Section 6.3.7.

§ 6.3.4 If unit prices are stated in the Design-Build Documents or subsequently agreed upon, and if quantities originally contemplated are materially changed in a proposed Change Order or Change Directive so that application of such unit prices to quantities of Work proposed will cause substantial inequity to the Owner or Design-Builder, the applicable unit prices shall be equitably adjusted.

§ 6.3.5 Upon receipt of a Change Directive, the Design-Builder shall promptly proceed with the change in the Work involved and advise the Owner of the Design-Builder's agreement or disagreement with the method, if any, provided in the Change Directive for determining the proposed adjustment in the Contract Sum or, if prior to execution of the Design-Build Amendment, the adjustment in the Design-Builder's compensation, or Contract Time.

§ 6.3.6 A Change Directive signed by the Design-Builder indicates the Design-Builder's agreement therewith, including adjustment in Contract Sum or, if prior to execution of the Design-Build Amendment, the adjustment in the Design-Builder's compensation, and Contract Time or the method for determining them. Such agreement shall be effective immediately and shall be recorded as a Change Order.

§ 6.3.7 If the Design-Builder does not respond promptly or disagrees with the method for adjustment in the Contract Sum or, if prior to execution of the Design-Build Amendment, the method for adjustment in the Design-Builder's

compensation, the Owner shall determine the method and the adjustment on the basis of reasonable expenditures and savings of those performing the Work attributable to the change, including, in case of an increase, an amount for overhead and profit as set forth in the Agreement, or if no such amount is set forth in the Agreement, a reasonable amount. In such case, and also under Section 6.3.3.3, the Design-Builder shall keep and present, in such form as the Owner may prescribe, an itemized accounting together with appropriate supporting data. Unless otherwise provided in the Design-Build Documents, costs for the purposes of this Section 6.3.7 shall be limited to the following:

- .1 Additional costs of professional services;
- .2 Labor rates, including social security, unemployment insurance, fringe benefits required by agreement or custom, and workers' compensation insurance;
- .3 Costs of materials, supplies and equipment, including cost of transportation, whether incorporated or consumed;
- .4 Rental rates for machinery and equipment, exclusive of hand tools, whether rented from the Design-Builder or others;
- .5 Rates for premiums for all bonds and insurance, permit fees, and sales, use or similar taxes related to the Work; and
- .6 Additional labor rates for supervision and field office personnel directly attributable to the change.

§ 6.3.8 The amount of credit to be allowed by the Design-Builder to the Owner for a deletion or change that results in a net decrease in the Contract Sum or, if prior to execution of the Design-Build Amendment, in the Design-Builder's compensation, shall be actual net cost. When both additions and credits covering related Work or substitutions are involved in a change, the allowance for overhead and profit shall be figured on the basis of net increase, if any, with respect to that change.

§ 6.3.9 Pending final determination of the total cost of a Change Directive to the Owner, the Design-Builder may request payment for Work completed under the Change Directive in Applications for Payment. The Owner will make an interim determination for purposes of certification for payment for those costs deemed to be reasonably justified. The Owner's interim determination of cost shall adjust the Contract Sum or, if prior to execution of the Design-Build Amendment, the Design-Builder's compensation, on the same basis as a Change Order, subject to the right of Design-Builder to disagree and assert a Claim in accordance with Article 14.

§ 6.3.10 When the Owner and Design-Builder agree with a determination concerning the adjustments in the Contract Sum or, if prior to execution of the Design-Build Amendment, the adjustment in the Design-Builder's compensation and Contract Time, or otherwise reach agreement upon the adjustments, such agreement shall be effective immediately and the Owner and Design-Builder shall execute a Change Order. Change Orders may be issued for all or any part of a Change Directive.

ARTICLE 7 OWNER'S RESPONSIBILITIES

§ 7.1 General

§ 7.1.1 The Owner shall designate in writing a representative who shall have express authority to bind the Owner with respect to all Project matters requiring the Owner's approval or authorization.

§ 7.1.2 The Owner shall render decisions in a timely manner and in accordance with the Design-Builder's schedule agreed to by the Owner. The Owner shall furnish to the Design-Builder, within 15 days after receipt of a written request, information necessary and relevant for the Design-Builder to evaluate, give notice of or enforce mechanic's lien rights. Such information shall include a correct statement of the record legal title to the property on which the Project is located, usually referred to as the site, and the Owner's interest therein.

§ 7.2 Information and Services Required of the Owner

§ 7.2.1 The Owner shall furnish information or services required of the Owner by the Design-Build Documents with reasonable promptness.

§ 7.2.2 The Owner shall provide, to the extent under the Owner's control and if not required by the Design-Build Documents to be provided by the Design-Builder, the results and reports of prior tests, inspections or investigations conducted for the Project involving structural or mechanical systems; chemical, air and water pollution; hazardous materials; or environmental and subsurface conditions and information regarding the presence of pollutants at the Project site. Upon receipt of a written request from the Design-Builder, the Owner shall also provide surveys

describing physical characteristics, legal limitations and utility locations for the site of the Project, and a legal description of the site under the Owner's control.

§ 7.2.3 The Owner shall promptly obtain easements, zoning variances, and legal authorizations or entitlements regarding site utilization where essential to the execution of the Project.

§ 7.2.4 The Owner shall cooperate with the Design-Builder in securing building and other permits, licenses and inspections.

§ 7.2.5 The services, information, surveys and reports required to be provided by the Owner under this Agreement, shall be furnished at the Owner's expense, and except as otherwise specifically provided in this Agreement or elsewhere in the Design-Build Documents or to the extent the Owner advises the Design-Builder to the contrary in writing, the Design-Builder shall be entitled to rely upon the accuracy and completeness thereof. In no event shall the Design-Builder be relieved of its responsibility to exercise proper precautions relating to the safe performance of the Work.

§ 7.2.6 If the Owner observes or otherwise becomes aware of a fault or defect in the Work or non-conformity with the Design-Build Documents, the Owner shall give prompt written notice thereof to the Design-Builder.

§ 7.2.7 Prior to the execution of the Design-Build Amendment, the Design-Builder may request in writing that the Owner provide reasonable evidence that the Owner has made financial arrangements to fulfill the Owner's obligations under the Design-Build Documents and the Design-Builder's Proposal. Thereafter, the Design-Builder may only request such evidence if (1) the Owner fails to make payments to the Design-Builder as the Design-Build Documents require; (2) a change in the Work materially changes the Contract Sum; or (3) the Design-Builder identifies in writing a reasonable concern regarding the Owner's ability to make payment when due. The Owner shall furnish such evidence as a condition precedent to commencement or continuation of the Work or the portion of the Work affected by a material change. After the Owner furnishes the evidence, the Owner shall not materially vary such financial arrangements without prior notice to the Design-Builder.

§ 7.2.8 Except as otherwise provided in the Design-Build Documents or when direct communications have been specially authorized, the Owner shall communicate through the Design-Builder with persons or entities employed or retained by the Design-Builder.

§ 7.2.9 Unless required by the Design-Build Documents to be provided by the Design-Builder, the Owner shall, upon request from the Design-Builder, furnish the services of geotechnical engineers or other consultants for investigation of subsurface, air and water conditions when such services are reasonably necessary to properly carry out the design services furnished by the Design-Builder. In such event, the Design-Builder shall specify the services required. Such services may include, but are not limited to, test borings, test pits, determinations of soil bearing values, percolation tests, evaluations of hazardous materials, ground corrosion and resistivity tests, and necessary operations for anticipating subsoil conditions. The services of geotechnical engineer(s) or other consultants shall include preparation and submission of all appropriate reports and professional recommendations.

§ 7.2.10 The Owner shall purchase and maintain insurance as set forth in Exhibit B.

§ 7.3 Submittals

§ 7.3.1 The Owner shall review and approve or take other appropriate action on Submittals. Review of Submittals is not conducted for the purpose of determining the accuracy and completeness of other details, such as dimensions and quantities; or for substantiating instructions for installation or performance of equipment or systems; or for determining that the Submittals are in conformance with the Design-Build Documents, all of which remain the responsibility of the Design-Builder as required by the Design-Build Documents. The Owner's action will be taken in accordance with the submittal schedule approved by the Owner or, in the absence of an approved submittal schedule, with reasonable promptness while allowing sufficient time in the Owner's judgment to permit adequate review. The Owner's review of Submittals shall not relieve the Design-Builder of the obligations under Sections 3.1.11, 3.1.12, and 5.2.3. The Owner's review shall not constitute approval of safety precautions or, unless otherwise specifically stated by the Owner, of any construction means, methods, techniques, sequences or procedures. The Owner's approval of a specific item shall not indicate approval of an assembly of which the item is a component.

§ 7.3.2 Upon review of the Submittals required by the Design-Build Documents, the Owner shall notify the Design-Builder of any non-conformance with the Design-Build Documents the Owner discovers.

§ 7.4 Visits to the site by the Owner shall not be construed to create an obligation on the part of the Owner to make on-site inspections to check the quality or quantity of the Work. The Owner shall neither have control over or charge of, nor be responsible for, the construction means, methods, techniques, sequences or procedures, or for the safety precautions and programs in connection with the Work, because these are solely the Design-Builder's rights and responsibilities under the Design-Build Documents.

§ 7.5 The Owner shall not be responsible for the Design-Builder's failure to perform the Work in accordance with the requirements of the Design-Build Documents. The Owner shall not have control over or charge of, and will not be responsible for acts or omissions of the Design-Builder, Architect, Consultants, Contractors, or their agents or employees, or any other persons or entities performing portions of the Work for the Design-Builder.

§ 7.6 The Owner has the authority to reject Work that does not conform to the Design-Build Documents. The Owner shall have authority to require inspection or testing of the Work in accordance with Section 15.5.2, whether or not such Work is fabricated, installed or completed. However, neither this authority of the Owner nor a decision made in good faith either to exercise or not to exercise such authority shall give rise to a duty or responsibility of the Owner to the Design-Builder, the Architect, Consultants, Contractors, material and equipment suppliers, their agents or employees, or other persons or entities performing portions of the Work.

§ 7.7 The Owner shall determine the date or dates of Substantial Completion in accordance with Section 9.8 and the date of final completion in accordance with Section 9.10.

§ 7.8 Owner's Right to Stop Work

If the Design-Builder fails to correct Work which is not in accordance with the requirements of the Design-Build Documents as required by Section 11.2 or persistently fails to carry out Work in accordance with the Design-Build Documents, the Owner may issue a written order to the Design-Builder to stop the Work, or any portion thereof, until the cause for such order has been eliminated; however, the right of the Owner to stop the Work shall not give rise to a duty on the part of the Owner to exercise this right for the benefit of the Design-Builder or any other person or entity, except to the extent required by Section 5.13.1.3.

§ 7.9 Owner's Right to Carry Out the Work

If the Design-Builder defaults or neglects to carry out the Work in accordance with the Design-Build Documents and fails within a ten-day period after receipt of written notice from the Owner to commence and continue correction of such default or neglect with diligence and promptness, the Owner may, without prejudice to other remedies the Owner may have, correct such deficiencies. In such case, an appropriate Change Order shall be issued deducting from payments then or thereafter due the Design-Builder the reasonable cost of correcting such deficiencies. If payments then or thereafter due the Design-Builder are not sufficient to cover such amounts, the Design-Builder shall pay the difference to the Owner.

ARTICLE 8 TIME

§ 8.1 Progress and Completion

§ 8.1.1 Time limits stated in the Design-Build Documents are of the essence of the Contract. By executing the Design-Build Amendment the Design-Builder confirms that the Contract Time is a reasonable period for performing the Work.

§ 8.1.2 The Design-Builder shall not, except by agreement of the Owner in writing, commence the Work prior to the effective date of insurance, other than property insurance, required by this Contract. The Contract Time shall not be adjusted as a result of the Design-Builder's failure to obtain insurance required under this Contract.

§ 8.1.3 The Design-Builder shall proceed expeditiously with adequate forces and shall achieve Substantial Completion within the Contract Time.

§ 8.2 Delays and Extensions of Time

§ 8.2.1 If the Design-Builder is delayed at any time in the commencement or progress of the Work by an act or neglect of the Owner or of a consultant or separate contractor employed by the Owner; or by changes ordered in the Work by

the Owner; or by labor disputes, fire, unusual delay in deliveries, unavoidable casualties or other causes beyond the Design-Builder's control; or by delay authorized by the Owner pending mediation and binding dispute resolution or by other causes that the Owner determines may justify delay, then the Contract Time shall be extended by Change Order for such reasonable time as the Owner may determine.

§ 8.2.2 Claims relating to time shall be made in accordance with applicable provisions of Article 14.

§ 8.2.3 This Section 8.2 does not preclude recovery of damages for delay by either party under other provisions of the Design-Build Documents.

§ 8.2.4 Weather Days

§ 8.2.4.1 The Contract Time includes an allowance for 7 days ("Weather Day Allowance") for the number of days Design-Builder and Owner reasonably anticipate that weather may prevent or interfere with the critical path construction activity. Should the actual weather-related delay days exceed the Weather Day Allowance, then the Design-Builder shall be entitled to an adjustment to the Contract Time by the amount of delay in excess of the Weather Day Allowance experienced on this Project.

§ 8.2.4.2 In addition to the additional Contract Time, the Design-Builder will be entitled to receive compensation for extended General Conditions Costs and other labor and equipment costs for each day of delay beyond the Weather Delay Allowance. This daily cost is \$3500, plus other labor and equipment cost, insurance and performance and payment bond extension charges.

ARTICLE 9 PAYMENT APPLICATIONS AND PROJECT COMPLETION

§ 9.1 Contract Sum

The Contract Sum is stated in the Design-Build Amendment.

§ 9.2 Schedule of Values

Design-Builder, prior to the first Application for Payment after execution of the Design-Build Amendment shall submit to the Owner a schedule of values allocating the entire Contract Sum to the various portions of the Work and prepared in such form and supported by such data to substantiate its accuracy as the Owner may require. This schedule, unless objected to by the Owner, shall be used as a basis for reviewing the Design-Builder's Applications for Payment.

§ 9.3 Applications for Payment

§ 9.3.1 At least ten days before the date established for each progress payment, the Design-Builder shall submit to the Owner an itemized Application for Payment for completed portions of the Work. The application shall be notarized, if required, and supported by data substantiating the Design-Builder's right to payment as the Owner may require, such as copies of requisitions from the Architect, Consultants, Contractors, and material suppliers, and shall reflect retainage if provided for in the Design-Build Documents.

§ 9.3.1.1 As provided in Section 6.3.9, Applications for Payment may include requests for payment on account of changes in the Work that have been properly authorized by Change Directives, or by interim determinations of the Owner, but not yet included in Change Orders.

§ 9.3.1.2 Applications for Payment shall not include requests for payment for portions of the Work for which the Design-Builder does not intend to pay the Architect, Consultant, Contractor, material supplier, or other persons or entities providing services or work for the Design-Builder, unless such Work has been performed by others whom the Design-Builder intends to pay.

§ 9.3.2 Unless otherwise provided in the Design-Build Documents, payments shall be made for services provided as well as materials and equipment delivered and suitably stored at the site for subsequent incorporation in the Work. If approved in advance by the Owner, payment may similarly be made for materials and equipment suitably stored off the site at a location agreed upon in writing. Payment for materials and equipment stored on or off the site shall be conditioned upon compliance by the Design-Builder with procedures satisfactory to the Owner to establish the Owner's title to such materials and equipment or otherwise protect the Owner's interest, and shall include the costs of applicable insurance, storage and transportation to the site for such materials and equipment stored off the site.

§ 9.3.3 The Design-Builder warrants that title to all Work, other than Instruments of Service, covered by an Application for Payment will pass to the Owner no later than the time of payment. The Design-Builder further warrants that, upon submittal of an Application for Payment, all Work for which Certificates for Payment have been previously issued and payments received from the Owner shall, to the best of the Design-Builder's knowledge, information and belief, be free and clear of liens, claims, security interests or encumbrances in favor of the Design-Builder, Architect, Consultants, Contractors, material suppliers, or other persons or entities entitled to make a claim by reason of having provided labor, materials and equipment relating to the Work.

§ 9.4 Certificates for Payment

The Owner shall, within seven days after receipt of the Design-Builder's Application for Payment, issue to the Design-Builder a Certificate for Payment indicating the amount the Owner determines is properly due, and notify the Design-Builder in writing of the Owner's reasons for withholding certification in whole or in part as provided in Section 9.5.1.

§ 9.5 Decisions to Withhold Certification

§ 9.5.1 The Owner may withhold a Certificate for Payment in whole or in part to the extent reasonably necessary to protect the Owner due to the Owner's determination that the Work has not progressed to the point indicated in the Design-Builder's Application for Payment, or the quality of the Work is not in accordance with the Design-Build Documents. If the Owner is unable to certify payment in the amount of the Application, the Owner will notify the Design-Builder as provided in Section 9.4. If the Design-Builder and Owner cannot agree on a revised amount, the Owner will promptly issue a Certificate for Payment for the amount that the Owner deems to be due and owing. The Owner may also withhold a Certificate for Payment or, because of subsequently discovered evidence, may nullify the whole or a part of a Certificate for Payment previously issued to such extent as may be necessary to protect the Owner from loss for which the Design-Builder is responsible because of

- .1 defective Work, including design and construction, not remedied;
- .2 third party claims filed or reasonable evidence indicating probable filing of such claims unless security acceptable to the Owner is provided by the Design-Builder;
- .3 failure of the Design-Builder to make payments properly to the Architect, Consultants, Contractors or others, for services, labor, materials or equipment;
- .4 reasonable evidence that the Work cannot be completed for the unpaid balance of the Contract Sum;
- .5 damage to the Owner or a separate contractor;
- .6 reasonable evidence that the Work will not be completed within the Contract Time; or
- .7 repeated failure to carry out the Work in accordance with the Design-Build Documents.

§ 9.5.2 When the above reasons for withholding certification are removed, certification will be made for amounts previously withheld.

§ 9.5.3 If the Owner withholds certification for payment under Section 9.5.1.3, the Owner may, at its sole option, issue joint checks to the Design-Builder and to the Architect or any Consultants, Contractor, material or equipment suppliers, or other persons or entities providing services or work for the Design-Builder to whom the Design-Builder failed to make payment for Work properly performed or material or equipment suitably delivered.

§ 9.6 Progress Payments

§ 9.6.1 After the Owner has issued a Certificate for Payment, the Owner shall make payment in the manner and within the time provided in the Design-Build Documents.

§ 9.6.2 The Design-Builder shall pay each Architect, Consultant, Contractor, and other person or entity providing services or work for the Design-Builder no later than the time period required by applicable law, but in no event more than seven days after receipt of payment from the Owner the amount to which the Architect, Consultant, Contractor, and other person or entity providing services or work for the Design-Builder is entitled, reflecting percentages actually retained from payments to the Design-Builder on account of the portion of the Work performed by the Architect, Consultant, Contractor, or other person or entity. The Design-Builder shall, by appropriate agreement with each Architect, Consultant, Contractor, and other person or entity providing services or work for the Design-Builder, require each Architect, Consultant, Contractor, and other person or entity providing services or work for the Design-Builder to make payments to subconsultants and subcontractors in a similar manner.

§ 9.6.3 The Owner will, on request and if practicable, furnish to the Architect, a Consultant, Contractor, or other person or entity providing services or work for the Design-Builder, information regarding percentages of completion or amounts applied for by the Design-Builder and action taken thereon by the Owner on account of portions of the Work done by such Architect, Consultant, Contractor or other person or entity providing services or work for the Design-Builder.

§ 9.6.4 The Owner has the right to request written evidence from the Design-Builder that the Design-Builder has properly paid the Architect, Consultants, Contractors, or other person or entity providing services or work for the Design-Builder, amounts paid by the Owner to the Design-Builder for the Work. If the Design-Builder fails to furnish such evidence within seven days, the Owner shall have the right to contact the Architect, Consultants, and Contractors to ascertain whether they have been properly paid. The Owner shall have no obligation to pay or to see to the payment of money to a Consultant or Contractor, except as may otherwise be required by law.

§ 9.6.5 Design-Builder payments to material and equipment suppliers shall be treated in a manner similar to that provided in Sections 9.6.2, 9.6.3 and 9.6.4.

§ 9.6.6 A Certificate for Payment, a progress payment, or partial or entire use or occupancy of the Project by the Owner shall not constitute acceptance of Work not in accordance with the Design-Build Documents.

§ 9.6.7 Unless the Design-Builder provides the Owner with a payment bond in the full penal sum of the Contract Sum, payments received by the Design-Builder for Work properly performed by the Architect, Consultants, Contractors and other person or entity providing services or work for the Design-Builder, shall be held by the Design-Builder for the Architect and those Consultants, Contractors, or other person or entity providing services or work for the Design-Builder, for which payment was made by the Owner. Nothing contained herein shall require money to be placed in a separate account and not commingled with money of the Design-Builder, shall create any fiduciary liability or tort liability on the part of the Design-Builder for breach of trust or shall entitle any person or entity to an award of punitive damages against the Design-Builder for breach of the requirements of this provision.

§ 9.7 Failure of Payment

If the Owner does not issue a Certificate for Payment, through no fault of the Design-Builder, within the time required by the Design-Build Documents, then the Design-Builder may, upon seven additional days' written notice to the Owner, stop the Work until payment of the amount owing has been received. The Contract Time shall be extended appropriately and the Contract Sum shall be increased by the amount of the Design-Builder's reasonable costs of shut-down, delay and start-up, plus interest as provided for in the Design-Build Documents.

§ 9.8 Substantial Completion

§ 9.8.1 Substantial Completion is the stage in the progress of the Work when the Work or designated portion thereof is sufficiently complete in accordance with the Design-Build Documents so that the Owner can occupy or utilize the Work for its intended use. The date of Substantial Completion is the date certified by the Owner in accordance with this Section 9.8.

§ 9.8.2 When the Design-Builder considers that the Work, or a portion thereof which the Owner agrees to accept separately, is substantially complete, the Design-Builder shall prepare and submit to the Owner a comprehensive list of items to be completed or corrected prior to final payment. Failure to include an item on such list does not alter the responsibility of the Design-Builder to complete all Work in accordance with the Design-Build Documents.

§ 9.8.3 Upon receipt of the Design-Builder's list, the Owner shall make an inspection to determine whether the Work or designated portion thereof is substantially complete. If the Owner's inspection discloses any item, whether or not included on the Design-Builder's list, which is not sufficiently complete in accordance with the Design-Build Documents so that the Owner can occupy or utilize the Work or designated portion thereof for its intended use, the Design-Builder shall, before issuance of the Certificate of Substantial Completion, complete or correct such item upon notification by the Owner. In such case, the Design-Builder shall then submit a request for another inspection by the Owner to determine Substantial Completion.

§ 9.8.4 Prior to issuance of the Certificate of Substantial Completion under Section 9.8.5, the Owner and Design-Builder shall discuss and then determine the parties' obligations to obtain and maintain property insurance following issuance of the Certificate of Substantial Completion.

§ 9.8.5 When the Work or designated portion thereof is substantially complete, the Design-Builder will prepare for the Owner's signature a Certificate of Substantial Completion that shall, upon the Owner's signature, establish the date of Substantial Completion; establish responsibilities of the Owner and Design-Builder for security, maintenance, heat, utilities, damage to the Work and insurance; and fix the time within which the Design-Builder shall finish all items on the list accompanying the Certificate. Warranties required by the Design-Build Documents shall commence on the date of Substantial Completion of the Work or designated portion thereof unless otherwise provided in the Certificate of Substantial Completion.

§ 9.8.6 The Certificate of Substantial Completion shall be submitted by the Design-Builder to the Owner for written acceptance of responsibilities assigned to it in the Certificate. Upon the Owner's acceptance, and consent of surety, if any, the Owner shall make payment of retainage applying to the Work or designated portion thereof. Payment shall be adjusted for Work that is incomplete or not in accordance with the requirements of the Design-Build Documents.

§ 9.8.7 There is no bonus incentive for early completion of this Project, nor will actual, consequential or liquidated damages be assessed for failure to substantially complete the Project by the Substantial Completion Date.

§ 9.9 Partial Occupancy or Use

§ 9.9.1 The Owner may occupy or use any completed or partially completed portion of the Work at any stage when such portion is designated by separate agreement with the Design-Builder, provided such occupancy or use is consented to, by endorsement or otherwise, by the insurer providing property insurance and authorized by public authorities having jurisdiction over the Project. Such partial occupancy or use may commence whether or not the portion is substantially complete, provided the Owner and Design-Builder have accepted in writing the responsibilities assigned to each of them for payments, retainage, if any, security, maintenance, heat, utilities, damage to the Work and insurance, and have agreed in writing concerning the period for correction of the Work and commencement of warranties required by the Design-Build Documents. When the Design-Builder considers a portion substantially complete, the Design-Builder shall prepare and submit a list to the Owner as provided under Section 9.8.2. Consent of the Design-Builder to partial occupancy or use shall not be unreasonably withheld. The stage of the progress of the Work shall be determined by written agreement between the Owner and Design-Builder.

§ 9.9.2 Immediately prior to such partial occupancy or use, the Owner and Design-Builder shall jointly inspect the area to be occupied or portion of the Work to be used in order to determine and record the condition of the Work.

§ 9.9.3 Unless otherwise agreed upon, partial occupancy or use of a portion or portions of the Work shall not constitute acceptance of Work not complying with the requirements of the Design-Build Documents.

§ 9.10 Final Completion and Final Payment

§ 9.10.1 Upon receipt of the Design-Builder's written notice that the Work is ready for final inspection and acceptance and upon receipt of a final Application for Payment, the Owner will promptly make such inspection. When the Owner finds the Work acceptable under the Design-Build Documents and the Contract fully performed, the Owner will, subject to Section 9.10.2, promptly issue a final Certificate for Payment.

§ 9.10.2 Neither final payment nor any remaining retained percentage shall become due until the Design-Builder submits to the Owner (1) an affidavit that payrolls, bills for materials and equipment, and other indebtedness connected with the Work, for which the Owner or the Owner's property might be responsible or encumbered, (less amounts withheld by Owner) have been paid or otherwise satisfied, (2) a certificate evidencing that insurance required by the Design-Build Documents to remain in force after final payment is currently in effect, (3) a written statement that the Design-Builder knows of no substantial reason that the insurance will not be renewable to cover the period required by the Design-Build Documents, (4) consent of surety, if any, to final payment, (5) as-constructed record copy of the Construction Documents marked to indicate field changes and selections made during construction, (6) manufacturer's warranties, product data, and maintenance and operations manuals, and (7) if required by the Owner, other data establishing payment or satisfaction of obligations, such as receipts, or releases and waivers of liens, claims, security interests, or encumbrances, arising out of the Contract, to the extent and in such form as may be designated by the Owner. If an Architect, a Consultant, or a Contractor, or other person or entity providing services or work for the Design-Builder, refuses to furnish a release or waiver required by the Owner, the Design-Builder may furnish a bond satisfactory to the Owner to indemnify the Owner against such liens, claims, security interests, or encumbrances. If such liens, claims, security interests, or encumbrances remains unsatisfied after payments are made, the

Design-Builder shall refund to the Owner all money that the Owner may be compelled to pay in discharging such liens, claims, security interests, or encumbrances, including all costs and reasonable attorneys' fees.

§ 9.10.3 If, after Substantial Completion of the Work, final completion thereof is materially delayed through no fault of the Design-Builder or by issuance of Change Orders affecting final completion, the Owner shall, upon application by the Design-Builder, and without terminating the Contract, make payment of the balance due for that portion of the Work fully completed and accepted. If the remaining balance for Work not fully completed or corrected is less than retainage stipulated in the Design-Build Documents, and if bonds have been furnished, the written consent of surety to payment of the balance due for that portion of the Work fully completed and accepted shall be submitted by the Design-Builder to the Owner prior to issuance of payment. Such payment shall be made under terms and conditions governing final payment, except that it shall not constitute a waiver of claims.

§ 9.10.4 The making of final payment shall constitute a waiver of Claims by the Owner except those arising from

- .1 liens, Claims, security interests or encumbrances arising out of the Contract and unsettled;
- .2 failure of the Work to comply with the requirements of the Design-Build Documents; or
- .3 terms of special warranties required by the Design-Build Documents.

§ 9.10.5 Acceptance of final payment by the Design-Builder shall constitute a waiver of claims by the Design-Builder except those previously made in writing and identified by the Design-Builder as unsettled at the time of final Application for Payment.

ARTICLE 10 PROTECTION OF PERSONS AND PROPERTY

§ 10.1 Safety Precautions and Programs

The Design-Builder shall be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the performance of the Contract.

§ 10.2 Safety of Persons and Property

§ 10.2.1 The Design-Builder shall be responsible for precautions for the safety of, and reasonable protection to prevent damage, injury or loss to

- .1 employees on the Work and other persons who may be affected thereby;
- .2 the Work and materials and equipment to be incorporated therein, whether in storage on or off the site, under care, custody or control of the Design-Builder or the Architect, Consultants, or Contractors, or other person or entity providing services or work for the Design-Builder; and
- .3 other property at the site or adjacent thereto, such as trees, shrubs, lawns, walks, pavements, roadways, or structures and utilities not designated for removal, relocation or replacement in the course of construction.

§ 10.2.2 The Design-Builder shall comply with, and give notices required by, applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities, bearing on safety of persons or property, or their protection from damage, injury or loss.

§ 10.2.3 The Design-Builder shall implement, erect, and maintain, as required by existing conditions and performance of the Contract, reasonable safeguards for safety and protection, including posting danger signs and other warnings against hazards, promulgating safety regulations, and notify owners and users of adjacent sites and utilities of the safeguards and protections.

§ 10.2.4 When use or storage of explosives or other hazardous materials or equipment, or unusual methods, are necessary for execution of the Work, the Design-Builder shall exercise utmost care, and carry on such activities under supervision of properly qualified personnel.

§ 10.2.5 The Design-Builder shall promptly remedy damage and loss (other than damage or loss insured under property insurance required by the Design-Build Documents) to property referred to in Sections 10.2.1.2 and 10.2.1.3, caused in whole or in part by the Design-Builder, the Architect, a Consultant, a Contractor, or anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable and for which the Design-Builder is responsible under Sections 10.2.1.2 and 10.2.1.3; except damage or loss attributable to acts or omissions of the Owner, or anyone directly or indirectly employed by the Owner, or by anyone for whose acts the Owner may be liable,

and not attributable to the fault or negligence of the Design-Builder. The foregoing obligations of the Design-Builder are in addition to the Design-Builder's obligations under Section 3.1.14.

§ 10.2.6 The Design-Builder shall designate a responsible member of the Design-Builder's organization, at the site, whose duty shall be the prevention of accidents. This person shall be the Design-Builder's superintendent unless otherwise designated by the Design-Builder in writing to the Owner.

§ 10.2.7 The Design-Builder shall not permit any part of the construction or site to be loaded so as to cause damage or create an unsafe condition.

§ 10.2.8 Injury or Damage to Person or Property. If the Owner or Design-Builder suffers injury or damage to person or property because of an act or omission of the other, or of others for whose acts such party is legally responsible, written notice of the injury or damage, whether or not insured, shall be given to the other party within a reasonable time not exceeding 21 days after discovery. The notice shall provide sufficient detail to enable the other party to investigate the matter.

§ 10.3 Hazardous Materials

§ 10.3.1 The Design-Builder is responsible for compliance with any requirements included in the Design-Build Documents regarding hazardous materials. If the Design-Builder encounters a hazardous material or substance not addressed in the Design-Build Documents and if reasonable precautions will be inadequate to prevent foreseeable bodily injury or death to persons resulting from a material or substance, including but not limited to asbestos or polychlorinated biphenyl (PCB), encountered on the site by the Design-Builder, the Design-Builder shall, upon recognizing the condition, immediately stop Work in the affected area and report the condition to the Owner in writing.

§ 10.3.2 Upon receipt of the Design-Builder's written notice, the Owner shall obtain the services of a licensed laboratory to verify the presence or absence of the material or substance reported by the Design-Builder and, in the event such material or substance is found to be present, to cause it to be rendered harmless. Unless otherwise required by the Design-Build Documents, the Owner shall furnish in writing to the Design-Builder the names and qualifications of persons or entities who are to perform tests verifying the presence or absence of such material or substance or who are to perform the task of removal or safe containment of such material or substance. The Design-Builder will promptly reply to the Owner in writing stating whether or not the Design-Builder has reasonable objection to the persons or entities proposed by the Owner. If the Design-Builder has an objection to a person or entity proposed by the Owner, the Owner shall propose another to whom the Design-Builder has no reasonable objection. When the material or substance has been rendered harmless, Work in the affected area shall resume upon written agreement of the Owner and Design-Builder. By Change Order, the Contract Time shall be extended appropriately and the Contract Sum shall be increased in the amount of the Design-Builder's reasonable additional costs of shut-down, delay and start-up.

§ 10.3.3 To the fullest extent permitted by law, the Owner shall indemnify and hold harmless the Design-Builder, the Architect, Consultants, and Contractors, and employees of any of them, from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from performance of the Work in the affected area, if in fact the material or substance presents the risk of bodily injury or death as described in Section 10.3.1 and has not been rendered harmless, provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to, or destruction of, tangible property (other than the Work itself), except to the extent that such damage, loss or expense is due to the fault or negligence of the party seeking indemnity.

§ 10.3.4 The Owner shall not be responsible under this Section 10.3 for materials or substances the Design-Builder brings to the site unless such materials or substances are required by the Owner's Criteria. The Owner shall be responsible for materials or substances required by the Owner's Criteria, except to the extent of the Design-Builder's fault or negligence in the use and handling of such materials or substances.

§ 10.3.5 The Design-Builder shall indemnify the Owner for the cost and expense the Owner incurs (1) for remediation of a material or substance the Design-Builder brings to the site and negligently handles, or (2) where the Design-Builder fails to perform its obligations under Section 10.3.1, except to the extent that the cost and expense are due to the Owner's fault or negligence.

§ 10.3.6 If, without negligence on the part of the Design-Builder, the Design-Builder is held liable by a government agency for the cost of remediation of a hazardous material or substance solely by reason of performing Work as required by the Design-Build Documents, the Owner shall indemnify the Design-Builder for all cost and expense thereby incurred.

§ 10.4 Emergencies

In an emergency affecting safety of persons or property, the Design-Builder shall act, at the Design-Builder's discretion, to prevent threatened damage, injury or loss.

ARTICLE 11 UNCOVERING AND CORRECTION OF WORK

§ 11.1 Uncovering of Work

The Owner may request to examine a portion of the Work that the Design-Builder has covered to determine if the Work has been performed in accordance with the Design-Build Documents. If such Work is in accordance with the Design-Build Documents, the Owner and Design-Builder shall execute a Change Order to adjust the Contract Time and Contract Sum, as appropriate. If such Work is not in accordance with the Design-Build Documents, the costs of uncovering and correcting the Work shall be at the Design-Builder's expense and the Design-Builder shall not be entitled to a change in the Contract Time unless the condition was caused by the Owner or a separate contractor in which event the Owner shall be responsible for payment of such costs and the Contract Time will be adjusted as appropriate.

§ 11.2 Correction of Work

§ 11.2.1 Before or After Substantial Completion. The Design-Builder shall promptly correct Work rejected by the Owner or failing to conform to the requirements of the Design-Build Documents, whether discovered before or after Substantial Completion and whether or not fabricated, installed or completed. Costs of correcting such rejected Work, including additional testing and inspections, the cost of uncovering and replacement, and compensation for any design consultant employed by the Owner whose expenses and compensation were made necessary thereby, shall be at the Design-Builder's expense.

§ 11.2.2 After Substantial Completion

§ 11.2.2.1 In addition to the Design-Builder's obligations under Section 3.1.12, if, within one year after the date of Substantial Completion of the Work or designated portion thereof or after the date for commencement of warranties established under Section 9.9.1, or by terms of an applicable special warranty required by the Design-Build Documents, any of the Work is found not to be in accordance with the requirements of the Design-Build Documents, the Design-Builder shall correct it promptly after receipt of written notice from the Owner to do so unless the Owner has previously given the Design-Builder a written acceptance of such condition. The Owner shall give such notice promptly after discovery of the condition. During the one-year period for correction of the Work, if the Owner fails to notify the Design-Builder and give the Design-Builder an opportunity to make the correction, the Owner waives the rights to require correction by the Design-Builder and to make a claim for breach of warranty. If the Design-Builder fails to correct nonconforming Work within a reasonable time during that period after receipt of notice from the Owner, the Owner may correct it in accordance with Section 7.9.

§ 11.2.2.2 The one-year period for correction of Work shall be extended with respect to portions of Work first performed after Substantial Completion by the period of time between Substantial Completion and the actual completion of that portion of the Work.

§ 11.2.2.3 The one-year period for correction of Work shall not be extended by corrective Work performed by the Design-Builder pursuant to this Section 11.2.

§ 11.2.3 The Design-Builder shall remove from the site portions of the Work that are not in accordance with the requirements of the Design-Build Documents and are neither corrected by the Design-Builder nor accepted by the Owner.

§ 11.2.4 The Design-Builder shall bear the cost of correcting destroyed or damaged construction of the Owner or separate contractors, whether completed or partially completed, caused by the Design-Builder's correction or removal of Work that is not in accordance with the requirements of the Design-Build Documents.

§ 11.2.5 Nothing contained in this Section 11.2 shall be construed to establish a period of limitation with respect to other obligations the Design-Builder has under the Design-Build Documents. Establishment of the one-year period for correction of Work as described in Section 11.2.2 relates only to the specific obligation of the Design-Builder to correct the Work, and has no relationship to the time within which the obligation to comply with the Design-Build Documents may be sought to be enforced, nor to the time within which proceedings may be commenced to establish the Design-Builder's liability with respect to the Design-Builder's obligations other than specifically to correct the Work.

§ 11.3 Acceptance of Nonconforming Work

If the Owner prefers to accept Work that is not in accordance with the requirements of the Design-Build Documents, the Owner may do so instead of requiring its removal and correction, in which case the Contract Sum will be reduced as appropriate and equitable. Such adjustment shall be effected whether or not final payment has been made.

ARTICLE 12 COPYRIGHTS AND LICENSES

§ 12.1 Drawings, specifications, and other documents furnished by the Design-Builder, including those in electronic form, are Instruments of Service. The Design-Builder, and the Architect, Consultants, Contractors, and any other person or entity providing services or work for any of them, shall be deemed the authors and owners of their respective Instruments of Service, including the Drawings and Specifications, and shall retain all common law, statutory and other reserved rights, including copyrights. Submission or distribution of Instruments of Service to meet official regulatory requirements, or for similar purposes in connection with the Project, is not to be construed as publication in derogation of the reserved rights of the Design-Builder and the Architect, Consultants, and Contractors, and any other person or entity providing services or work for any of them.

§ 12.2 The Design-Builder and the Owner warrant that in transmitting Instruments of Service, or any other information, the transmitting party is the copyright owner of such information or has permission from the copyright owner to transmit such information for its use on the Project.

§ 12.3 Upon execution of the Agreement, the Design-Builder grants to the Owner a limited, irrevocable and non-exclusive license to use the Instruments of Service solely and exclusively for purposes of constructing, using, maintaining, altering and adding to the Project, provided that the Owner substantially performs its obligations, including prompt payment of all sums when due, under the Design-Build Documents. The license granted under this section permits the Owner to authorize its consultants and separate contractors to reproduce applicable portions of the Instruments of Service solely and exclusively for use in performing services or construction for the Project. If the Design-Builder rightfully terminates this Agreement for cause as provided in Section 13.1.4 or 13.2.1 the license granted in this Section 12.3 shall terminate.

§ 12.3.1 The Design-Builder shall obtain non-exclusive licenses from the Architect, Consultants, and Contractors, that will allow the Design-Builder to satisfy its obligations to the Owner under this Article 12. The Design-Builder's licenses from the Architect and its Consultants and Contractors shall also allow the Owner, in the event this Agreement is terminated for any reason other than the default of the Owner or in the event the Design-Builder's Architect, Consultants, or Contractors terminate their agreements with the Design-Builder for cause, to obtain a limited, irrevocable and non-exclusive license solely and exclusively for purposes of constructing, using, maintaining, altering and adding to the Project, provided that the Owner (1) agrees to pay to the Architect, Consultant or Contractor all amounts due, and (2) provide the Architect, Consultant or Contractor with the Owner's written agreement to indemnify and hold harmless the Architect, Consultant or Contractor from all costs and expenses, including the cost of defense, related to claims and causes of action asserted by any third person or entity to the extent such costs and expenses arise from the Owner's alteration or use of the Instruments of Service.

§ 12.3.2 In the event the Owner alters the Instruments of Service without the author's written authorization or uses the Instruments of Service without retaining the authors of the Instruments of Service, the Owner releases the Design-Builder, Architect, Consultants, Contractors and any other person or entity providing services or work for any of them, from all claims and causes of action arising from or related to such uses. The Owner, to the extent permitted by law, further agrees to indemnify and hold harmless the Design-Builder, Architect, Consultants, Contractors and any other person or entity providing services or work for any of them, from all costs and expenses, including the cost of defense, related to claims and causes of action asserted by any third person or entity to the extent such costs and expenses arise from the Owner's alteration or use of the Instruments of Service under this Section 12.3.2. The terms of

this Section 12.3.2 shall not apply if the Owner rightfully terminates this Agreement for cause under Sections 13.1.4 or 13.2.2.

ARTICLE 13 TERMINATION OR SUSPENSION

§ 13.1 Termination or Suspension Prior to Execution of the Design-Build Amendment

§ 13.1.1 If the Owner fails to make payments to the Design-Builder for Work prior to execution of the Design-Build Amendment in accordance with this Agreement, such failure shall be considered substantial nonperformance and cause for termination or, at the Design-Builder's option, cause for suspension of performance of services under this Agreement. If the Design-Builder elects to suspend the Work, the Design-Builder shall give seven days' written notice to the Owner before suspending the Work. In the event of a suspension of the Work, the Design-Builder shall have no liability to the Owner for delay or damage caused by the suspension of the Work. Before resuming the Work, the Design-Builder shall be paid all sums due prior to suspension and any expenses incurred in the interruption and resumption of the Design-Builder's Work. The Design-Builder's compensation for, and time to complete, the remaining Work shall be equitably adjusted.

§ 13.1.2 If the Owner suspends the Project, the Design-Builder shall be compensated for the Work performed prior to notice of such suspension. When the Project is resumed, the Design-Builder shall be compensated for expenses incurred in the interruption and resumption of the Design-Builder's Work. The Design-Builder's compensation for, and time to complete, the remaining Work shall be equitably adjusted.

§ 13.1.3 If the Owner suspends the Project for more than 90 cumulative days for reasons other than the fault of the Design-Builder, the Design-Builder may terminate this Agreement by giving not less than seven days' written notice.

§ 13.1.4 Either party may terminate this Agreement upon not less than seven days' written notice should the other party fail substantially to perform in accordance with the terms of this Agreement through no fault of the party initiating the termination.

§ 13.1.5 The Owner may terminate this Agreement upon not less than seven days' written notice to the Design-Builder for the Owner's convenience and without cause.

§ 13.1.6 In the event of termination not the fault of the Design-Builder, the Design-Builder shall be compensated for Work performed prior to termination, together with Reimbursable Expenses then due and any other expenses directly attributable to termination for which the Design-Builder is not otherwise compensated. In no event shall the Design-Builder's compensation under this Section 13.1.6 be greater than the compensation set forth in Section 2.1.

§ 13.2 Termination or Suspension Following Execution of the Design-Build Amendment

§ 13.2.1 Termination by the Design-Builder

§ 13.2.1.1 The Design-Builder may, at its option, suspend the Work or terminate the Contract if the Work is stopped for a period of 30 consecutive days through no act or fault of the Design-Builder, the Architect, a Consultant, or a Contractor, or their agents or employees, or any other persons or entities performing portions of the Work under direct or indirect contract with the Design-Builder, for any of the following reasons:

- .1 Issuance of an order of a court or other public authority having jurisdiction that requires all Work to be stopped;
- .2 An act of government, such as a declaration of national emergency that requires all Work to be stopped;
- .3 Because the Owner has not issued a Certificate for Payment and has not notified the Design-Builder of the reason for withholding certification as provided in Section 9.5.1, or because the Owner has not made payment on a Certificate for Payment within the time stated in the Design-Build Documents; or
- .4 The Owner has failed to furnish to the Design-Builder promptly, upon the Design-Builder's request, reasonable evidence as required by Section 7.2.7.

§ 13.2.1.2 The Design-Builder may, at its option, suspend the Work or terminate the Contract if, through no act or fault of the Design-Builder, the Architect, a Consultant, a Contractor, or their agents or employees or any other persons or entities performing portions of the Work under direct or indirect contract with the Design-Builder, repeated suspensions, delays or interruptions of the entire Work by the Owner as described in Section 13.2.3 constitute in the aggregate more than 100 percent of the total number of days scheduled for completion, or 120 days in any 365-day period, whichever is less.

§ 13.2.1.3 If one of the reasons described in Section 13.2.1.1 or 13.2.1.2 exists, the Design-Builder may, upon seven days' written notice to the Owner, at its option, suspend the Work or terminate the Contract and the Owner shall make prompt payment for Work executed, including the retainage and reasonable overhead and profit, costs incurred by reason of such termination, and damages.

§ 13.2.1.4 If the Work is stopped for a period of 60 consecutive days through no act or fault of the Design-Builder or any other persons or entities performing portions of the Work under contract with the Design-Builder because the Owner has repeatedly failed to fulfill the Owner's obligations under the Design-Build Documents with respect to matters important to the progress of the Work, the Design-Builder may, upon seven additional days' written notice to the Owner, at its option, suspend the Work or terminate the Contract and recover from the Owner as provided in Section 13.2.1.3.

§ 13.2.2 Termination by the Owner For Cause

§ 13.2.2.1 The Owner may, after providing 30 days' written notice and right to cure to the Contractor, terminate the Contract if the Design-Builder

- .1 fails to submit the Proposal by the date required by this Agreement, or if no date is indicated, within a reasonable time consistent with the date of Substantial Completion;
- .2 repeatedly refuses or fails to supply an Architect, or enough properly skilled Consultants, Contractors, or workers or proper materials;
- .3 fails to make payment to the Architect, Consultants, or Contractors for services, materials or labor in accordance with their respective agreements with the Design-Builder;
- .4 repeatedly disregards applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of a public authority; or
- .5 is otherwise guilty of substantial breach of a provision of the Design-Build Documents.

§ 13.2.2.2 When any of the above reasons exist, the Owner may without prejudice to any other rights or remedies of the Owner and after giving the Design-Builder and the Design-Builder's surety, if any, seven days' written notice, terminate employment of the Design-Builder and may, subject to any prior rights of the surety:

- .1 Exclude the Design-Builder from the site and take possession of all materials, equipment, tools, and construction equipment and machinery thereon owned by the Design-Builder;
- .2 Accept assignment of the Architect, Consultant and Contractor agreements pursuant to Section 3.1.15; and
- .3 Finish the Work by whatever reasonable method the Owner may deem expedient. Upon written request of the Design-Builder, the Owner shall furnish to the Design-Builder a detailed accounting of the costs incurred by the Owner in finishing the Work.

§ 13.2.2.3 When the Owner terminates the Contract for one of the reasons stated in Section 13.2.2.1, the Design-Builder shall not be entitled to receive further payment until the Work is finished.

§ 13.2.2.4 If the unpaid balance of the Contract Sum exceeds costs of finishing the Work and other damages incurred by the Owner and not expressly waived, such excess shall be paid to the Design-Builder. If such costs and damages exceed the unpaid balance, the Design-Builder shall pay the difference to the Owner. The obligation for such payments shall survive termination of the Contract.

§ 13.2.3 Suspension by the Owner for Convenience

§ 13.2.3.1 The Owner may, without cause, order the Design-Builder in writing to suspend, delay or interrupt the Work in whole or in part for such period of time as the Owner may determine.

§ 13.2.3.2 The Contract Sum and Contract Time shall be adjusted for increases in the cost and time caused by suspension, delay or interruption as described in Section 13.2.3.1. Adjustment of the Contract Sum shall include profit. No adjustment shall be made to the extent

- .1 that performance is, was or would have been so suspended, delayed or interrupted by another cause for which the Design-Builder is responsible; or
- .2 that an equitable adjustment is made or denied under another provision of the Contract.

§ 13.2.4 Termination by the Owner for Convenience

§ 13.2.4.1 The Owner may, at any time, terminate the Contract for the Owner's convenience and without cause.

§ 13.2.4.2 Upon receipt of written notice from the Owner of such termination for the Owner's convenience, the Design-Builder shall

- .1 cease operations as directed by the Owner in the notice;
- .2 take actions necessary, or that the Owner may direct, for the protection and preservation of the Work; and,
- .3 except for Work directed to be performed prior to the effective date of termination stated in the notice, terminate all existing Project agreements, including agreements with the Architect, Consultants, Contractors, and purchase orders, and enter into no further Project agreements and purchase orders.

§ 13.2.4.3 In case of such termination for the Owner's convenience, the Design-Builder shall be entitled to receive payment for Work executed, and costs incurred by reason of such termination, along with reasonable overhead and profit on the Work not executed.

ARTICLE 14 CLAIMS AND DISPUTE RESOLUTION

§ 14.1 Claims

§ 14.1.1 Definition. A Claim is a demand or assertion by one of the parties seeking, as a matter of right, payment of money, or other relief with respect to the terms of the Contract. The term "Claim" also includes other disputes and matters in question between the Owner and Design-Builder arising out of or relating to the Contract. The responsibility to substantiate Claims shall rest with the party making the Claim.

§ 14.1.2 Time Limits on Claims. The Owner and Design-Builder shall commence all claims and causes of action, whether in contract, tort, breach of warranty or otherwise, against the other, arising out of or related to the Contract in accordance with the requirements of the binding dispute resolution method selected in Section 1.3, within the time period specified by applicable law, but in any case not more than 10 years after the date of Substantial Completion of the Work. The Owner and Design-Builder waive all claims and causes of action not commenced in accordance with this Section 14.1.2.

§ 14.1.3 Notice of Claims

§ 14.1.3.1 Prior To Final Payment. Prior to Final Payment, Claims by either the Owner or Design-Builder must be initiated by written notice to the other party within 21 days after occurrence of the event giving rise to such Claim or within 21 days after the claimant first recognizes the condition giving rise to the Claim, whichever is later.

§ 14.1.3.2 Claims Arising After Final Payment. After Final Payment, Claims by either the Owner or Design-Builder that have not otherwise been waived pursuant to Sections 9.10.4 or 9.10.5, must be initiated by prompt written notice to the other party. The notice requirement in Section 14.1.3.1 and the Initial Decision requirement as a condition precedent to mediation in Section 14.2.1 shall not apply.

§ 14.1.4 Continuing Contract Performance. Pending final resolution of a Claim, except as otherwise agreed in writing or as provided in Section 9.7 and Article 13, the Design-Builder shall proceed diligently with performance of the Contract and the Owner shall continue to make payments in accordance with the Design-Build Documents.

§ 14.1.5 Claims for Additional Cost. If the Design-Builder intends to make a Claim for an increase in the Contract Sum, written notice as provided herein shall be given before proceeding to execute the portion of the Work that relates to the Claim. Prior notice is not required for Claims relating to an emergency endangering life or property arising under Section 10.4.

§ 14.1.6 Claims for Additional Time

§ 14.1.6.1 If the Design-Builder intends to make a Claim for an increase in the Contract Time, written notice as provided herein shall be given. The Design-Builder's Claim shall include an estimate of cost and of probable effect of delay on progress of the Work. In the case of a continuing delay, only one Claim is necessary.

§ 14.1.6.2 If adverse weather conditions are the basis for a Claim for additional time, such Claim shall be documented by data substantiating that weather conditions were abnormal for the period of time, could not have been reasonably anticipated, and had an adverse effect on the scheduled construction.

§ 14.1.7 Claims for Consequential Damages

The Design-Builder and Owner waive Claims against each other for consequential damages arising out of or relating to this Contract. This mutual waiver includes

- .1 damages incurred by the Owner for rental expenses, for losses of use, income, profit, financing, business and reputation, and for loss of management or employee productivity or of the services of such persons; and
- .2 damages incurred by the Design-Builder for principal office expenses including the compensation of personnel stationed there, for losses of financing, business and reputation, and for loss of profit except anticipated profit arising directly from the Work.

This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination in accordance with Article 13. Nothing contained in this Section 14.1.7 shall be deemed to preclude an award of liquidated damages, when applicable, in accordance with the requirements of the Design-Build Documents.

§ 14.2 Direct Discussions

§ 14.2.1 If the Parties cannot resolve a claim relating to or arising out of this Agreement, the Parties shall endeavor to reach resolution through good faith direct discussions between the Parties' representatives, who shall possess the necessary authority to resolve such claim and who shall record the date of first discussion. If the Parties' representatives are not able to resolve such claim within five (5) business days after the date of first discussion, the Parties' representatives shall immediately inform senior executives in writing that resolution was not achieved. Upon receipt of such notice, senior executives of the Parties shall meet within five (5) business days to endeavor to reach resolution. If the dispute remains unresolved after fifteen (15) business days from the date of first discussion, the Parties shall submit such matter to the dispute mitigation and dispute resolution procedures selected herein.

§ 14.2.2 In the event of a Claim against the Design-Builder, the Owner may, but is not obligated to, notify the surety, if any, of the nature and amount of the Claim. If the Claim relates to a possibility of a Design-Builder default, the Owner may, but is not obligated to, notify the surety and request the surety's assistance in resolving the controversy.

(Paragraphs deleted)

§ 14.2.3 If a claim relates to or is the subject of a mechanic's lien, the Party asserting such Claim may proceed in accordance with applicable law to comply with the lien notice or filing deadlines.

(Paragraphs deleted)

§ 14.3 Mediation

§ 14.3.1 Claims, disputes, or other matters in controversy arising out of or related to the Contract, except those waived as provided for in Sections 9.10.4, 9.10.5, and 14.1.7, shall be subject to mediation as a condition precedent to binding dispute resolution.

§ 14.3.2 The parties shall endeavor to resolve their Claims by mediation which, unless the parties mutually agree otherwise, shall be administered by the American Arbitration Association in accordance with its Construction Industry Mediation Procedures in effect on the date of the Agreement. A request for mediation shall be made in writing, delivered to the other party to the Contract, and filed with the person or entity administering the mediation. The request may be made concurrently with the filing of binding dispute resolution proceedings but, in such event, mediation shall proceed in advance of binding dispute resolution proceedings, which shall be stayed pending mediation for a period of 60 days from the date of filing, unless stayed for a longer period by agreement of the parties or court order. If an arbitration proceeding is stayed pursuant to this Section 14.3.2, the parties may nonetheless proceed to the selection of the arbitrator(s) and agree upon a schedule for later proceedings.

§ 14.3.3 The parties shall share the mediator's fee and any filing fees equally. The mediation shall be held in the place where the Project is located, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction.

§ 14.4 Arbitration

§ 14.4.1 If the parties have selected arbitration as the method for binding dispute resolution in Section 1.3, any Claim subject to, but not resolved by, mediation shall be subject to arbitration which, unless the parties mutually agree otherwise, shall be administered by the American Arbitration Association in accordance with its Construction Industry Arbitration Rules in effect on the date of the Agreement. A demand for arbitration shall be made in writing, delivered

to the other party to the Contract, and filed with the person or entity administering the arbitration. The party filing a notice of demand for arbitration must assert in the demand all Claims then known to that party on which arbitration is permitted to be demanded.

§ 14.4.1.1 A demand for arbitration shall be made no earlier than concurrently with the filing of a request for mediation, but in no event shall it be made after the date when the institution of legal or equitable proceedings based on the Claim would be barred by the applicable statute of limitations or statute of repose. For statute of limitations or statute of repose purposes, receipt of a written demand for arbitration by the person or entity administering the arbitration shall constitute the institution of legal or equitable proceedings based on the Claim.

§ 14.4.2 The award rendered by the arbitrator or arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction.

§ 14.4.3 The foregoing agreement to arbitrate, and other agreements to arbitrate with an additional person or entity duly consented to by parties to the Agreement, shall be specifically enforceable under applicable law in any court having jurisdiction thereof.

§ 14.4.4 Consolidation or Joinder

§ 14.4.4.1 Either party, at its sole discretion, may consolidate an arbitration conducted under this Agreement with any other arbitration to which it is a party provided that (1) the arbitration agreement governing the other arbitration permits consolidation, (2) the arbitrations to be consolidated substantially involve common questions of law or fact, and (3) the arbitrations employ materially similar procedural rules and methods for selecting arbitrator(s).

§ 14.4.4.2 Either party, at its sole discretion, may include by joinder persons or entities substantially involved in a common question of law or fact whose presence is required if complete relief is to be accorded in arbitration, provided that the party sought to be joined consents in writing to such joinder. Consent to arbitration involving an additional person or entity shall not constitute consent to arbitration of any claim, dispute or other matter in question not described in the written consent.

§ 14.4.4.3 The Owner and Design-Builder grant to any person or entity made a party to an arbitration conducted under this Section 14.4, whether by joinder or consolidation, the same rights of joinder and consolidation as the Owner and Design-Builder under this Agreement.

ARTICLE 15 MISCELLANEOUS PROVISIONS

§ 15.1 Governing Law

The Contract shall be governed by the law of the place where the Project is located except that, if the parties have selected arbitration as the method of binding dispute resolution, the Federal Arbitration Act shall govern Section 14.4.

§ 15.2 Successors and Assigns

§ 15.2.1 The Owner and Design-Builder, respectively, bind themselves, their partners, successors, assigns and legal representatives to the covenants, agreements and obligations contained in the Design-Build Documents. Except as provided in Section 15.2.2, neither party to the Contract shall assign the Contract as a whole without written consent of the other. If either party attempts to make such an assignment without such consent, that party shall nevertheless remain legally responsible for all obligations under the Contract.

§ 15.2.2 The Owner may, without consent of the Design-Builder, assign the Contract to a lender providing construction financing for the Project, if the lender assumes the Owner's rights and obligations under the Design-Build Documents. The Design-Builder shall execute all consents reasonably required to facilitate such assignment.

§ 15.2.3 If the Owner requests the Design-Builder, Architect, Consultants, or Contractors to execute certificates, other than those required by Section 3.1.10, the Owner shall submit the proposed language of such certificates for review at least 14 days prior to the requested dates of execution. If the Owner requests the Design-Builder, Architect, Consultants, or Contractors to execute consents reasonably required to facilitate assignment to a lender, the Design-Builder, Architect, Consultants, or Contractors shall execute all such consents that are consistent with this Agreement, provided the proposed consent is submitted to them for review at least 14 days prior to execution. The Design-Builder, Architect, Consultants, and Contractors shall not be required to execute certificates or consents that would require knowledge, services or responsibilities beyond the scope of their services.

§ 15.3 Written Notice

Written notice shall be deemed to have been duly served if delivered in person to the individual, to a member of the firm or entity, or to an officer of the corporation for which it was intended; or if delivered at, or sent by registered or certified mail or by courier service providing proof of delivery to, the last business address known to the party giving notice.

§ 15.4 Rights and Remedies

§ 15.4.1 Duties and obligations imposed by the Design-Build Documents, and rights and remedies available thereunder, shall be in addition to and not a limitation of duties, obligations, rights and remedies otherwise imposed or available by law.

§ 15.4.2 No action or failure to act by the Owner or Design-Builder shall constitute a waiver of a right or duty afforded them under the Contract, nor shall such action or failure to act constitute approval of or acquiescence in a breach thereunder, except as may be specifically agreed in writing.

§ 15.5 Tests and Inspections

§ 15.5.1 Tests, inspections and approvals of portions of the Work shall be made as required by the Design-Build Documents and by applicable laws, statutes, ordinances, codes, rules and regulations or lawful orders of public authorities. Unless otherwise provided, the Design-Builder shall make arrangements for such tests, inspections and approvals with an independent testing laboratory or entity acceptable to the Owner, or with the appropriate public authority, and shall bear all related costs of tests, inspections and approvals. The Design-Builder shall give the Owner timely notice of when and where tests and inspections are to be made so that the Owner may be present for such procedures. The Owner shall bear costs of (1) tests, inspections or approvals that do not become requirements until after bids are received or negotiations concluded, and (2) tests, inspections or approvals where building codes or applicable laws or regulations prohibit the Owner from delegating their cost to the Design-Builder.

§ 15.5.2 If the Owner determines that portions of the Work require additional testing, inspection or approval not included under Section 15.5.1, the Owner will instruct the Design-Builder to make arrangements for such additional testing, inspection or approval by an entity acceptable to the Owner, and the Design-Builder shall give timely notice to the Owner of when and where tests and inspections are to be made so that the Owner may be present for such procedures. Such costs, except as provided in Section 15.5.3, shall be at the Owner's expense.

§ 15.5.3 If such procedures for testing, inspection or approval under Sections 15.5.1 and 15.5.2 reveal failure of the portions of the Work to comply with requirements established by the Design-Build Documents, all costs made necessary by such failure shall be at the Design-Builder's expense.

§ 15.5.4 Required certificates of testing, inspection or approval shall, unless otherwise required by the Design-Build Documents, be secured by the Design-Builder and promptly delivered to the Owner.

§ 15.5.5 If the Owner is to observe tests, inspections or approvals required by the Design-Build Documents, the Owner will do so promptly and, where practicable, at the normal place of testing.

§ 15.5.6 Tests or inspections conducted pursuant to the Design-Build Documents shall be made promptly to avoid unreasonable delay in the Work.

§ 15.6 Confidential Information

If the Owner or Design-Builder transmits Confidential Information, the transmission of such Confidential Information constitutes a warranty to the party receiving such Confidential Information that the transmitting party is authorized to transmit the Confidential Information. If a party receives Confidential Information, the receiving party shall keep the Confidential Information strictly confidential and shall not disclose it to any other person or entity except as set forth in Section 15.6.1.

§ 15.6.1 A party receiving Confidential Information may disclose the Confidential Information as required by law or court order, including a subpoena or other form of compulsory legal process issued by a court or governmental entity. A party receiving Confidential Information may also disclose the Confidential Information to its employees, consultants or contractors in order to perform services or work solely and exclusively for the Project, provided those

employees, consultants and contractors are subject to the restrictions on the disclosure and use of Confidential Information as set forth in this Contract.

§ 15.7 Capitalization

Terms capitalized in the Contract include those that are (1) specifically defined, (2) the titles of numbered articles or (3) the titles of other documents published by the American Institute of Architects.

§ 15.8 Interpretation

§ 15.8.1 In the interest of brevity the Design-Build Documents frequently omit modifying words such as "all" and "any" and articles such as "the" and "an," but the fact that a modifier or an article is absent from one statement and appears in another is not intended to affect the interpretation of either statement.

§ 15.8.2 Unless otherwise stated in the Design-Build Documents, words which have well-known technical or construction industry meanings are used in the Design-Build Documents in accordance with such recognized meanings.

§ 15.9 Other provisions

§ 15.9.1 Owner acknowledges that soil movement beneath the building improvements may cause damage to the structure. There are various ways of construction improvements on soils that move that can help reduce this risk of damage. It is Design-Builder's responsibility to review with Owner the Soils Report and to assist Owner in becoming informed of various methods of construction and risk of damage due to soil movement associated with the various methods. Owner acknowledges that it may not be possible to totally eliminate the risk of soil movement and damage to the building improvements.

§ 15.9.2 The Parties acknowledge and agree that, due to current extraordinary circumstances and market demands, there is the potential for material cost increases and delays in deliveries of various construction materials. Because of the unpredictable nature of such material shortages, price and schedule protection cannot be guaranteed for trades whose work includes these construction materials. The construction materials affected include, but are not limited to all steel-related products, all wood-related products, concrete, petroleum related products, electrical equipment, mechanical equipment, etc. Design-Builder will use reasonable efforts to minimize any impacts. In the event the Cost of Work increases due to such material cost increase beyond Design-Builder's reasonable control, any modifications to the Contract Sum shall be resolved as set forth in the Design-Build Amendment. In the event material (s) shortages impact the critical path schedule activities, any extension of time or other modifications to the construction schedule shall be resolved as set forth in the Design-Build Amendment.

ARTICLE 16 SCOPE OF THE AGREEMENT

§ 16.1 This Agreement is comprised of the following documents listed below:

- .1 AIA Document A141™–2014, Standard Form of Agreement Between Owner and Design-Builder
- .2 AIA Document A141™–2014, Exhibit A, Design-Build Amendment, (to be executed at a later date)
- .3 AIA Document A141™–2014, Exhibit B, Insurance and Bonds (to be amended at a later date)
 - Exhibit C – Labor Rates (Designer, Consultants, Contractor)
 - Exhibit D – Equipment Rental Rates
 - Exhibit E – GMP Estimate (To be included with Exhibit A Design- Build Amendment)

(Paragraph deleted)

- Exhibit F – Clarifications/ Assumptions/ Exclusions (To be included with Exhibit A Design- Build Amendment)
- Exhibit G – Project Schedule (To be included with Exhibit A Design- Build Amendment)
- Exhibit H – Supplementary Conditions / Contract Modifications

- .6 Other:

This Agreement entered into as of the day and year first written above.

OWNER (*Signature*)

Terry Nolan Board President
(Printed name and title)

DESIGN-BUILDER (*Signature*)

John Pittman President
(Printed name and title)


AIA® Document A141® – 2014 Exhibit B

Insurance and Bonds

for the following PROJECT:

(Name and location or address)

Douglas County Library NorthWest Branch

THE OWNER:

(Name, legal status and address)

Douglas County Library
100 S. Wilcox Street
Castle Rock, CO 80104

THE DESIGN-BUILDER:

(Name, legal status and address)

Fransen Pittman Construction Inc.
9563 S. Kingston Court
Englewood, CO 80112

THE AGREEMENT

This Insurance Exhibit is part of the accompanying agreement for the Project, between the Owner and the Design-Builder (hereinafter, the Agreement), dated the 30th day of April in the year 2025.

(In words, indicate day, month and year.)

TABLE OF ARTICLES

B.1 GENERAL

B.2 DESIGN BUILDER'S INSURANCE AND BONDS

B.3 OWNER'S INSURANCE

B.4 SPECIAL TERMS AND CONDITIONS

ARTICLE B.1 GENERAL

The Owner and Design-Builder shall purchase and maintain insurance and provide bonds as set forth in this Exhibit B. Where a provision in this Exhibit conflicts with a provision in the Agreement into which this Exhibit is incorporated, the provision in this Exhibit will prevail or Prime Contract, as applicable.

ARTICLE B.2 DESIGN BUILDER'S INSURANCE AND BONDS

§ B.2.1 The Design-Builder shall purchase and maintain the following types and limits of insurance from a company or companies lawfully authorized to do business in the jurisdiction where the Project is located. The Design-Builder shall maintain the required insurance until the expiration of the period for correction of Work as set forth in Section 11.2.2.1 of the Agreement, unless a different duration is stated below:

Init.

AIA Document A141 – 2014 Exhibit B. Copyright © 2004 and 2014. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This document was produced at 16:13:31 ET on 04/22/2025 under Order No.2114477295 which expires on 06/30/2025, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.

User Notes:

ADDITIONS AND DELETIONS:

The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An *Additions and Deletions Report* that notes added information as well as revisions to the standard form text is available from the author and should be reviewed. A vertical line in the left margin of this document indicates where the author has added necessary information and where the author has added to or deleted from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

(If the Design-Builder is required to maintain insurance for a duration other than the expiration of the period for correction of Work, state the duration.)

§ B.2.1.1 Commercial General Liability with policy limits of not less than One Million dollars (\$ 1,000,000) for each occurrence and Two Million dollars (\$ 2,000,000) in the aggregate providing coverage for claims including

- .1 damages because of bodily injury, sickness or disease, including occupational sickness or disease, and death of any person;
- .2 personal injury;
- .3 damages because of injury to or destruction of tangible property;
- .4 bodily injury or property damage arising out of completed operations; and
- .5 contractual liability applicable to the Design-Builder's obligations under Section 3.1.14 of the Agreement.

§ B.2.1.2 Automobile Liability covering vehicles owned by the Design-Builder and non-owned vehicles used by the Design-Builder with policy limits of not less than One Million dollars (\$ 1,000,000) per claim and One Million dollars (\$ \$1,000,000) in the aggregate for bodily injury, death of any person, and property damage arising out of the ownership, maintenance and use of those motor vehicles specified in this Section B.2.1.2, along with any other statutorily required automobile coverage.

§ B.2.1.3 The Design-Builder may achieve the required limits and coverage for Commercial General Liability and Automobile Liability through a combination of primary and excess liability insurance, provided such primary and excess insurance policies result in the same or greater coverage as those required under Sections B.2.1.1 and B.2.1.2.

§ B.2.1.4 Workers' Compensation at statutory limits.

§ B.2.1.5 Employers' Liability with policy limits as provided below:

Employers' Liability with policy limits not less than Five Hundred Thousand dollars (\$500,000) each accident, Five Hundred Thousand dollars (\$500,000) each employee, and Five Hundred Thousand dollars (\$500,000) policy limit.

§ B.2.1.6 Professional Liability covering negligent acts, errors and omissions in the performance of professional services, with policy limits of not less than (\$) per claim and (\$) in the aggregate.

§ B.2.1.7 If the Work involves the transport, dissemination, use, or release of pollutants, Pollution Liability covering performance of the Work, with policy limits of not less than (\$) per claim and (\$) in the aggregate.

§ B.2.1.7.1 The Design-Builder may obtain a combined Professional Liability and Pollution Liability policy to satisfy the requirements set forth in Sections B.2.1.6 and B.2.1.7, with combined policy limits that are not less than Five Million dollars (\$ 5,000,000) per claim and Five Million dollars (\$ 5,000,000) in the aggregate.

§ B.2.1.8 The Design-Builder shall provide written notification to the Owner of the cancellation or expiration of any insurance required by this Article B.2. The Design-Builder shall provide such written notice within five (5) business days of the date the Design-Builder is first aware of the cancellation or expiration, or is first aware that the cancellation or expiration is threatened or otherwise may occur, whichever comes first.

§ B.2.1.9 Additional Insured Obligations. The Owner and its consultants and contractors shall be additional insureds on the Design-Builder's primary and excess insurance policies for Commercial General Liability, Automobile Liability and Pollution Liability. The additional insured coverage shall be primary and non-contributory to any of the Owner's insurance policies. The additional insured coverage shall apply to both ongoing operations and completed operations. The policy limits applicable to the additional insureds shall be the same amount applicable to the named insured or, if the policy provides otherwise, policy limits not less than the amounts required under this Agreement.

§ B.2.1.10 Certificates of Insurance. The Design-Builder shall provide certificates of insurance acceptable to the Owner evidencing compliance with the requirements in this Article B.2: (1) prior to commencement of the Work; (2) upon renewal or replacement of each required policy of insurance; and (3) upon Owner's written request. An

additional certificate evidencing continuation of liability coverage, including coverage for completed operations, shall be submitted with the final Application for Payment as required by Section 9.10.2 of the Agreement and thereafter upon renewal or replacement of such coverage until the expiration of the time required by Section B.2.1. The certificates will show the Owner and its consultants and contractors as additional insureds on the Design-Builder's primary and excess insurance policies for Commercial General Liability, Automobile Liability, and Pollution Liability. Information concerning reduction of coverage on account of revised limits, claims paid under the General Aggregate or both, shall be furnished by the Design-Builder with reasonable promptness.

§ B.2.2 Performance Bond and Payment Bond

The Design-Builder may provide surety bonds as follows:
(Specify type and penal sum of bonds.)

Type	Penal Sum (\$0.00)

§ B.2.2.1 Upon the request of any person or entity appearing to be a potential beneficiary of bonds covering payment of obligations arising under the Agreement, the Design-Builder shall promptly furnish a copy of the bonds or shall permit a copy to be made.

ARTICLE B.3 OWNER'S INSURANCE

§ B.3.1 Owner's Liability Insurance

The Owner shall be responsible for purchasing and maintaining the Owner's usual liability insurance.

§ B.3.2 Property Insurance

§ B.3.2.1 Unless otherwise provided, at the time of execution of the Design-Build Amendment, the Design-Builder shall purchase and maintain, in a company or companies lawfully authorized to do business in the jurisdiction where the Project is located, property insurance written on a builder's risk "all-risk" or equivalent policy form in the amount of the initial Contract Sum, plus the value of subsequent Modifications and cost of materials supplied or installed by others, comprising the total value for the entire Project at the site on a replacement cost basis without optional deductibles. If any construction that is part of the Work shall commence prior to execution of the Design-Build Amendment, the Design-Builder shall, prior to commencement of construction, purchase and maintain property insurance as described above in an amount sufficient to cover the total value of the Work at the site on a replacement cost basis without optional deductibles. The insurance required under this section shall include interests of the Owner, Design-Builder, Architect, Consultants, Contractors, and Subcontractors in the Project. The property insurance shall be maintained, unless otherwise provided in the Design-Build Documents or otherwise agreed in writing by all persons and entities who are beneficiaries of the insurance, until the Owner has issued a Certificate of Substantial Completion in accordance with Section 9.8 of the Agreement. Unless the parties agree otherwise, upon issuance of a Certificate of Substantial Completion, the Owner shall replace the insurance policy required under this Section B.3.2 with another property insurance policy written for the total value of the Project that shall remain in effect until expiration of the period for correction of the Work set forth in Section 11.2.2 of the Agreement.

§ B.3.2.1.1 The insurance required under Section B.3.2.1 shall include, without limitation, insurance against the perils of fire (with extended coverage) and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, earthquake, flood, windstorm, falsework, testing and startup, temporary buildings and debris removal, including demolition occasioned by enforcement of any applicable legal requirements, and shall cover reasonable compensation for the Design-Builder's services and expenses required as a result of such insured loss.

§ B.3.2.1.2 If the insurance required under Section B.3.2.1 requires deductibles, the Owner shall pay costs not covered because of such deductibles.

§ B.3.2.1.3 The insurance required under Section B.3.2.1 shall cover portions of the Work stored off the site, and also portions of the Work in transit.

§ B.3.2.1.4 Partial occupancy or use in accordance with Section 9.9 of the Agreement shall not commence until the insurance company or companies providing the insurance required under Section B.3.2.1 have consented to such partial occupancy or use by endorsement or otherwise. The Owner and the Design-Builder shall take reasonable steps

to obtain consent of the insurance company or companies and shall, without mutual written consent, take no action with respect to partial occupancy or use that would cause cancellation, lapse or reduction of insurance.

§ B.3.2.2 Boiler and Machinery Insurance. The Owner shall purchase and maintain boiler and machinery insurance, which shall specifically cover commissioning, testing, or breakdown of equipment required by the Work, if not covered by the insurance required in Section B.3.2.1. This insurance shall include the interests of the Owner, Design-Builder, Architect, Consultants, Contractor and Subcontractors in the Work, and the Owner and Design-Builder shall be named insureds.

§ B.3.2.3 If the Owner does not intend to purchase the insurance required under Sections B.3.2.1 and B.3.2.2 with all of the coverages in the amounts described above, the Owner shall inform the Design-Builder in writing prior to any construction that is part of the Work. The Design-Builder may then obtain insurance that will protect the interests of the Owner, Design-Builder, Architect, Consultants, Contractors, and Subcontractors in the Work. The cost of the insurance shall be charged to the Owner by an appropriate Change Order. If the Owner does not provide written notice, and the Design-Builder is damaged by the failure or neglect of the Owner to purchase or maintain insurance as described above, the Owner shall bear all reasonable costs and damages attributable thereto.

§ B.3.2.4 Loss of Use Insurance. At the Owner's option, the Owner may purchase and maintain insurance to insure the Owner against loss of use of the Owner's property due to fire or other hazards, however caused. The Owner waives all rights of action against the Design-Builder for loss of use of the Owner's property, including consequential losses due to fire or other hazards covered under the property insurance required under this Exhibit B to the Agreement.

§ B.3.2.5 If during the Project construction period the Owner insures properties, real or personal or both, at or adjacent to the site by property insurance under policies separate from those insuring the Project, or if after final payment property insurance is to be provided on the completed Project through a policy or policies other than those insuring the Project during the construction period, the Owner shall waive all rights in accordance with the terms of Section B.3.2.7 for damages caused by fire or other causes of loss covered by this separate property insurance. All separate policies shall provide this waiver of subrogation by endorsement or otherwise.

§ B.3.2.6 Before an exposure to loss may occur, the Owner shall file with the Design-Builder a copy of each policy that includes insurance coverages required by this Section B.3.2. Each policy shall contain all generally applicable conditions, definitions, exclusions and endorsements related to this Project. The Owner shall provide written notification to the Design-Builder of the cancellation or expiration of any insurance required by this Article B.3. The Owner shall provide such written notice within five (5) business days of the date the Owner is first aware of the cancellation or expiration, or is first aware that the cancellation or expiration is threatened or otherwise may occur, whichever comes first.

§ B.3.2.7 Waivers of Subrogation. The Owner and Design-Builder waive all rights against (1) each other and any of their consultants, subconsultants, contractors and subcontractors, agents and employees, each of the other, and (2) any separate contractors described in Section 5.13 of the Agreement, if any, and any of their subcontractors, sub-subcontractors, agents and employees, for damages caused by fire or other causes of loss to the extent covered by property insurance obtained pursuant to Section B.3.2 or other property insurance applicable to the Work and completed construction, except such rights as they have to proceeds of such insurance held by the Owner as fiduciary. The Owner or Design-Builder, as appropriate, shall require of the separate contractors described in Section 5.13 of the Agreement, if any, and the subcontractors, sub-subcontractors, agents and employees of any of them, by appropriate agreements, written where legally required for validity, similar waivers each in favor of the other parties enumerated herein. The policies shall provide such waivers of subrogation by endorsement or otherwise. A waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged.

§ B.3.2.8 A loss insured under the the property insurance required by § B.3.2 shall be adjusted by the Design-Builder as fiduciary and made payable to the Design-Builder as fiduciary for the insureds, as their interests may appear, subject to requirements of any applicable mortgagee clause and of Section B.3.2.10. The Design-Builder shall pay the Architect, Consultants and Contractors their just shares of insurance proceeds received by the Design-Builder, and by appropriate agreements, written where legally required for validity, the Design-Builder shall require the Architect, Consultants and Contractors to make payments to their consultants and subcontractors in similar manner.

§ B.3.2.9 If required in writing by a party in interest, Design-Builder shall deposit in a separate account proceeds so received, which the Design-Builder shall distribute in accordance with such agreement as the parties in interest may reach, or as determined in accordance with the method of binding dispute resolution selected in the Agreement between the Owner and Design-Builder. If after such loss no other special agreement is made and unless the Owner terminates the Contract for convenience, replacement of damaged property shall be performed by the Design-Builder after notification of a Change in the Work in accordance with Article 6 of the Agreement.

§ B.3.2.10 The Design-Builder as fiduciary shall have power to adjust and settle a loss with insurers unless one of the parties in interest shall object in writing within five days after occurrence of a loss to the Design-Builder's exercise of this power. If an objection is made, the dispute shall be resolved in the manner selected by the Owner and Design-Builder as the method of binding dispute resolution in the Agreement. If the Owner and Design-Builder have selected arbitration as the method of binding dispute resolution, the Design-Builder as fiduciary shall make settlement with insurers or, in the case of a dispute over distribution of insurance proceeds, in accordance with the directions of the arbitrators.

ARTICLE B.4 SPECIAL TERMS AND CONDITIONS

Special terms and conditions that modify this Insurance and Bonds Exhibit, if any, are as follows:

§ B.4.1 The Design Builder's insurance shall be reimbursed by Owner at the rates set forth below. These rates are based on the limits listed herein. These rates are fixed, non-negotiable, and included in the Design Builder's General Conditions costs as follows:

General Liability	\$7.95/\$1,000
Umbrella	\$4.95/\$1,000
Builders Risk	\$TBD/\$1,000 (for length of Project)
Professional Liability	\$1.15/\$1,000

Fransen Pittman Labor Rates - Douglas County Library - Sterling Ranch

Position	2025 Rate
Project Executive	\$157.35
General Superintendent	\$165.58
Project Manager	\$134.55
Project Superintendent	\$134.55
MEP Coordinator	\$124.96
Quality Control Manager	\$100.55
Project Engineer	\$112.00
Project Administrator	\$61.02
Field Engineer	\$112.00
Assistant Project Manager	\$113.43
Assistant Project Superintendent	\$124.14
Foreman	\$120.93
Lead Man	\$119.93
Carpenter	\$101.79
Carpenter Apprentice	\$97.03
Laborer	\$87.68
Safety Officer	\$124.96
Surveyor	\$169.60
Civil Systems Director	\$169.60
Civil Systems Coordinator	\$124.96
Estimator	\$123.81

These rates subject to adjustment at the beginning of every calendar quarter
 Overtime for hourly positions will be billed at 1.5 times the above burdened rates
 Makeup of bill rates not subject to audit

Fransen Pittman Insurance Rates

General Liability CGL	\$ 7.95
Umbrella	\$ 4.95
Professional Liability	\$ 1.15

EXHIBIT C - LABOR RATES



Cedar Rapids

200 Fifth Avenue SE Ste. 201
 Cedar Rapids, Iowa 52401
 (319) 363-6018

Des Moines

100 Court Avenue Ste. 100
 Des Moines, Iowa 50309
 (515) 309-0722

Iowa City

24 ½ S. Clinton Street Ste. 1
 Iowa City, Iowa 52240
 (319) 363-6018

Madison

301 N. Broom Street Ste. 100
 Madison, Wisconsin 53703
 (608) 819-0260

Minneapolis

212 N. 3rd Avenue Ste. 312
 Minneapolis, Minnesota 55401
 (612) 468-6851

opnarchitects.com

OPN ARCHITECTS

Hourly Rates - 2024

Principal	\$250
Associate Principal	\$200
Practice Leader	\$200
Associate	\$180
Senior Project Manager/Senior Project Architect	\$155
Project Manager/Project Architect	\$140
Architect	\$115
Intern Architect 3	\$105
Intern Architect 1-2	\$85
Senior Interior Designer	\$120
Interior Designer	\$95
Construction Administrator	\$105
Architectural Technician	\$85
Directors of Business Support	\$140
Business Support Specialist	\$100
Marketing Specialist	\$95
Administrative Support	\$70
College Interns	\$50

These rates are subject to an annual adjustment on or around January 1, and your contract will adjust accordingly.



Exhibit A Schedule of Fees

TST, INC. reviews scheduled fees on an annual basis. New schedules are issued as warranted, but no more than once annually. Charges for all work, including continuing projects, will be based on the new Schedule of Fees.

PERSONNEL CHARGES

Personnel charges are for work not covered by lump sum fee agreements. Personnel are assigned to various tasks based on the skills necessary to perform the required services.

ENGINEERS	\$ Hourly Rates
------------------	------------------------

Design Engineer	110 - 140
Project Engineer	130 - 180
Senior Engineer	160 - 220
Principal Engineer	210 - 270

PLANNERS/LANDSCAPE ARCHITECTS

Design Planner/Landscape Architect	110 - 140
Project Planner/Landscape Architect	130 - 180
Senior Planner/Landscape Architect	160 - 220

DESIGNERS

CAD Technician	80 - 100
Designer	90 - 130
Senior Designer	120 - 150

PROJECT MANAGERS

Project Manager	150 - 190
Senior Project Manager	180 - 270

CONSTRUCTION MANAGEMENT

Construction Inspector	110 - 140
Construction Administrator	130 - 180
Senior Construction Administrator	160 - 220

ADMINISTRATION

Administrative	80 - 100
Project Accountant	100 - 200

REIMBURSABLE EXPENSES

Outside consultants and expenses will be charged at cost plus 10 percent (10%). Automobiles will be charged at \$0.85 per mile. Prints are \$0.25 per square foot, mylars are \$1.75 per square foot, and color plots are \$5.00 per square foot.



6.2 | Hourly Rates

- A. The following outline assigns **staff hourly rates** and will remain valid through the duration of this contract.

Principal	\$ 190.00
Senior Landscape Architect	\$ 145.00
Landscape Architect	\$ 125.00
Landscape Designer	\$ 110.00
Intern	\$ 90.00
Admin	\$ 85.00

6.3 | Reimbursable Expenses

- A. Reimbursable Expenses, if applicable, including those of sub-consultants to Back40 (ie: Irrigation), are **in addition to the fee for services and shall be billed at cost plus ten percent (10%).**

Basic Services: Cost of Reimbursable Expenses for this project is estimated at One Thousand Five Hundred dollars (\$1,500).

- B. Reimbursable expenses shall include all expenditures (other than direct personnel and normal overhead expenses) made in the interest of the project, including, without limitation: transportation and living when traveling in connection with the project; long distance telephone calls and other communications; reproduction of drawings and specifications; materials and reproduction costs related to mechanized drafting systems; materials and supplies used in connection with the project; photography; equipment rental; and postage and delivery charges on any of the preceding. This amount is in addition to compensation outlined in this Agreement.

6.4 | Compensation for Services

- A. Back40 shall be compensated in proportion to services performed within each task or phase of service in accordance with the schedule of payments outlined in the Agreement or, if no such schedule is included, in accordance with Back40's normal billing practices.

Schedule and Time Limitations

The anticipated schedule includes two months beginning in March for schematic design, three months for design development, six months for construction documents, and up to twelve months of construction. If the project is delayed for any reason and the term of the schedule is extended, this proposal will be subject to renegotiation.

Compensation

We propose that compensation for these structural engineering services be a fixed fee of Forty-Four Thousand Five Hundred (\$44,500) dollars.

Schematic Design	\$ 6,500
Design Development	11,000
Construction Documents	18,000
<u>Construction Administration</u>	<u>9,000</u>
Total	\$44,500

A la carte:

Cold-Formed Exterior Steel Stud Design	\$ 4,000
Monumental Stair	\$2,500
Structural Handrails	\$2,500
Site Retaining walls and Signage	\$2,000
Two-Phased Bid Packages	\$2,500

Compensation for Additional Services, when authorized in writing by the Architect, shall be based on the following hourly rates, or the rates in effect at the time of service:

Principal	\$235 per hour	Design Engineer	\$135 per hour
Associate Principal	\$210 per hour	Engineer	\$120 per hour
Senior Project Manager	\$175 per hour	Senior BIM Technician	\$110 per hour
Project Manager	\$165 per hour	BIM Technician	\$95 per hour
Senior Project Engineer	\$155 per hour	Administration	\$85 per hour
Project Engineer	\$145 per hour		

Reimbursable Expenses

Any direct non-labor expenses would be reimbursed at 1.0 times their cost. Reimbursable expenses include reproduction costs, mileage and travel, and postage and delivery costs. Estimated reimbursable expenses are Three Hundred (\$300) dollars.

FRANSEN PITTMAN / DOUGLAS COUNTY EQUIPMENT (RELATED PARTY)
STANDARD TOOL & RENTAL EQUIPMENT PRICING LIST

Last Updated: February 27, 2025

Monthly Rates Unless Indicated Otherwise

Description	Monthly Rates
Air Compressor - 175-185 CFM Diesel	\$ 1,850.00
Air Compressor - 375 CFM Diesel	\$ 3,250.00
Air Compressor - Electric, Port	\$ 650.00
Air Compressor, Pancake	\$ 105.00
Air Conditioner 1 Ton Portable w/Heat 120V	\$ 2,028.00
Air Monitor	\$ 290.00
Appliance Dolly	\$ 160.00
Auger	\$ 859.00
Backhoe Loader	\$ 5,603.00
Barrier Picker/Clamp -12000 Lb	\$ 927.00
Blower - Backpack	\$ 500.00
Body Harness Kit	\$ 275.00
Boom - 30' Electric	\$ 3,675.00
Boom - 40' Electric	\$ 5,040.00
Boom - 60-66' Electric Straight w/Jib	\$ 5,750.00
Boom - 40'-45' Straight - Dsl, 4Wd	\$ 4,600.00
Boom - 60'-65' Straight - Dsl, 4Wd	\$ 5,250.00
Boom - 85'-85' Straight - Dsl, 4Wd	\$ 9,765.00
Boom - 125' Straight - Dsl, 4Wd	\$ 16,800.00
Boom - 45' Articulated - Dsl, 4Wd	\$ 4,750.00
Boom - 50' Articulated - Towable	\$ 4,750.00
Boom - 60' Articulated - Dsl	\$ 5,500.00
Boom - 80-85' Articulated w/Jib Dsl	\$ 9,765.00
Boom - 50-59' Compact Crawler Lift - Battery	\$ 12,500.00
Breaker - Pneumatic	\$ 845.00
Breaker - Electric, 40 Lb	\$ 785.00
Breaker - Electric, 60 Lb	\$ 1,200.00
Brush Cutter 24"	\$ 1,000.00
Builders Level	\$ 375.00
Bull Float	\$ 390.00
Compact Track Loader	\$ 4,634.00
Compaction Wheel - 18" Backhoe	\$ 1,800.00
Compaction Wheel - 24" Backhoe	\$ 1,900.00
Compaction Wheel - 24", 200 Cla	\$ 3,100.00
Concrete Bucket	\$ 1,350.00
Concrete Mixer - Gas, 6 Cubic Ft	\$ 1,400.00
Concrete Vibrator - 2.3 HP	\$ 850.00
Concrete Vibrator - Electric	\$ 850.00
Conex - 20' STORAGE	\$ 340.00
Core Drill	\$ 865.00
Data Vault	\$ 330.00
Delivery Vehicle - daily rate	\$ 270.00

FRANSEN PITTMAN / DOUGLAS COUNTY EQUIPMENT (RELATED PARTY)
STANDARD TOOL & RENTAL EQUIPMENT PRICING LIST

Last Updated: February 27, 2025

Monthly Rates Unless Indicated Otherwise

Description	Monthly Rates
Demo Hammer	\$ 970.00
Door & Hardware Vehicle - daily rate	\$ 89.77
Door Cart	\$ 150.00
Door Protector	\$ 50.00
Drill Press	\$ 1,150.00
Drywall Cart	\$ 750.00
Fan - 24"	\$ 850.00
Fan - 36"	\$ 900.00
Fan - 42"	\$ 1,050.00
Fan - Carpet	\$ 400.00
Fan - Confined Space Blower, 8"	\$ 750.00
Fire Extinguisher - 5 Lb	\$ 42.00
Fire Extinguisher - 10 Lb	\$ 60.00
Floor Buffer	\$ 1,500.00
Floor Scraper	\$ 8,950.00
Forklift - 5,000 Lb	\$ 2,100.00
Forklift - Reach, 5,000 Lb, 19	\$ 3,555.00
Forklift - Reach, 6,000 Lb, 42	\$ 4,702.00
Forklift - Reach, 8,000 Lb, 44	\$ 4,780.00
Forklift - Reach, 10,000 Lb, 54	\$ 6,040.00
Forklift - Reach, 12,000 Lb, 55	\$ 7,214.00
Forklift Attachment - Jib	\$ 800.00
Forklift Attachment-Trash Hopper	\$ 850.00
Forklift Trash Hopper	\$ 1,800.00
Fuel Cube - 50 Gallon	\$ 451.00
Fuel Cube - 100 Gallon	\$ 625.00
Fuel Cube - 500 Gallon	\$ 750.00
Gang Box - Small	\$ 3,500.00
Gangbox - Large	\$ 5,500.00
Generator - 5-10 KW	\$ 1,448.00
Generator - 20-59 KW - Towable	\$ 2,350.00
Generator - 90-120 KW - Towable	\$ 4,750.00
Grinder - Walk-Behind	\$ 3,950.00
Harrow	\$ 2,155.00
Heater - Convection 200K BTU	\$ 750.00
Heater - Forced Air 170K BTU	\$ 750.00
Heater - Forced Air 250K To 400K BTU	\$ 2,250.00
Heater - Forced Air 500K BTU	\$ 3,750.00
Heater - Indirect, 300,000 BTU	\$ 3,550.00
Heater - Indirect, 500,000 BTU	\$ 3,750.00
Heater - Indirect, 1,000,000 BTU	\$ 8,250.00
Heater - Towable 500,000 BTU	\$ 3,820.00

FRANSEN PITTMAN / DOUGLAS COUNTY EQUIPMENT (RELATED PARTY)
STANDARD TOOL & RENTAL EQUIPMENT PRICING LIST

Last Updated: February 27, 2025

Monthly Rates Unless Indicated Otherwise

Description	Monthly Rates
Heater - Towable 1,000,000 BTU	\$ 8,250.00
Heater - Ground Thaw	\$ 14,250.00
Hoist - Chain Fall	\$ 734.00
Jackhammer	\$ 878.00
Jamb Protector	\$ 50.00
Ladder	\$ 100.00
Lift - Self Prop & Pusharound 10'-30'	\$ 1,100.00
Lift - Self Prop & Pusharound 40'	\$ 1,800.00
Light Cart - 1,000 Watt	\$ 1,300.00
Light Tower - 4000 Watt Diesel	\$ 1,450.00
Man Lift	\$ 975.00
Manometer-Pressure Recorder	\$ 400.00
Material Lift - 24 - 26'	\$ 950.00
Media Blaster	\$ 1,500.00
Mini Ex Attachment - Bucket	\$ 203.00
Mini Ex Attachment - Compactor	\$ 2,500.00
Mini Excavator - 3000 - 4000Lb	\$ 3,300.00
Mini Excavator - 6000 - 6790Lb	\$ 3,500.00
Mini Excavator - 7000 - 7800 Lb	\$ 4,500.00
Mini Excavator - 7500 - 11000 Lb	\$ 5,000.00
Mini Excavator - 18000-19900Lb	\$ 6,500.00
Motar Mixer - Gas, 9 Cubic Ft	\$ 1,400.00
Nailer - Framing	\$ 475.00
Negative Air Machine	\$ 875.00
Office Trailer	\$ 2,500.00
Pallet Jack	\$ 743.00
Parapet Anchor	\$ 216.00
Planer	\$ 300.00
Plate Compactors	\$ 2,000.00
Porto-Power/Chain Fall	\$ 350.00
Power Buggy, 16 Cu. Ft.	\$ 2,280.00
Pressure Washer - Cold	\$ 1,500.00
Pressure Washer - Hot	\$ 2,150.00
Project Engineer Vehicle	\$ 1,100.00
Project Manager Vehicle	\$ 1,700.00
Project Superintendent Vehicle	\$ 1,700.00
Project Senior Superintendent Vehicle	\$ 1,975.00
Pump - Hydrostat Test, 300 PSI	\$ 1,500.00
Pump - Hydrostat Test, 500 PSI	\$ 1,500.00
Pump - Hydrostat Test, 10K PSI	\$ 2,750.00
Pump - Trash	\$ 1,300.00
Pump - 2" Sump	\$ 650.00

FRANSEN PITTMAN / DOUGLAS COUNTY EQUIPMENT (RELATED PARTY)
STANDARD TOOL & RENTAL EQUIPMENT PRICING LIST

Last Updated: February 27, 2025

Monthly Rates Unless Indicated Otherwise

Description	Monthly Rates
Pump - Submersible 3/4" 110V Ele	\$ 450.00
Pump - Submersible 2" 110V Elec	\$ 650.00
Pump - Submersible 3" 110V Elec	\$ 900.00
Radio	\$ 115.00
Rammer	\$ 1,040.00
Raptor - License Reader	\$ 1,200.00
Rebar Bender/Cutter	\$ 450.00
Rebar Cutter, Electric	\$ 900.00
Roll-A-Lift -Pair - 6000 Lb	\$ 1,000.00
Roller - Kit, Machine Skates 8	\$ 675.00
Roller - Ride-On, 36"	\$ 2,576.00
Roller - Ride-On, SD, 47"	\$ 6,250.00
Roller - Ride-On, SD, 56"	\$ 6,751.00
Roller - Ride-On, SD, 66"	\$ 7,214.00
Roller - Ride-On, SD, 84"	\$ 9,443.00
Roller - Trench, Pad Foot, Dd,	\$ 3,200.00
Rotating Laser	\$ 1,183.00
Roust-A-Bout - 15', 1500Lb	\$ 2,076.00
Safety Vehicle - daily rate	\$ 77.27
Saw - Beam Saw	\$ 995.00
Saw - Chainsaw 14"	\$ 200.00
Saw - Chainsaw 18"	\$ 450.00
Saw - Chopsaw	\$ 390.00
Saw - Concrete Saw - W/B , Gas	\$ 1,134.00
Saw - Cut-Off Electric 14"	\$ 945.00
Saw - Demo Saw 14"	\$ 2,967.00
Saw - Mitre Saw 14"	\$ 390.00
Saw - Table Saw 10"	\$ 225.00
Scabbler - Pneumatic, 5 Head	\$ 3,500.00
Scaffold - 5'X5'X7'	\$ 862.00
Scaffold - Extension:4', Perry	\$ 400.00
Scaffold - Utility Package	\$ 608.00
Scarifier - Concrete, W/B, 8"	\$ 4,393.00
Scissor Lift - 12'-20' Electric	\$ 1,075.00
Scissor Lift - 26'-32' Electric	\$ 1,496.00
Scissor Lift - 40' Electric	\$ 2,468.00
Scissor Lift - 26'-33' 4WD	\$ 2,165.00
Scissor Lift - 40'-43' Electric or 4WD	\$ 2,468.00
Security System - Camera	\$ 853.00
Seeder	\$ 750.00
Sewer Scope	\$ 510.00
Shot Blaster, W/Vac And Magnet	\$ 5,500.00

FRANSEN PITTMAN / DOUGLAS COUNTY EQUIPMENT (RELATED PARTY)
STANDARD TOOL & RENTAL EQUIPMENT PRICING LIST

Last Updated: February 27, 2025

Monthly Rates Unless Indicated Otherwise

Description	Monthly Rates
Silt Fence Plow	\$ 650.00
Skidsteer Attachment - Auger	\$ 1,900.00
Skidsteer Attachment - Breaker	\$ 2,074.00
Skidsteer Attachment - Breaker 1000Lb	\$ 3,780.00
Skidsteer Attachment - Brush Mower 72"	\$ 2,143.00
Skidsteer Attachment - Dirt Scarifier	\$ 2,076.00
Skidsteer Attachment - Forks	\$ 650.00
Skidsteer Attachment - Grapple Bucket-66"	\$ 933.00
Skidsteer Attachment - Harrow Disc	\$ 2,155.00
Skidsteer Attachment - Hydraulic Breaker	\$ 5,000.00
Skidsteer Attachment - Post Dr	\$ 1,400.00
Skidsteer Attachment - Rock Bucket	\$ 821.00
Skidsteer Attachment - Seeder,W/Crimp 72"	\$ 2,155.00
Skidsteer Attachment - Snow Blade 84"	\$ 1,400.00
Skidsteer Attachment - Sweeper & Hopper	\$ 1,400.00
Skidsteer Attachment - Trencher, 48"	\$ 1,724.00
Skidsteer Loader - 1750 - 2200 Lb	\$ 3,150.00
Skidsteer Loader - 3200 Lb	\$ 4,017.00
Slab Grabber Rail System	\$ 66.00
Snowblower	\$ 350.00
Sprayer - Cure	\$ 130.00
Starlink System	\$ 86.00
Stick/ Wire Feeder	\$ 235.00
Storage Trailer - 40'	\$ 1,000.00
Storage Trailer - 45'	\$ 1,200.00
Surveyor Vehicle - daily rate	\$ 77.27
Tattle Tale (Alarm System)	\$ 350.00
Technology Fee	\$ 495.00
Temp Power Distribution Box	\$ 650.00
Temporary Fence Panels per Linear Foot	\$ 1.50
Temporary Lighting System	\$ 150.00
Temporary Lighting System-LED, Cordless	\$ 200.00
Theodolite / Digital Transit	\$ 455.00
Threader	\$ 2,155.00
Tile Stripper - W/B,110 V Elec	\$ 2,181.00
Torch - Oxygen/Acetylene	\$ 320.00
Total Station -Trimble	\$ 4,000.00
Tractor Diesel - 35 - 40 Hp	\$ 5,098.00
Tractor Loader-Landscape/Skip	\$ 4,843.00
Trackout Control Mats (FODS)	\$ 150.00
Trailer - Vacuum, 500 Gal	\$ 9,500.00
Trailer - Tilt	\$ 1,200.00

**FRANSEN PITTMAN / DOUGLAS COUNTY EQUIPMENT (RELATED PARTY)
STANDARD TOOL & RENTAL EQUIPMENT PRICING LIST**

Last Updated: February 27, 2025

Monthly Rates Unless Indicated Otherwise

Description	Monthly Rates
Trash Buggy	\$ 300.00
Trash Chute	\$ 190.00
Trash Chute - 30"X48"L Section	\$ 207.00
Trash Chute - Hopper	\$ 207.00
Trash Chute - Parapet Outrigger	\$ 176.00
Trencher - Ride-On 30-39Hp	\$ 3,550.00
Trencher - Walk Behind	\$ 1,995.00
Trimmer Mower - Walk Behind	\$ 717.00
Truck - Water 2,000 Gal	\$ 7,328.00
Truck - Dump Single Axle, 5 Yd	\$ 6,141.00
Two Wheel Dolly	\$ 95.00
Utility Cart	\$ 150.00
Utility Vehicle - 4X4	\$ 1,738.00
Warehouse Vehicle - daily rate	\$ 77.27
Warranty Vehicle - daily rate	\$ 340.00
Water Meter	\$ 1,653.00
Water Trailer - 500 Gallon	\$ 1,361.00
Weather Protection Blanket	\$ 90.00
Welders 180 Amp - Portable Gas	\$ 1,375.00
Wheel Loader - 1 Yd	\$ 6,034.00
Wheel Loader - 2 3/4 - 3 1/2 Yd	\$ 9,688.00

These rates subject to adjustment at the beginning of every calendar quarter.

Makeup of bill rates not subject to audit.

**SUPPLEMENTARY CONDITIONS
TO AIA DOCUMENT A141-2014,
STANDARD FORM OF AGREEMENT BETWEEN OWNER
AND DESIGN-BUILDER**

The following supplements modify AIA Document A141-2014, Standard Form of Agreement between Owner and Design-Builder and the Exhibits attached thereto (collectively, the “Contract” or “Design Build Documents”). Where a portion of the Contract is modified or deleted by these Supplementary Conditions, the unaltered portions of the Contract shall remain in effect.

The terms used in these Supplementary Conditions have the meanings stated or as specifically defined in the Design Build Documents. Additional terms used in these Supplementary Conditions have the meanings stated below, which are applicable to both the singular and plural thereof.

**Supplementary Conditions to A141-2014
Standard Form of Agreement Between Owner and Design-Builder**

ARTICLE 1: GENERAL PROVISIONS

§ 1.1 OWNER’S CRITERIA

In **Section 1.1.6** add the following language “Such Budget will be subject to annual Budget and appropriation of funds for Budget year 2026, and if performance will extend into a subsequent fiscal year by the Owner.”

§ 1.3 DISPUTE RESOLUTION

To **Section 1.3.1** add the clause, “To the fullest extent permitted by law and subject to the limits of the Colorado Governmental Immunity Act” to any award of attorney’s fees and costs.

ARTICLE 3: GENERAL REQUIREMENTS OF THE WORK OF THE DESIGN-BUILD CONTRACT

§ 3.1.14 INDEMNIFICATION

Add to **Section 3.1.14.1** the following:

§ 3.1.14.1 Subject to Sections 13-21-111.5(6) and 13-50.5-102, C.R.S., to the extent applicable, Design-Builder shall indemnify, defend and hold the Owner, and its officers, directors, employees, agents, architects and attorneys, harmless from and against all costs, claims, damages, judgments, losses and expenses of every nature, including reasonable attorneys’ fees, arising at any time from any act or omission of the Design-Builder, its employees, its Consultants, Contractors, or subcontractors, and their employees, and all other persons directly

or indirectly involved in or performing work for the Design-Builder (other than the Owner and any other third party while under the control or supervision of the Owner) on the Project. The obligations of the indemnifications extended by Design-Builder hereunder shall survive termination or expiration of the Contract. Design-Builder's indemnification, defense, and insurance obligations shall be to the fullest extent permitted by law. Design-Builder shall not be liable for any claim, loss, damage, injury, or liability arising out of the negligence of Owner, its directors, employees, agents, and consultants, and nothing in the Contract Documents shall be construed as requiring Design-Builder to defend in litigation, indemnify, or insure Owner against liability for damage arising out of the death or bodily injury to persons or damage to property caused by the negligence or fault of Owner or any third party under the control or supervision of Owner.

§ 3.1.15 CONTINGENT ASSIGNMENT OF AGREEMENTS

In **Section 3.1.15.1.1**, delete "for cause, pursuant to Sections 13.1.4 or 13.2.2" and insert "for any reason".

ARTICLE 5: WORK FOLLOWING EXECUTION OF THE DESIGN-BUILD AMENDMENT

§ 5.4 TAXES

To **§ 5.4** add the following:

§ 5.4.1 To the extent feasible, the Owner is exempt from payment of sales and compensating use taxes of the State of Colorado and of municipalities and counties thereof on all materials to be incorporated into the Work.

- .1 The Owner will, upon request, furnish the required certificates of tax exemption to the Design-Builder for use in the purchase of supplies and materials to be incorporated into the Work.
- .2 The Owner's exemption does not apply to construction tools, machinery, equipment, or other property purchased by or leased by the Design-Builder, or to supplies or materials not incorporated into the Work.
- .3 The Owner will not reimburse the Design-Builder for any sales or use taxes paid to the State or any county or municipality from which Owner or the Project are exempt and for which reasonable efforts are not made in advance.

ARTICLE 6: CHANGES IN THE WORK

§ 6.2 CHANGE ORDERS

Add the following new Subsections:

§ 6.2.4 A fully executed Change Order represents full and final settlement for all costs (including all impact costs) and time relating to the work included in the change order. The following language shall be typed on the face of the Change Order:

THIS CHANGE ORDER CONSTITUTES FULL AND FINAL SETTLEMENT FOR ALL COSTS AND TIME ASSOCIATED WITH THE WORK DESCRIBED HEREIN. COSTS ARE DEFINED TO INCLUDE ALL DIRECT AND INDIRECT LABOR COSTS RELATED TO, AND/OR OCCASIONED BY THE WORK DESCRIBED HEREIN; ALL MATERIAL AND EQUIPMENT COSTS RELATED HERETO; ANY AND ALL IMPACT COSTS RELATED TO AND/OR OCCASIONED BY THE PERFORMANCE OF THIS WORK; AS WELL AS ALL APPLICABLE TAXES, INSURANCE, BONDS, AND PROFIT. ALL OTHER TERMS AND CONDITIONS OF THIS CONTRACT REMAIN IN FULL FORCE AND EFFECT.

§ 6.2.5 The Design-Build Documents are subject to Section 24-91-103, C.R.S., and in accordance therewith:

- .1** The Owner shall not issue any Change Order or other directive (other than a clarification) requiring additional compensable Work to be performed that will cause the aggregate amount payable under the Contract to exceed the amount appropriated for the original Contract Sum and any subsequent appropriations, unless:
 - A.** The Design-Builder is given written assurance by the Owner that lawful appropriations to cover the costs of the additional Work have been made and are available prior to performance of the additional Work; or
 - B.** The additional Work is covered by the following remedy-granting provision: Design-Builder may request, in writing, a letter from the Owner explaining the expected sources of funding for the additional Work. In the event the Owner does not provide such written assurance reasonably satisfactory to the Design-Builder within five (5) days of the Design-Builder's request, the Design-Builder may stop Work until such time as the Owner provides satisfactory assurances. The Design-Builder's acceptance of a Change Order in accordance with any assurances provided under this Paragraph shall not limit or restrict the Design-Builder from making a Claim under the Design-Build Documents for an adjustment in the Contract Sum or Contract Times or otherwise for expenses or damages directly attributable to the Design-Builder's stoppage of the Work as permitted hereunder.
- .2** For any Change Order or other directive (other than a clarification) that requires additional compensable Work to be performed, the Owner shall reimburse the Design-Builder for the Design-Builder's costs on the periodic basis set forth in the Design-Build Documents for all additional directed Work performed until the Change Order is finalized. In no instance shall the periodic reimbursement be required before the Design-

Builder has submitted an estimate of cost to the Owner for the additional compensable Work to be performed.

§ 6.3 CHANGE DIRECTIVES

At the end of **Section 6.3.1**, insert “Construction Change Directives are subject to the requirements set forth in Section 6.2.5.”

ARTICLE 7: OWNER'S RESPONSIBILITIES

§ 7.2.11 INFORMATION AND SERVICES REQUIRED OF OWNER

Add **Section 7.2.11**, with the following: “the Owner is not required to furnish any legal, accounting, or insurance services required of the Design-Builder under this Contract.”

ARTICLE 8: TIME

§ 8.2.4 WEATHER DELAYS

At the end of the first sentence of **Section 8.4.2**, add “ for which the Design-Builder and Owner have agreed an additional Weather Delay is required.”

ARTICLE 9: PAYMENT APPLICATIONS AND PROJECT COMPLETION

§ 9.1 CONTRACT SUM

At the end of **Section 9.1**, insert “By execution and approval of the Design-Build Amendment, the Owner represents that it has appropriated money equal to or in excess of the Contract Sum for the Work.”

§ 9.3 APPLICATIONS FOR PAYMENT

Add the following new Subsection:

§ 9.3.4 The Owner shall hold any Design-Builder contingency funds. The Design-Builder shall account for any claims on contingency funds in a timely Application for Payment. Upon Final Completion of the Work, any contingency funds not subject to a timely pay application shall remain with the Owner, and the Design-Builder shall not have any claim to such funds.

§ 9.6 PROGRESS PAYMENTS

Add **Section 9.6.8** as follows “In accordance with § 24-91-103, C.R.S., the amount of the retainage in all instances shall be five percent (5%). Notwithstanding any other provision contained in the Design Build Documents to the contrary, such retainage of the Contract Sum shall be held by the Owner until the Project is completed and finally accepted by the Owner in

accordance with the provisions hereof. The Owner shall pay the full amount of such retainage to the Design-Builder within sixty (60) days of Final Completion and acceptance, except to the extent of any claims filed pursuant to Section 38-26-107, C.R.S. Any release of retainage to the Design-Builder or a Consultant, Contractor, or subcontractor prior to final payment shall, among other matters, require written approval from the surety furnishing bonds pursuant to and under the terms of this Contract.”

§ 9.8 SUBSTANTIAL COMPLETION

To **Section 9.8.7**, add “, provided Design-Builder shall achieve Final Completion of the Work not later than the Final Completion Date, as amended or altered as described in Section 9.10.3 and set forth in the A141-2014 Amendment.”

Delete **Section 9.10.3** in its entirety.

Add the following new Subsection:

§ 9.10.6 Final Payment Procedures. Notwithstanding any other provision contained in the Design Build Documents to the contrary, final payment, constituting the entire unpaid balance of the Contract Sum, shall be made by the Owner to the Design-Builder in accordance with Section 38-26-107, C.R.S. Accordingly, the Owner shall cause Notice of Final Payment to be delivered to the Owner’s legal newspaper within ten (10) days of acceptance of the Design-Builder’s (i) notice that the Work is ready for final inspection and acceptance and (ii) final Application for Payment. Owner shall cause final payment to be made within ten (10) days after second publication of such Notice, subject to any verified claims or actions. Final payment shall proceed as follows:

Owner shall set the date and time for final settlement and advertise the same by two publications of notice thereof, the last publication appearing at least ten (10) days prior to the time of final settlement. Final payment and settlement will be made on the date of final settlement as advertised, or as soon thereafter as practicable. If any claim for unpaid labor, materials, supplies or equipment is filed with the Owner by a Consultant, Contractor, or subcontractor or supplier before payment in full of all sums due to the Design-Builder, the Owner shall withhold from the Design-Builder an amount equal to 150% of said claim unless otherwise secured to ensure the payment of such claim, until the same shall have been paid or withdrawn, such payment or withdrawal to be evidenced by filing with the Owner a receipt in full or an order for withdrawal signed by the claimant or its duly authorized agent or assignee. However, as provided by statute, such funds shall not be withheld longer than ninety (90) days following the date fixed for final settlement with the Design-Builder as set forth in the published notice, unless a legal action has been commenced within that time to enforce such claim and a notice of *lis pendens* has been filed with the Owner. At the expiration of such ninety (90) day period, the Owner shall pay the Design-Builder all funds due under the Design-Build Documents that are not subject to such action and shall

retain thereafter, subject to the final outcome thereof, only sufficient funds to ensure the payment of such judgment as may result from such action. If any claim of a Consultant, Contractor, or subcontractor or supplier for labor, materials, supplies or equipment remains unsatisfied after all payments are made by the Owner to the Design-Builder, the Design-Builder shall refund to the Owner all sums which the latter may for any reason be legally compelled to pay to satisfy such claim, including all costs and attorney's fees incurred by the Owner as a result of the Design-Builder's failure to pay.

ARTICLE 10: PROTECTIONS OF PERSONS AND PROPERTY

§ 10.3 HAZARDOUS MATERIALS

Delete **Section 10.3.3** and **Section 10.3.6** in their entirety.

ARTICLE 11: UNCOVERING AND CORRECTION OF WORK

In **Article 11**, all references to "one year" and "one-year" are changed to "two years" and "two-year," respectively.

ARTICLE 12: COPYRIGHTS AND LICENSES

In **Section 12.3**, after "grants to the Owner", insert ", and its successors in interest"

Delete the last sentence of **Section 12.3.1** in its entirety and replace with the following:

"The Design-Builder's licenses from the Architect and its Consultants and Contractors shall also allow the Owner, in the event this Agreement is terminated for any reason other than the default of the Owner, to obtain a limited irrevocable and non-exclusive license solely and exclusively for purposes of constructing, using, maintaining, altering and adding to the Project, provided that the Owner agrees to pay to the Architect, Consultant or Contractor all amounts due."

ARTICLE 13: TERMINATION OR SUSPENSION

Add the following new Subsection to **Section 13.2.2.1**:

.6 fails to prosecute the Work to completion in a diligent and timely manner and in strict accordance with the provisions of the Design-Build Documents (including the required dates for Substantial Completion and Final Completion or any interim completion dates).

§ 13.2.4 TERMINATION BY THE OWNER FOR CONVENIENCE

In **Section 13.2.4.3**, delete “along with reasonable overhead and profit on the Work not executed” and insert the following:

The Design-Builder waives all claims for damages, including loss of anticipated overhead recovery or profits, on account of such termination. The payments provided for herein shall be the Design-Builder’s sole rights and remedy in the event of termination for convenience. Provisions of the Design-Build Documents that by their nature survive final acceptance of the Work shall remain in full force and effect after such termination to the extent therein provided.

ARTICLE 14: CLAIMS AND DISPUTE RESOLUTION

§ 14.1.2 TIME LIMITS ON CLAIMS

Add the following new Subsection:

§ 14.1.2.1 Any Claim or action at law or in equity upon or arising out of the Design-Build Documents or the Work performed thereunder (except for a state action based in tort, which shall be subject to the Colorado Governmental Immunity Act, § 24-10-101 *et seq.*, C.R.S.) which is asserted by Design-Builder against Owner shall be commenced within two (2) years from the date when such claim or action accrued pursuant to Section 13-80-102(1)(h), C.R.S., or such claim or action shall thereafter be barred.

ARTICLE 15: MISCELLANEOUS PROVISIONS

§ 15.6 CONFIDENTIAL INFORMATION

Add the following new Subsection:

§ 15.6.2 Design-Builder understands and acknowledges that the Owner, as a local governmental entity, is subject to the Colorado Public Records Laws, Section 24, Article 72, C.R.S., including, but not limited to Part 2 of such laws known as the Colorado Open Records Act (“CORA”), and all documents in the Owner’s possession, including but not limited to any Instruments of Service, are potentially subject to disclosure under CORA. Owner shall have no liability for the release of such information it reasonably determines that it is required to release pursuant to CORA.

§ 15.8 INTERPRETATION

Add the following new Subsection:

§ 15.8.3 In the event of conflicts of discrepancies among the Design-Build Documents, interpretations will be based on the following priorities:

- .1 Modifications.
- .2 Supplementary Conditions.
- .3 Addenda, with those of later date having precedence over those of earlier date.
- .4 the Agreement.

- .5 Project Criteria.
- .6 The Design-Builder's Proposal.
- .7 Other documents specifically enumerated in the Agreement as part of the Design-Build Documents.

In the case of conflicts or discrepancies amongst the Project Criteria, the Design-Builder's Proposal, or other documents specifically enumerated in the Agreement as part of the Design-Build Documents, the better quality or greater quantity of Work shall be provided, unless otherwise agreed upon by the Owner and the Design-Builder.

Add the following new Section:

§ 15.10 Colorado Labor. If the Project is financed in whole or in part by funds of the State or any county, municipality of the State, school district, special district, or other political subdivision of the state, and for which appropriation or expenditure for the Project exceeds \$500,000 for any fiscal year pursuant to §§ 8-17-101(2)(b), 24-103-908(1)(a), and 24-92-102(8), Colorado labor shall be employed to perform at least eighty percent (80%) of the work, unless such requirement is waived by the Owner in accordance with Section 8-17-101(1), C.R.S. "Colorado labor" means any person who is a resident of the State at the time of the Project. A "resident of the State" is a person who can provide a valid Colorado driver's license, a valid State-issued photo identification, or documentation that he or she has resided in Colorado for the last thirty (30) days.

Add the following new Section:

§ 15.11 Counterparts, Electronic Signatures and Electronic Records. This Contract may be executed in two counterparts, each of which shall be an original, but all of which, together, shall constitute one and the same instrument. The Parties consent to the use of electronic signatures and agree that the transaction may be conducted electronically pursuant to the Uniform Electronic Transactions Act, § 24-71.3-101, et seq., C.R.S. The Contract and any other documents requiring a signature may be signed electronically by either Party. The Parties agree not to deny the legal effect or enforceability of the Contract, solely because it is in electronic form or because an electronic record was used in its formation. The Parties agree not to object to the admissibility of the Contract in the form of an electronic record, a paper copy of an electronic document, or a paper copy of a document bearing an electronic signature on the grounds that it is an electronic record or an electronic signature or that it is not in its original form or is not an original.

Add the following new Section:

§ 15.12 Force Majeure. Neither Party shall be held liable for any failure or delay in the performance of its obligations under this Contract if such failure or delay is caused by a Force Majeure event. For purposes of this Contract, "Force Majeure" shall include, but is not limited to, acts of God, natural disasters, war, terrorism, riots, strikes, lockouts, labor disputes,

government actions, pandemics, fire, flood, or other similar events or circumstances beyond the reasonable control of the party affected.

Furthermore, the imposition of new tariffs, duties, taxes, or changes to existing tariffs or trade regulations, including but not limited to import or export restrictions or tariffs, by any relevant government authority shall be considered a Force Majeure event. If such tariffs or trade measures significantly impact the ability of a party to perform its obligations under this Contract, the affected Party shall promptly notify the other party, and the performance of the affected obligations may be suspended, delayed, or adjusted accordingly, pursuant to executed Change Order.

The affected Party shall make reasonable efforts to mitigate the effects of the Force Majeure event and resume performance as soon as reasonably possible. Any delays or failure to perform caused by a Force Majeure event shall not be deemed a breach of this Contract or give rise to a Claim.

Add the following new Section:

§ 15.13 Annual Appropriation. The Owner's obligations hereunder are subject to the annual appropriation of funds necessary for the performance thereof, which appropriations shall be made in the sole discretion of the Owner's Board of Trustees.

Add the following new Section:

§ 15.14 A141 Amendment. The Owner reserves the right to terminate this Contract at any time if any terms outlined in any proposed amendment to this Contract are deemed unsatisfactory by the Owner. Such termination shall be effective upon written notice to the other party, specifying the reason for termination. Termination of this Contract under this provision shall not give rise to any claim, cause of action, or liability against the Owner under this Contract. The Design Builder waives claims, damages as a result of such termination so long as compensation for the portion(s) of work completed; all "work" completed to date plus fee, prior to notice would be compensated to the design builder.

EXHIBIT B: INSURANCE AND BONDS

In **Section B.2.2**, add a performance and payment bond amount

§ B.2.2. PERFORMANCE BOND AND PAYMENT BOND. ADD: The Performance and Payment Bonds required under this Contract shall be as follows:

- .1** After approval of a Design-Build Amendment and prior to commencement of performance of the Work authorized by said Design-Build Amendment, the Design-Builder shall provide to the Owner a general performance and payment bond executed

by the Design-Builder and an acceptable corporate surety, or authorized collateral approved by the Owner, in the full amount of the Contract Sum, including provisions for any

adjustment of the Contract Sum in accordance with the terms of this Contract. Such bond shall expressly guarantee: (i) faithful performance of the Design-Build Documents and completion of the Project in complete compliance with the Design-Build Documents; and (ii) payment to all persons performing labor and furnishing materials, supplies, tools and equipment in connection with the Project. The Design-Builder shall obtain such bond on the Owner's behalf separate and apart from any similar bond or surety or warranty agreement entered into independently between the Owner and any manufacturer or supplier. The Owner may, in its discretion, require that the bond guaranteeing payment to all persons performing labor and furnishing materials, supplies, tools and equipment in connection with the Project be separate from the bond guaranteeing performance. Notwithstanding anything contained within the bonds to the contrary, such bonds are required, in part, to comply with the minimum requirements of Section 38-26-106, C.R.S.

.2 The Owner shall give notice of any Claim that the Owner might assert against the Design-Builder on the performance or payment bonds to the Surety thereunder, unless waived in writing by the Surety. The Owner's act of giving such notice or failure to give such notice shall not affect the Owner's right to seek or pursue any remedy provided for in such bonds or under any other provisions of the Design-Build Documents. This provision does not modify any obligation the Design-Builder has to provide notification to the Surety under the General Conditions.

MEMO

To: Douglas County Libraries Board of Trustees
Date: April 15, 2025
From: Bob Pasicznyuk
Subject: Board Recommendation – Town of Castle Rock Brickyard URA

GENERAL CONTEXT

Municipal (towns, cities, county) government may legally use a tool called an *Urban Renewal Authority (URA)* to incentivize development. The tool freezes a property's tax value at today's rate for a term (often 25 years) to incentivize developer investment.

The library may not legally reject a municipal's URA but can negotiate for favorable terms. The only other option in the law is forced mediation. The Town of Castle Rock's URA request is one of many URAs the library has worked with more to come. The County is positioning a URA request of the library presently.

FISCAL CONTEXT

The Library currently derives about \$3,100 each year from the brickyard property in Castle Rock. That translates to about \$77,500 in revenue over 25 years. The Town and Developer estimate that if the derelict property is enriched with residences, retail establishments, roads, hotel, trails, a recreation center, and more, the property will raise in value. The new value of the property would provide the library about \$122,000 each year or in the range of \$3,000,000 in the next 25 years. The library would forgo this \$3M in revenue – revenue which the library would never have seen from the derelict site – for the promise of a more productive community and the opportunity of more library revenue later.

REQUEST AND RECOMMENDATION:

Staff recommends Board approval of the URA with 2 negotiated additions now a part of the proposal:

- 1) The URA will end in 25 years or when developers reach their revenue total – whichever comes first.
- 2) The library receives value from the development directly. The library is able to use the civic spaces of the coming hotel for library programs during the 25-year period free of charge for community events.

Alternatively, the Board could force mediation to press for better terms, slowing the project. Typically, the library also negotiates for some tax compensation via residential properties in the URA. I don't believe that this is an advantage that the library is likely to gain in a mediation scenario.

- 1) The profit margins of this development are lower than industry norms. A mediator isn't likely to imperil the development by lowering margins further.
- 2) Residential properties are a key feature of this URA. Lowering that revenue is significant.
- 3) An educated mediator is likely to point out that the library may not be able to retain this revenue due to property limitations of the legislature or governance.

Motion: Move to accept the Brickyard URA with the Town of Castle Rock as presented.

Alternatives: The Board may force mediation with the Town of Castle Rock.

TAX INCREMENT REVENUE AGREEMENT
(DOUGLAS COUNTY LIBRARY BOARD OF TRUSTEES)
(Brickyard Urban Renewal Plan)

This Tax Increment Revenue Agreement (the "Agreement") is entered into as of [REDACTED], 2025 (the "Effective Date") by and between the CASTLE ROCK URBAN RENEWAL AUTHORITY, a body corporate and politic of the State of Colorado (the "Authority"), whose address is 100 North Wilcox Street, Castle Rock, CO 80104, and the DOUGLAS COUNTY LIBRARY DISTRICT, a political subdivision of the State of Colorado (the "District"), whose address is 100 South Wilcox, Castle Rock, Colorado 80104. The Authority, and the District are referred to herein individually as a "Party" and collectively as the "Parties".

RECITALS

The following recitals are incorporated in and made a part of this Agreement, as noted in Section 1 herein. Capitalized terms used herein and not otherwise defined are defined in Section 2 herein.

A. Redevelopment. The Parties understand that the real property described in Exhibit A (the "Property") lying within the corporate limits of the Town of Castle Rock (the "Town") lies within an area the Town desires to designate as an urban renewal area, namely the Brickyard Urban Renewal Plan (the "Plan"), to be redeveloped by one or more developers and/or property owner(s) as a mixed-use development(s) that will eliminate existing blighted conditions which constitute threats to the health, safety and welfare of the community and barriers to development. .

B. Urban Renewal and Tax Increment Financing. To accomplish the redevelopment and to provide certain required improvements, the Town desires to approve the Plan to authorize the utilization of tax increment financing in accordance with the Colorado Urban Renewal Law, Part 1 of Article 25 of Title 31, C.R.S. (the "Act"), to pay Eligible Costs of the Improvements. The final version of the New Plan as approved by the Town Council of the Town shall be the "Plan" for purposes of this Agreement. The Parties hereto hereby approve the Plan in all respects.

C. Nature of Urban Renewal Project and Purpose of Agreement. The proposed Urban Renewal Project consists of designing, developing and constructing the Improvements (which includes paying the Eligible Costs of public improvements) necessary to serve the proposed Urban Renewal Area and, in compliance with C.R.S. § 31-25-107(4)(g) of the Act, the Plan affords maximum opportunity, consistent with the sound needs of the Town as a whole, for the rehabilitation or redevelopment of the Urban Renewal Area by private enterprise. Approval of the New Plan is subject to the Act, including requirements imposed by HB 15-1348, as amended to date (the "Amended 1348 Requirements") for new urban renewal plans adopted after January 1, 2016.

D. Taxing Entity. The District levies ad valorem property taxes on the Property included within the proposed Urban Renewal Area.

E. Equitable Deal Structure. The District and the Authority, along with other taxing districts, have undertaken to prepare an equitable deal structure including a significant contribution of incremental property tax revenues from certain applicable taxing districts.

F. Colorado Urban Renewal Law. In accordance with the Act as amended to the date of this Agreement (including the Amended 1348 Requirements), the Parties desire to enter into this Agreement to facilitate adoption of the Plan and redevelopment of the proposed Urban Renewal Area described therein. The Agreement addresses, among other things, the estimated impacts of the Plan on the District services associated solely with the Plan.

G. Use of Hotel and Conference Center Facility. The District and the Authority acknowledge that CD Acme, LLC, the owner and developer of the property within the Urban Renewal Area, intends to construct, own, and operate within such Area a hotel and conference center facility. The District and the Authority further acknowledge that CD Acme, LLC, has agreed to allow the District to use such facility on a complimentary basis for a maximum of three (3) days per year for the Duration of the TIF, all as set forth in that certain letter dated April 8, 2025, and attached hereto as Exhibit B.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants, promises and agreements of each of the Parties hereto, to be kept and performed by each of them, it is agreed by and between the Parties hereto as set forth herein.

1. INCORPORATION OF RECITALS. The foregoing recitals are incorporated into and made a part of this Agreement.
2. DEFINITIONS. As used in this Agreement:
 - 2.1 "Act" means the Colorado Urban Renewal Law, Part 1 of Article 25 of Title 31, C.R.S.
 - 2.2 "Agreement" means this Agreement, as amended or supplemented in writing. References to sections or exhibits are to this Agreement unless otherwise qualified.
 - 2.3 "Authority" means the Castle Rock Urban Renewal Authority, a body corporate and politic of the State of Colorado.
 - 2.4 "Bonds" shall have the same meaning as defined in C.R.S. § 31-25-103 of the Act.
 - 2.5 "County" means Douglas County, Colorado.
 - 2.6 "District" means the Douglas County Library District, a library district organized pursuant to Part 1 of Article 90 of Title 24, C.R.S.
 - 2.7 "District Increment" means the portion of Property Tax Increment Revenues generated by the District mill levy, received by the Authority from the Douglas County Treasurer.

2.8 "**Duration**" means the 25-year period that the tax increment or tax allocation provisions will be in effect as specified in C.R.S. § 31-25-107(9)(a) of the Act, the Plan, and the Impact Report. Pursuant to the Act, the base year for calculating Property Tax Increment Revenues is 2024. The last year the assessment roll will be divided for purposes of TIF is 2049 and the last year the Authority is eligible to receive Property Tax Increment Revenues from the Plan area is 2049.

2.9 "**Eligible Costs**" means those costs eligible to be paid or reimbursed from the Property Tax Increment Revenues pursuant to the Act.

2.10 "**Impact Report**" means the impact report dated as of June 2024 and prepared by Ricker Cunningham analyzing and projecting the financial burdens and benefits of the Urban Renewal Project pursuant to C.R.S. § 31-25-107(3.5) of the Act.

2.11 "**Improvements**" means the public improvements and private improvements to be constructed on the Property pursuant to the Plan.

2.12 "**Party**" or "**Parties**" means the Authority and the District, or each and their lawful successors and assigns.

2.13 "**Plan**" means the urban renewal plan defined in Recital B herein.

2.14 "**Project**" shall have the same meaning as Urban Renewal Project.

2.15 "**Property Tax Increment Revenues**" means the incremental property tax revenues derived from ad valorem property tax levies described in C.R.S. § 31-25-107(9)(a)(II) of the Act allocated to the Special Fund for the Urban Renewal Project.

2.16 "**Remitted District Increment**" means 0% of the District Increment which must be remitted to the District by the Authority in accordance with Section 6.1 hereof.

2.17 "**Retained District Increment**" means 100% of the District Increment which may be retained and expended by the Authority in accordance with Section 6.1 hereof.

2.18 "**Special Fund**" means that certain special fund of the Authority into which Property Tax Increment Revenues shall be allocated to and paid into, as more particularly described in the Act.

2.19 "**TIF**" means the property tax increment portion of the property tax assessment roll described in C.R.S. § 31-25-107(9)(a)(II) of the Act.

2.20 "**Town**" means the Town of Castle Rock, Colorado.

2.21 "**Urban Renewal Area**" means the area included in the boundaries of the Plan.

2.22 "**Urban Renewal Project**" means all undertakings and activities, or any combination thereof, required to carry out the Plan pursuant to the Act.

3. IMPACT REPORT. The Parties acknowledge receipt of, and the opportunity to review, the Impact Report submitted in accordance C.R.S. § 31-25-107(3.5)(a). The Impact Report describes the benefits and burdens of the Plan. Having received the Impact Report prior to the commencement of negotiations for the purposes of entering into this Agreement, the District hereby waives any other statutory requirements related to receipt of the Impact Report.

4. CONSENT TO CURRENT PLAN. The District hereby agrees to, and waives any objection to the Plan.

5. AUTHORITY ADMINISTRATIVE FEE. An administrative fee equal to 1% of the District Increment as determined on an annual basis shall be retained by the Authority ("**Administrative Fee**"). Notwithstanding anything to the contrary set forth in this Agreement or in the Urban Renewal Plan, the Authority shall be entitled to retain the Administrative Fee to pay the reasonable and customary administrative costs of the Authority incurred in connection with the Authority's obligations under this Agreement, including without limitation the collection, enforcement, disbursement, and administrative fees and costs related to the District Increment and the Urban Renewal Plan Area. The Administrative Fee shall be deducted annually from the District Increment received.

6. PROPERTY TAX INCREMENT REVENUES. In compliance with the requirements of the Act, including the Amended 1348 Requirements, the Parties have negotiated and agreed to the sharing of Property Tax Increment Revenues as set forth herein.

6.1 District Increment Revenues. Based on the Project's impacts to District services, the District and the Authority agree that the District may retain and expend 0% of the District Increment as the Remitted District Increment, commencing on the date of approval by the City of the Plan and ending upon the earlier of: (1) the occurrence of the Duration; or (2) the payment in full of all bonds, loans, advances and indebtedness, if any, incurred by the Authority to pay for the Improvements, including interest thereon and any premiums due in connection therewith in accordance with C.R.S. § 31-25-107(9)(a)(II) of the Act. The District and the Authority further agree that the Authority may retain and expend in furtherance of the Urban Renewal Project 100% of the District Increment as the Retained District Increment, commencing on the date of approval by the Town of the Plan and ending upon the earlier of: (1) the occurrence of the Duration; or (2) the payment in full of all bonds, loans, advances and indebtedness, if any, incurred by the Authority to pay for the Improvements, including interest thereon and any premiums due in connection therewith in accordance with C.R.S. § 31-25-107(9)(a)(II) of the Act. Upon the earlier of: (1) the occurrence of the Duration; or (2) the payment in full of all bonds, loans, advances and indebtedness, if any, incurred by the Authority to pay for the Improvements, including interest thereon and any premiums due in connection therewith in accordance with C.R.S. § 31-25-107(9)(a)(II) of the Act, the entire District Increment shall be paid by the Douglas County Assessor to the District, and not to the Authority. The Authority shall annually provide a written report to the District on progress towards completion of the Improvements. The report shall include information related to any significant changes in project scope or cost.

6.2 All of the District Increment upon receipt by the Authority will be deposited into the Special Fund to be utilized in accordance with Section 5.1 hereof. No District Increment will be deposited or transferred into any other Authority fund or into the general fund or any other fund. The Remitted District Increment shall be transferred to the District annually.

7. PLEDGE OF PROPERTY TAX INCREMENT REVENUES. The District recognizes and agrees that in reliance on this Agreement and in accordance with the provisions of C.R.S. § 31-25-109(2)(b) of the Act, the Authority has the right to pledge the Retained District Increment to the payment of the Authority's Bonds (if any are or have been issued) and other financial obligations incurred in connection with the Urban Renewal Project. The District and the Authority also recognize and agree that this Agreement is an indebtedness of the Authority under C.R.S. § 31-25-107(9)(a)(II) of the Act and the Authority has elected to apply the provisions of C.R.S. § 11-57-208, to this Agreement with respect to the Retained District Increment. The Retained District Increment, when and as received by the Authority are and shall be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge on the Retained District Increment shall have priority over any of all other obligations and liabilities of the Authority with respect to the Retained District Increment. The lien of such pledge shall be valid, binding and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the Authority irrespective of whether such persons have notice of such lien.

8. WAIVER. The District acknowledges and agrees that the execution of this Agreement satisfies the requirements of the Act regarding all applicable Amended 1348 Requirements for the adoption of the Plan, TIF financing in accordance with the Plan, except those that may apply to future modifications of the Plan as required by C.R.S. §§ 31-25-107(3.5) and (7) of the Act. Subject to such right to receive notice of any proposed future modification of the Plan, the District hereby waives any provision of the Act that provides for notice to, requires any filing with or by, requires or permits consent from, or provides any enforcement right to the District. The District agrees that it has already received information equivalent to the information otherwise required to be provided to it by C.R.S. § 31-25-107(3.5) of the Act in the form of the Impact Report, and therefore hereby deems that requirement satisfied.

9. LIMITATION OF AGREEMENT. This Agreement applies only to the District Increment, as calculated, produced, collected and paid to the Authority from the Urban Renewal Area by the Douglas County Treasurer in accordance with C.R.S. § 31-25-107(9)(a)(II) of the Act and the rules and regulations of the Property Tax Administrator of the State of Colorado, and does not include any other revenues of the District, the Town or the Authority.

10. MISCELLANEOUS.

10.1 Delays. Any delays in or failure of performance by any Party of its obligations under this Agreement shall be excused if such delays or failure are a result of acts of God; fires; floods; earthquake; abnormal weather; strikes; labor disputes; accidents; regulation or order of civil or military authorities; shortages of labor or materials; or other causes, similar or dissimilar, including economic downturns, which are beyond the control of such Party. Notwithstanding the foregoing, where any of the above events shall occur which

temporarily interrupt the ability of a Party to abide by its obligations as provided in this Agreement, as soon as the event causing such interruption shall no longer prevail, the applicable Party shall fulfill all of its obligations as soon as reasonably practicable.

10.2 Termination and Subsequent Legislation or Litigation. In the event of termination of the Plan, including its TIF financing component, the Authority may terminate this Agreement by delivering written notice to the District. The Parties further agree that in the event legislation is adopted or a decision by a court of competent jurisdiction is rendered after the effective date of this Agreement that invalidates or materially effects any provisions hereof, the Parties will in good faith negotiate for an amendment to this Agreement that most fully implements the original intent, purpose and provisions of this Agreement, but does not impair any otherwise valid contracts in effect at such time.

10.3 Entire Agreement. This instrument embodies the entire agreement of the Parties with respect to the subject matter hereof. There are no promises, terms, conditions, or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations, or agreements, either verbal or written, between the Parties hereto. No modification to this Agreement shall be valid unless agreed to in writing by the Parties.

10.4 Binding Effect. This Agreement shall inure to the benefit of and be binding upon the Parties and their successors in interest.

10.5 No Third-Party Enforcement. It is expressly understood and agreed that the enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to the undersigned Parties and nothing in this Agreement shall give or allow any claim or right of action whatsoever by any other person not included in this Agreement. It is the express intention of the undersigned Parties that any person or entity other than the undersigned Parties receiving services or benefits under this Agreement shall be an incidental beneficiary only.

10.6 No Waiver of Immunities. Nothing in this Agreement shall be construed as a waiver of the rights and privileges of the Parties pursuant to the Colorado Governmental Immunity Act, § 24-10-101, *et seq.*, C.R.S., as the same may be amended from time to time. No portion of this Agreement shall be deemed to have created a duty of care which did not previously exist with respect to any person not a party to this agreement.

10.7 Amendment. This Agreement may be amended only by an instrument in writing signed by the Parties.

10.8 Parties not Partners. Notwithstanding any language in this Agreement or any other agreement, representation, or warranty to the contrary, the Parties shall not be deemed to be partners or joint venturers, and no Party shall be responsible for any debt or liability of any other Party.

10.9 Interpretation. All references herein to Bonds shall be interpreted to include the incurrence of debt by the Authority in any form consistent with the definition of "Bonds" in the Act, including payment of Eligible Costs or any other lawful financing obligation.

10.10 Incorporation of Recitals and Exhibits. The provisions of the Recitals and the Exhibits attached to this Agreement are incorporated in and made a part of this Agreement.

10.11 No Assignment. No Party may assign any of its rights or obligations under this Agreement. Any attempted assignment in violation of this provision shall be null and void and of no force and effect.

10.12 Section Captions. The captions of the Sections are set forth only for the convenience and reference of the Parties and are not intended in any way to define, limit, or describe the scope or intent of this Agreement.

10.13 Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

10.14 Electronic Transactions. The Parties agree that any individual or individuals who are authorized to execute this Agreement on behalf of the Authority and the District are hereby authorized to execute this Agreement electronically via facsimile or email signature. This agreement by the Parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Agreement shall carry the full legal force and effect of any original, handwritten signature. The Parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files, and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action, or suit in the appropriate court of law.

10.15 Governing Law. This Agreement and the provisions hereof shall be governed by and construed in accordance with the laws of the State of Colorado.

10.16 No Presumption. The Parties to this Agreement and their attorneys have had a full opportunity to review and participate in the drafting of the final form of this Agreement. Accordingly, this Agreement shall be construed without regard to any presumption or other rule of construction against the Party causing the Agreement to be drafted.

10.17 Notices. Any notice required by this Agreement shall be in writing. All notices, demands, requests and other communications required or permitted hereunder shall be in writing, and shall be (a) personally delivered with a written receipt of delivery; (b) sent by a nationally-recognized overnight delivery service requiring a written acknowledgement of receipt or providing a certification of delivery or attempted delivery; (c) sent by certified or registered mail, return receipt requested; or (d) sent by confirmed facsimile transmission or electronic delivery with an original copy thereof transmitted to the recipient by one of the means described in subsections (a) through (c) no later than five business days thereafter. All notices shall be deemed effective when actually delivered as documented in a delivery receipt; provided, however, that if the notice was sent by overnight courier or mail as aforesaid and is affirmatively refused or cannot be delivered during customary

business hours by reason of the absence of a signatory to acknowledge receipt, or by reason of a change of address with respect to which the addressor did not have either knowledge or written notice delivered in accordance with this paragraph, then the first attempted delivery shall be deemed to constitute delivery. Each Party shall be entitled to change its address for notices from time to time by delivering to the other Party notice thereof in the manner herein provided for the delivery of notices. All notices shall be sent to the addressee at its address set forth in the Preamble to this Agreement.

10.18 Days. If the day for any performance or event provided for herein is a Saturday, a Sunday, a day on which national banks are not open for the regular transactions of business, or a legal holiday pursuant to C.R.S. § 24-11-101(1), such day shall be extended until the next day on which such banks and state offices are open for the transaction of business.

10.19 Precedent. The Parties agree that this Agreement is entered into for the specific Plan described herein. All other future urban renewal projects will be evaluated on their specific attributes and merits and agreements for those projects may include additional or different terms from this Agreement. This Agreement is not deemed to set precedent for such future agreements.

10.20 Severability. If any provision of this Agreement is found to be invalid, illegal or unenforceable, the validity and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

10.21 Authority. The persons executing this Agreement on behalf of the Parties covenant and warrant that each is fully authorized to execute this Agreement on behalf of such Party. The Parties further covenant and warrant that they are authorized to enter into this Agreement pursuant to law, including without limitation C.R.S. § 31-25-107(9.5).

IN WITNESS WHEREOF, the Parties have caused their duly authorized officials to execute this Agreement effective as of the Effective Date.

DOUGLAS COUNTY LIBRARY
DISTRICT, a political subdivision of the
State of Colorado

By: _____
Title: Terry Nolan, Board President

ATTEST: _____

By: Ted W. Vail, Board Secretary

CASTLE ROCK URBAN RENEWAL
AUTHORITY, a body corporate and politic
of the State of Colorado

By: _____
Title: _____

ATTEST: _____

By: _____

EXHIBIT A
The Property

Legal Description:

PARCEL 1:

LOT 1, CITADEL STATION FILING NO. 2, COUNTY OF DOUGLAS, STATE OF COLORADO.

PARCEL 2:

LOT 1, BLOCK 10, CITADEL STATION, FILING NO. 6, COUNTY OF DOUGLAS, STATE OF COLORADO.

PARCEL 3:

A TRACT OF LAND SITUATED IN SECTIONS 10 AND 11, TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE EAST QUARTER CORNER OF SAID SECTION 10; THENCE WEST ALONG THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 10 A DISTANCE OF 329.60 FEET; THENCE NORTH AT RIGHT ANGLES A DISTANCE OF 704.21 FEET; THENCE ON AN ANGLE TO THE RIGHT OF 88 DEGREES 03 MINUTES 33 SECONDS A DISTANCE OF 597.47 FEET TO A POINT ON THE WEST LINE OF THE VACATED SANTA FE ADDITION; THENCE SOUTHERLY ON AN ANGLE TO THE RIGHT OF 90 DEGREES 00 MINUTES 00 SECONDS ALONG SAID WEST LINE A DISTANCE OF 726.00 FEET TO THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 11; THENCE WESTERLY ALONG SAID SOUTH LINE TO THE POINT OF BEGINNING, COUNTY OF DOUGLAS, STATE OF COLORADO.

PARCEL 4:

LOT 1, BLOCK 7, CITADEL STATION, FILING NO. 6, COUNTY OF DOUGLAS, STATE OF COLORADO.



CONFLUENCE

c o m p a n i e s

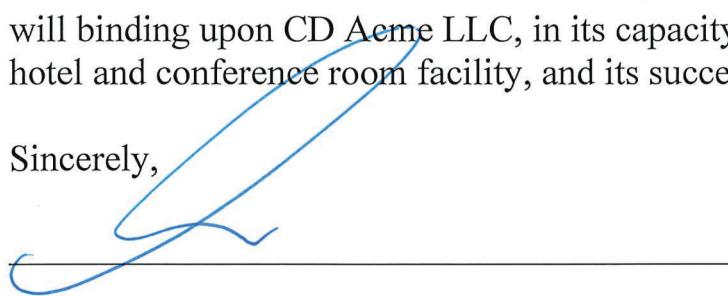
April 8, 2025

Library Board of Trustees
Of Douglas County Colorado
100 S. Wilcox,
Castle Rock, Colorado 80104

Dear Board of Trustees,

CD Acme LLC plans to construct, own, and operate as part of the planned private redevelopment a hotel and conference room facility with an estimated seating capacity of approximately 300 persons. As of the date of this letter, the anticipated opening year for the hotel and conference room facility is 2029. Upon opening of the hotel, CD Acme LLC agrees to allow Douglas County Libraries (hereinafter District) the limited complimentary use of the conference room facility as provided herein, for a maximum of three (3) days per year for District sponsored events, for a period of 25 years after the opening of the conference room facility. Such District use must be compatible with the conference room facility, such as guest lectures, book events, dinners etc. Complimentary shall mean without charge to the District for the use of the facility for the day, including set-up, tear-down, audio-visual, etc. but shall not include costs for any meals or drinks. The District and CD Acme LLC shall agree on an annual basis on the selection of dates which will work for both the District and CD Acme LLC. This letter agreement will bind upon CD Acme LLC, in its capacity as the owner and operator of the hotel and conference room facility, and its successors and assigns.

Sincerely,



Tony DeSimone
Principal
CD Acme LLC

Brickyard Urban Renewal Plan

Town of Castle Rock, Colorado

Appendix B:

Brickyard Urban Renewal Area Legal Description

PARCEL 1:

LOT 1, CITADEL STATION FILING NO. 2, COUNTY OF DOUGLAS, STATE OF COLORADO.

PARCEL 2:

LOT 1, BLOCK 10, CITADEL STATION, FILING NO. 6, COUNTY OF DOUGLAS, STATE OF COLORADO.

PARCEL 3:

A TRACT OF LAND SITUATED IN SECTIONS 10 AND 11, TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE EAST QUARTER CORNER OF SAID SECTION 10; THENCE WEST ALONG THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 10 A DISTANCE OF 329.60 FEET; THENCE NORTH AT RIGHT ANGLES A DISTANCE OF 704.21 FEET; THENCE ON AN ANGLE TO THE RIGHT OF 88 DEGREES 03 MINUTES 33 SECONDS A DISTANCE OF 597.47 FEET TO A POINT ON THE WEST LINE OF THE VACATED SANTA FE ADDITION; THENCE SOUTHERLY ON AN ANGLE TO THE RIGHT OF 90 DEGREES 00 MINUTES 00 SECONDS ALONG SAID WEST LINE A DISTANCE OF 726.00 FEET TO THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 11; THENCE WESTERLY ALONG SAID SOUTH LINE TO THE POINT OF BEGINNING, COUNTY OF DOUGLAS, STATE OF COLORADO.

PARCEL 4:

LOT 1, BLOCK 7, CITADEL STATION, FILING NO. 6, COUNTY OF DOUGLAS, STATE OF COLORADO.

MEMO

To:	Douglas County Libraries Board of Trustees
Date:	April 30, 2025
From:	Jill Corrente
Subject:	Cybersecurity Update

ISSUE:

As part of our ongoing commitment to maintaining a secure and resilient IT environment and to meet the reporting requirements needed to maintain the increased cybersecurity sublimit with our property and liability insurance, we have conducted thorough evaluations of our current infrastructure.

DISCUSSION:

In compliance with requirements to maintain the current cybersecurity insurance sublimit coverage, the Board discussed the following during executive session:

- The district's current exposure to Personally Identifiable Information,
- Progress made to any recommendations or findings identified in the initial NetDiligence Quiet Audit cyber assessment, and
- Next steps to be taken over the next twelve (12) months regarding the district's cybersecurity

These discussions took place in executive session due to the sensitive nature of the information presented by DCL's IT Department.

RECOMMENDATION:

We affirm that we have met the requirements to maintain the current cybersecurity insurance sublimit coverage by discussing during executive session:

- The district's current exposure to Personally Identifiable Information,
- Progress made to any recommendations or findings identified in the initial NetDiligence Quiet Audit cyber assessment, and
- Next steps to be taken over the next twelve (12) months regarding the district's cybersecurity

MEMO

To:	Douglas County Libraries Board of Trustees
Date:	April 2025
From:	Bob Pasicznyuk
Subject:	Executive Library Director's Report

ISSUE: Monthly Library Report**DISCUSSION:**

LEGISLATION WATCH: Summary and status check for 2025 legislation most relevant to our library.

Bill	Description	Trending
005	Collective Bargaining of public employees	Bill stalled; Opposed by the Governor
1158	Library research database requirements	Bill died 33 to 31
1063	Extend CRS 25-063 to public schools	Bill past; In conference; on to Governor
1130	Union wage scale for capital projects	Likely to pass and be signed.

BUSINESS SPOTLIGHT – EVENTS & HOSPITALITY (E&H). Our library's *Events & Hospitality Team* is a catalyst for business incubation, community learning, and connection. These dedicated staff number 10 within our Community Engagement Division. They not only support library events, but also create welcoming spaces where our community can come together to learn, grow, and thrive.

In March alone, E&H opened our doors to more than 800 unique customers and groups, across 1,442 reservations. Our library spaces became training grounds for businesses, classrooms for homeschooling families, gathering places for birthdays and celebrations, and centers for essential services like tax preparation and blood donation.

Local nonprofits, government agencies, HOAs, and the School District entrusted us with critical work — from meetings and training to court proceedings and community outreach. Every reservation also represented an opportunity to serve, empower, and introduce new audiences to the full range of library services.

Through it all, the E&H team didn't just manage spaces — they built bridges across our community, living out our mission of community connection.

ROXBOROUGH ENTRANCE. The Roxborough Library's entrance is under construction and transition to replace the “old style” *roll-up mall retail door* with a conventional door system.

CITIZEN REVIEW REQUEST REPORT. A customer requested a change to a title location submitting the request via email on Monday, April 7. The library reviewed the request and responded the same day. In keeping with policy, the request and follow-through communication are appended to this report. The customer requested the library change a book location – position the work from younger to older audiences. Board policies direct fact-finding and impartial decision-making to answer the request. The policy directs staff to weigh the request's impact on the freedom and self-determination for all customers.

Staff content selectors did not describe any adverse impact to moving the item's location – in library parlance from “J” (elementary) to “YA” (teens and adults). In fact, the title's characters are growing up throughout the series. Content selectors mentioned that locations typically shift as the characters

mature. Literature reviews were mixed about the proper location for the title and series, some favoring older audiences and others younger.

I directed staff to make the switch in keeping with the customer request, balancing competing values.

Division Updates

Customer Experience

This month:

- Review and update of CX Leadership Team Guidelines and Expectations Manual was completed.
- YFS staff Worked with Learning and Development to create and launch a new Storytime Crowd Management Course
- MH and BS supervisors created a training curriculum for non-PIC staff in CX and other divisions understand their role in potential future.

Next Month:

- Storytimes will start on the Aloha East Plaza in Castle Rock in collaboration with Community Engagement on the Ready, Set, Read program and preparations will begin for Summer Outdoor Storytimes.
- CX Managers will examine staffing data from Q1 in order to evaluate success in meeting expectations and goals set for the first quarter of the year as well as to assess needs going forward.
- Courier department will finalize plans for summer reading deliveries, advertising wraps on trucks, and support for various summer programs across DCL divisions.

Community Engagement

Douglas County Libraries was honored to celebrate 2024-2025 graduates of GED, Career Online High School, and Excel High School. Community Engagement hosted this celebration for graduates and guests on Sunday, April 27, at 9:30am at the Parker Library.

DCL's partnership with the Douglas Land Conservancy puts an emphasis on preserving Douglas County ranching histories. Sandstone Ranch is now on display in the Archives and Local History department. The DLC also hosted a reception in the Sjostrom Family Lounge as well as a formal presentation on the Women of Sandstone on March 13th. A hike to the ranch walls was offered in April. To learn more about the partnership and ranching histories visit, <https://douglaslandconservancy.org/conservation/ranch-histories/>.

From the Archives: 60th Anniversary of the 1965 Flood opened on April 28, 2025 at Castle Rock, Lone Tree, Parker, and Highlands Ranch. This exhibit explores the significant storm that unleashed a powerful surge of water through Douglas County, causing widespread destruction and extending its impact to downtown Denver. Discover fascinating flood statistics, learn what makes a flood, and immerse yourself in personal stories from those who lived through this unforgettable event. The display will be at the locations through May 27, 2025.

Marketing & Communications has been fulfilling annual work plan tasks, through various projects, including Improved website accessibility by redefining heading tags, assigning roles to unique

elements, and adding custom regions to emphasize specific content (ongoing). We have been using AI, in various aspects of our work, including using ChatGPT for assistance with creative content, Adobe Photoshop for photo editing, and to assist with creative brainstorming sessions. We also use AI tools to supplement web search results and get more relevant answers. Our web development work occasionally finds the team using AI for ideas and suggestions for CSS and JavaScript coding.

Shop, Gift, Give Back: DCLF will partner with Kendra Scott Jewelry again in 2025. Please shop Kendra Scott Jewelry for lasting gifts for Mother's Day, graduation, and more! 20% of your purchases will benefit the DCLF. You can shop in store at Park Meadows, on May 2, 2-4 pm or online May 4-5 at kendrascott.com using code GIVEBACK-ILUVJ.

Three author events are planned throughout May. Please visit <https://dcl.org/featured-events/#author-events>, to learn about the great authors visiting DCL next month.

On March 22, we hosted the first Events & Hospitality wedding shower package. The package was booked by a couple who were potentially looking to have their wedding at the library but decided to go a different direction for their wedding and celebrate their shower at DCL.

Executive Office

In Progress

- Onboarding three new board trustee(s) – Completed legal session
- Foundation Records Retention plan to be present to Foundation Board in July for action
- Onboarding one new Foundation Director
- Ai Goal – learning how to use Chat GPT most effectively

Accomplished

- Completed updates to the Budget Policy
- Completed Records Retention organization-wide annual first quarter destruction of records and submitted to state archivist
- Completed logistical aspects of new trustee onboarding
- Completed review of paper Board files. All files are digital 2000-present. Files between 1967 and 1999 are in various states of digital and paper. Paper files are now stored in Douglas County Libraries Archives and Local History as business files not archive files
- Completed onboarding of previous two new Foundation Directors

Finance

In March, Finance:

- Completed the Annual Report, with assistance from Community Engagement
- Received a clean audit opinion on 2024
- Selected the candidate to fill our vacant role

Looking forward, Finance is:

- Continuing to work through the implementation of Questica, our new budgeting software. The software go-live date is scheduled for June 1st.
- Firming up the agenda for the June Finance SLT/Manager Meeting
- Onboarding new Finance staff person

Infrastructure Services

- Book Club Express (BCE)
 - BCE is a service that provides book club kits for groups across the county. Each kit includes 10 paperback copies of a book, along with a reader's guide featuring discussion questions, author interviews or biographies, and book reviews. The Collection Services team recently added *The First State of Being* by Erin Entrada Kelly (children's), *The Wager* by David Grann (non-fiction), *After Annie* by Anna Quindlen, and *Sandwich* by Catherine Newman.
- DCL Wellness Program
 - This program is designed to promote a healthy and balanced lifestyle for all employees through a focus on social, physical, financial and mental well-being. HR recently hosted healthy cooking and financial literacy sessions for staff.
- Access Control Procedure
 - Access Control is a system that manages and limits user access to specific areas and resources based upon permissions. The DCL Safety & Security Committee finalized the Access Control Procedure for the Q1 Emergency Procedures update. This procedure addresses staff areas and defines authorized identification, badged door access, and visitor/vendor access.

RECOMMENDATION: None; information only.



Citizen Review Request

We appreciate your feedback. Return this completed form to any Douglas County Libraries (DCL) location, or email it to citizenrequest@dclibraries.org. Library staff will review your request, research the item/service in question, and respond within seven business days. If further communication is required, library staff will direct you according to our [Citizen Review Request Policy](#).

Date: _____ Theme/Topic of Concern: _____

Item/service Details (as applicable: title, author, material format, location, date seen, service, program, etc.):

Your Name:

Signature:

Mailing Address:

City: _____ State: _____ Zip: _____

Phone: _____ Email: _____

Representing: Self Organization

Organization Name (if applicable):

Organization Address:

City: _____ State: _____ Zip: _____

Are you a Douglas County Resident? YES NO

NOTE: The Citizen Review Request process is available to Douglas County citizens only.

(Please initial here) I have read [DCL's Policies](#) on Access, Children and Parents, Citizen Review Request, Curating Library Collections and Content, Library Facilities and Spaces, and Programs.

Share the details of your concern(s). Please be specific/cite examples.

Is there an audience for which this [material/display/service] might be appropriate? If so, please specify.

What topics or content can you suggest to counterbalance the point of view to which you object, or to provide additional information on the subject?

Library customers may request titles they would like to see added to the Library's collection. To make a request, visit <https://titlerequest.douglascountylibraries.org>.

April 7, 2025

[REDACTED]

I'm Bob Pasicznyuk, the Library's Director. I received your request to relocate *The Love Report* by Beka and Maya. You asked the library to move the works from our "J" offerings (elementary audiences) to "YA" suitable for older audiences. You mentioned images and text that you thought were inappropriate and best positioned for older audiences.

I checked with our Collections Services staff who are skilled at maintaining our library content inventories. Here is what I learned:

- These books are popular (about 100 loans in a year), and we have multiple copies. In fact, they are popular enough that I couldn't get my hands on any of the titles since all were in use.
- Most U.S. libraries position these for elementary school audiences.
- The reviews are mixed about these titles with some reviewers rating the titles for younger audiences and others for older.
- Our staff believe that there would be little to no impact on use if we made the location change. They mentioned that the characters in these works are getting older also supporting the location change.

Here is my decision about your request: Staff will make the change, as you suggest, relabeling and moving these works to the "Young Adult" location.

Thanks for taking the time to engage your library.

-Bob