



## Lone Tree City Council Agenda Tuesday, June 21, 2016

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**Meeting Location:** City Council Meeting Room, Lone Tree Civic Center, 8527 Lone Tree Parkway.

**Meeting Procedure:** The Lone Tree City Council and staff will meet for Council Photos at 3:30pm. Following the photos Council will meet in a public Study Session at 4:30pm. At 6:00pm and following the meeting, if necessary, the Council Meeting will adjourn and convene in Executive Session. If an Executive Session is not necessary, Council will recess for dinner. The Regular Session will be convened at 7:00pm. Study Sessions and Regular Sessions are open to the public, Executive Sessions are not. Comments from the public are welcome at these occasions: 1. Public Comment (brief comments on items not scheduled for a public hearing) 2. Public Hearings. To arrange accommodations in accordance with the Americans with Disabilities Act at public meetings, please contact the City Clerk at least 48 hours prior to the meeting.

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### 3:30pm Council Photos

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#### 4:30pm Study Session Agenda

1. The Yard
  2. RTD Deed Transfer Update
  3. Pedestrian Bridge Pre-Construction Agreement Presentation
  4. Construction Defects
- 

#### 6:00pm Executive Session Agenda

1. Roll Call
  2. Executive Session
- 

#### 7:00pm Regular Session Agenda

3. Opening of Regular Meeting/Pledge of Allegiance
  4. Amendments to the Agenda and Adoption of the Agenda
  5. Conflict of Interest Inquiry
  6. Public Comment
  7. Announcements
  8. Presentations
    - a. Distinguished Budget Presentation Award
  9. Consent Agenda
    - a. Minutes of the June 7, 2016 Regular Meeting
    - b. Claims for the Period of May 30 to June 13, 2016
    - c. Treasurer's Report for April 2016
  10. Public Works
    - a. Approval of Deeds Transferring Parcels to RTD for Southeast Rail Project
  11. Administrative Matters
    - a. Approval of 2015 Comprehensive Annual Financial Report
    - b. Approval of Pre-Construction Agreement with Hamon Construction
  12. Council Comments
  13. Adjournment
-

### **City of Lone Tree Upcoming Events**

more info available at [www.cityoflonetree.com](http://www.cityoflonetree.com) & [www.lonetreeartscenter.org](http://www.lonetreeartscenter.org)

- Independence Day Wristband Distribution, Wednesday, June 22<sup>nd</sup> from 5:00 – 8:00 p.m., LTAC Lobby
- LTAC Guild Fashion Show, Thursday, June 23<sup>rd</sup> from 6:00 – 9:00 p.m., LTAC Event Hall
- Ultraphonic Jazz Orchestra: Friday, June 24<sup>th</sup>, 8:00 – 10:00 p.m., LTAC Terrace Theater
- Independence Day Wristband Distribution, Saturday, June 25<sup>th</sup> from 10:00 a.m. – 4:00 p.m., LTAC Lobby
- Independence Day Wristband Distribution, Wednesday, June 29<sup>nd</sup> from 8:00 a.m.– 6:00 p.m., LTAC Lobby
- Independence Day Wristband Distribution, Thursday, June 30<sup>th</sup> from 8:00 a.m.– 6:00 p.m., LTAC Lobby
- City Offices will be closed on July 4, 2016 in observance of Independence Day
- Independence Day: Monday, July 4<sup>th</sup>, 4:00 – 10:00 p.m., Sweetwater Park.



Government Finance Officers Association  
203 North LaSalle Street, Suite 2700  
Chicago, Illinois 60601-1210  
312.977.9700 fax: 312.977.4806

June 6, 2016

Kristin Baumgartner  
Finance Director  
City of Lone Tree  
922 Kimmer Drive, Ste 100  
Lone Tree, CO 80124

Dear Ms. Baumgartner:

I am pleased to notify you that City of Lone Tree, Colorado has received the Distinguished Budget Presentation Award for the current budget from the Government Finance Officers Association (GFOA). This award is the highest form of recognition in governmental budgeting and represents a significant achievement by your organization.

When a Distinguished Budget Presentation Award is granted to an entity, a Certificate of Recognition for Budget Presentation is also presented to the individual or department designated as being primarily responsible for its having achieved the award. This has been presented to:

**Kristin Baumgartner, CPA, Finance Director, Heather Lunde, Accountant II**

We hope you will arrange for a formal public presentation of the award, and that appropriate publicity will be given to this notable achievement. A press release is enclosed for your use.

We appreciate your participation in GFOA's Budget Awards Program. Through your example, we hope that other entities will be encouraged to achieve excellence in budgeting.

Sincerely,

Stephen J. Gauthier, Director  
Technical Services Center

Enclosure



**Government Finance Officers Association**  
 203 North LaSalle Street, Suite 2700  
 Chicago, Illinois 60601-1210  
 312.977.9700 fax: 312.977.4806

June 6, 2016

**PRESS RELEASE**

For Further Information Contact  
 Stephen J. Gauthier (312) 977-9700

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Chicago--The Government Finance Officers Association of the United States and Canada (GFOA) is pleased to announce that **City of Lone Tree, Colorado** has received the GFOA's Distinguished Budget Presentation Award for its budget.

The award represents a significant achievement by the entity. It reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the entity had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as:

- a policy document
- a financial plan
- an operations guide
- a communications device

Budget documents must be rated "proficient" in all four categories, and the fourteen mandatory criteria within those categories, to receive the award.

When a Distinguished Budget Presentation Award is granted to an entity, a Certificate of Recognition for Budget Presentation is also presented to the individual or department designated as being primarily responsible for its having achieved the award. This has been presented to **Kristin Baumgartner, CPA, Finance Director, Heather Lunde, Accountant II**

For budgets beginning in 2015, approximately 1,550 participants received the Award. Award recipients have pioneered efforts to improve the quality of budgeting and provide an excellent example for other governments throughout North America.

The Government Finance Officers Association is a major professional association servicing the needs of approximately 18,700 appointed and elected local, state, and provincial-level government officials and other finance practitioners. It provides top quality publications, training programs, services, and products designed to enhance the skills and performance of those responsible for government finance policy and management. The association is headquartered in Chicago, Illinois, with offices in Washington D.C. The GFOA's Distinguished Budget Presentation Awards Program is the only national awards program in governmental budgeting.

**MINUTES OF A REGULAR MEETING  
OF THE COUNCIL OF THE  
CITY OF LONE TREE  
HELD  
June 7, 2016**

A regular meeting of the Council of the City of Lone Tree was held on Tuesday, June 7, 2016, at 6:00 p.m., at the Lone Tree City Council Chambers located at 8527 Lone Tree Parkway, Lone Tree, Colorado 80124.

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Attendance

In attendance were:

Jacqueline Millet, Mayor  
Susan Squyer, Mayor Pro Tem  
Cathie Brunnick, Council Member  
Wynne Shaw, Council Member

Council Member Jay Carpenter was absent.

Also in attendance were:

Seth Hoffman, City Manager  
Jennifer Pettinger, City Clerk  
Steve Hebert, Deputy City Manager  
Torie Brazitis, Assistant to the City Manager  
Jeff Holwell, Economic Development Director  
Commander Ron Pinson, Lone Tree Police Department  
Kristin Baumgartner, Finance Director  
Kelly First, Community Development Director  
Lisa Rigsby Peterson, Lone Tree Arts Center Director  
Gary White, City Attorney, White, Bear and Ankele, P.C.  
Neil Rutledge, Assistant City Attorney, White, Bear and Ankele, P.C.  
John Cotten, Public Works Director, TTG Corp.

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Call to Order

Mayor Millet called the meeting to order at 6:00 p.m., and observed that a quorum was present. Gary White, City Attorney reviewed executive session procedures for Council.

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Executive Session

Mayor Millet announced City Council intends to convene in Executive Session. Neil Rutledge, City Attorney, stated the Executive Session is for a conference with the City Attorney for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and/or instructing negotiators, under C.R.S. Section 24-6-402(4)(e) concerning contract

negotiations.

Council Member Brunnick moved, Council Member Shaw seconded, for City Council to recess and convene in Executive Session for the reasons stated. The motion passed with a 4 to 0 vote by those members present.

Council adjourned to an Executive Session at 6:10 p.m.

The Executive Session was adjourned at 6:52 p.m.

Mayor Millet reconvened the meeting in Regular Session at 7:00 p.m., following a short recess.

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Pledge of Allegiance

Mayor Millet led those assembled in reciting the Pledge of Allegiance.

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Amendments to the Agenda

There were no amendments to the agenda.

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Conflict of Interest

There was no conflict of interest.

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Public Comment

Bill Robertson, 9278 E. Aspen Hill Circle, read a poem for the new City Council.

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Announcements

Michelle Timmons, Youth Commissioner, gave Council an update on the Youth Commission.

Mayor Millet announced upcoming events.

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Presentations

Liz Whitmore, Human Resources Manager, presented the 2016 Leadership Douglas County recognition plaque to Council for their support.

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Consent Agenda

Mayor Millet noted the following items on the Consent Agenda, which consisted of:

- *Minutes of the May 17, 2016 Regular Meeting*
- *Claims for the period of May 9 – 30, 2016*

Mayor Pro Tem Squyer moved, Council Member Shaw seconded, to approve the Consent Agenda. The motion passed with a 4 to 0 vote by those members present.

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Community Development

*Approval of Integrated Ear Nose and Throat (ENT) Medical Office Building Site Improvement Plan (SIP) Project #SP16-18R*

Jennifer Drybread, Senior Planner, introduced the item. Darryl Jones, Coventry Development, spoke about the project and introduced Julie Eck, Davis Partnership Architects. Ms. Eck and Laura Walker, Integrated ENT, also spoke about the project.

Bob Scheinhartz, 10330 Bellwether Lane, asked about signage on the building.

Mayor Pro Tem Squyer moved, Council Member Shaw seconded, to approve the RidgeGate Section 15, Filing 12, 1<sup>st</sup> Amendment, Lot 3B Site Improvement Plan (SIP) (Integrated Ear Nose and Throat Medical Office Building) Project #SP16-18R application and two variances subject to final approval by the Lone Tree Public Works Department. The motion passed with a 4 to 0 vote by those members present.

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Administrative Matters

*CBC Interview Committees Appointed*

Jennifer Pettinger, City Clerk, introduced the item.

Ms. Pettinger stated the following Council Members have agreed to serve on the following committees until May 31, 2017:

<b>CBC</b>	<b>2016/2017 Interview Committee</b>
Arts Commission	Mayor Pro Tem Squyer & Council Member Brunnick
Audit Committee	Council Members Carpenter & Shaw
Board of Adjustment & Board of Appeals	Mayor Pro Tem Squyer & Council Member Brunnick
Citizens' Recreation Advisory Committee	Council Members Brunnick & Carpenter
Planning Commission	Mayor Pro Tem Squyer & Council Member Shaw
Youth Commission	Mayor Pro Tem Squyer & Council Member Carpenter

Council Member Shaw moved, Mayor Pro Tem Squyer seconded, to appoint the committees as stated by Ms. Pettinger to serve until May 31, 2017. The motion passed with a 4 to 0 vote by those members present.

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***RESOLUTION 16-18, APPOINTING COUNCIL REPRESENTATIVES***

Mayor Millet introduced the item.

Council Member Brunnick moved, Mayor Pro Tem Squyer seconded, to approve **RESOLUTION 16-18, APPOINTING COUNCIL REPRESENTATIVES** as presented with the amendment to add Cathie Brunnick as the alternate to the Cherry Creek Basin Water Quality Authority. The motion passed with a 4 to 0 vote by those members present.

Adjournment

There being no further business, Mayor Millet adjourned the meeting at 7:55 p.m.

Respectfully submitted,

\_\_\_\_\_  
Jennifer Pettinger, CMC, City Clerk



**CITY OF LONE TREE**

**FINAL STAFF REPORT**

**To: Mayor Millet and City Council**

**From: Kelly First, Community Development Director  
Jennifer Drybread, Senior Planner**

**Date: June 9, 2016**

**SUBJECT: RidgeGate Section 15, Filing 12, 1<sup>st</sup> Amendment, Lot 3B  
Site Improvement Plan (Integrated ENT)  
Project File #SP16-18R**

Owner:  
RidgeGate Investments, Inc.  
Keith Simon, V.P.  
10270 Commonwealth St., Suite B.  
Lone Tree, CO 80124

Representative:  
Integrated ENT  
Laura Walker  
10099 RidgeGate Parkway  
Lone Tree, CO 80124

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**Planning Commission Hearing Date: May 24, 2016**  
**City Council Hearing Date: June 7, 2016**

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The City Council unanimously approved the Site Improvement Plan and two variance requests (to the City's parking standards and the setback from Sky Ridge Avenue), subject to final City of Lone Tree Public Works approval.

END



CITY OF LONE TREE  
STAFF REPORT

**TO: Mayor Millet and City Council**

**FROM: John P. Cotten, P.E.**

**DATE: June 15, 2016**

**FOR: June 21, 2016 Council meeting**

**SUBJECT: RTD Southeast Rail Extension Property Donations**

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Summary

The two attached deeds transfer two parcels of land adjacent to the I-25 right-of-way in the Parkridge Corporate Center from the City of Lone Tree to the Regional Transportation District (RTD).

Cost

There is no cost to the City, however the Intergovernmental Agreement between the City and RTD does credit the value of these dedications to the local match requirements of the City.

Suggested Motion or Recommended Action

I recommend approval of the transfer of these two deeds from the City of Lone Tree to RTD.

Background

In 2006 and 2008, Douglas County transferred two 10 foot wide strips of land adjacent to the I-25 right-of-way in the ParkRidge Corporate Center to the City of Lone Tree. These three parcels were required to be transferred to Douglas County from the three lot owners under the Planned Development zoning for the properties which was approved in 1996. The zoning required these dedications for RTD's future light rail extension.

At the request of RTD, Douglas County did acquire the property. Following acquisition of the parcels by Douglas County, the City of Lone Tree requested that Douglas County transfer these parcels to the City as the City was now the local agency for RTD's Southeast Rail Extension project. As stated above, in 2006 and 2008 the County transferred these parcels to the City. Following receipt of ownership of the parcels, the City annexed both parcels into the City.

Under the Intergovernmental Agreement between the City and RTD for the Southeast Rail Extension, the City is required to transfer these properties to RTD. The two attached deeds, when executed and delivered to RTD, fulfill this requirement of the City.

**Exempt from documentary fee per C.R.S. 39-13-104(1)(a)**

**QUITCLAIM DEED**

THIS DEED, made this \_\_\_ day of \_\_\_\_\_, 2016, between the CITY OF LONE TREE, a municipal corporation, with its principal address 9220 Kimmer Drive, Lone Tree, Colorado 80124, hereinafter referred to as Grantor (“Grantor”) and the REGIONAL TRANSPORTATION DISTRICT, a political subdivision of the State of Colorado organized pursuant to the Regional Transportation District Act, §32-9-101 *et seq.* C.R.S., hereinafter referred to as Grantee (“Grantee”).

WITNESS, that the Grantor, for and in consideration of the sum of ONE DOLLAR AND 00/100 (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, has remised, released, sold and QUITCLAIMED and by these presents does remise, release, sell and QUITCLAIM unto the Grantee and the Grantee’s successors and assigns forever, all of the right, title, interest, claim and demand that the Grantor has in and to the real property, together with the fixtures and improvements located thereon, if any, situate, lying and being in the City of Lone Tree, County of Douglas and State of Colorado described as follows:

See Exhibits “A” and “B”, attached hereto and incorporated herein by reference

TO HAVE AND TO HOLD the same, together with all and singular the appurtenances and privileges thereunto belonging, or in anywise thereunto appertaining, and all the estate, right, title, interest and claim, whatsoever, of the Grantor, either in law or in equity, to the only proper use, benefit and behalf of the Grantee, and the Grantee’s successors and assigns forever.

IN WITNESS WHEREOF, GRANTOR has executed and delivered this Deed as of the date set forth above.

CITY OF LONE TREE, a municipal corporation

ATTEST:

\_\_\_\_\_  
Seth Hoffman, City Manager

\_\_\_\_\_  
Jennifer Pettinger, CMC, City Clerk

STATE OF COLORADO    )  
  ) ss.  
COUNTY OF DOUGLAS    )

The foregoing instrument was acknowledged before me this \_\_\_ day of \_\_\_\_\_ 2016, by \_\_\_\_\_, of \_\_\_\_\_.

Witness my hand and official seal.

My commission expires:

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Notary Public

**EXHIBIT A**

**Legal Description**

THE EAST 25.00 FEET OF LOT 5A-2 OF OMNIPARK FILING 1, 2<sup>ND</sup> AMENDMENT, ACCORDING TO THE RECORDED PLAT THEREOF, DOUGLAS COUNTY, COLORADO BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 5A-2, AND CONSIDERING THE NORTH LINE OF SAID LOT TO BEAR NORTH 80°50'41" WEST, WITH ALL BEARINGS CONTAINED HEREIN, RELATIVE THERETO; THENCE ALONG THE EAST LINE OF SAID LOT, THE FOLLOWING COURSES: SOUTH 03°44'23" EAST, 207.81 FEET; THENCE SOUTH 00°48'41" WEST, 198.16 FEET; THENCE ALONG A CURVE TO THE RIGHT HAVING A DELTA OF 34°54'58", A RADIUS OF 733.94 FEET AND AN ARC OF 447.26 FEET TO THE SOUTHEAST CORNER OF SAID LOT; THENCE ALONG THE SOUTH LINE OF SAID LOT, NORTH 80°50'41" WEST, 27.90 FEET; THENCE DEPARTING SAID SOUTH LINE, ALONG A NON-TANGENT CURVE TO THE LEFT HAVING A DELTA OF 35°54'46", A RADIUS OF 708.94 FEET, AN ARC OF 444.36 FEET AND A CHORD WHICH BEARS NORTH 18°04'03" EAST, 437.12 FEET; THENCE NORTH 00°48'41" EAST, 197.32 FEET; THENCE NORTH 03°44'23" WEST, 212.53 FEET TO THE NORTH LINE OF SAID LOT; THENCE ALONG SAID NORTH LINE, SOUTH 80°50'41" EAST, 25.65 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION, CONTAINING 21,343 SQUARE FEET (0.49 ACRES), MORE OR LESS.

**EXHIBIT B**

**Legal Description**

ALL OF TRACT A OF OMNIPARK FILING 1, 4<sup>TH</sup> AMENDMENT, ACCORDING TO THE RECORDED PLAT THEREOF, DOUGLAS COUNTY, COLORADO.



Witness my hand and official seal.

My commission expires:

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Notary Public

**EXHIBIT A**

**Legal Description**

THE EAST 25.00 FEET OF LOT 6, OMNIPARK FILING 1, 1<sup>ST</sup> AMENDMENT, ACCORDING TO THE RECORDED PLAT THEREOF, DOUGLAS COUNTY, COLORADO, CONTAINING 21, 203 SQUARE FEET (0.49 ACRES) MORE OR LESS.



## CITY OF LONE TREE

### STAFF REPORT

**TO: Mayor Millet and City Council**

**FROM: Kristin Baumgartner, Finance Director**

**FOR: June 21, 2016 Council Meeting**

**DATE: June 14, 2016**

**SUBJECT: Acceptance of the 2015 Comprehensive Annual Financial Report (CAFR)**

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#### Summary

Staff recommends that Council accept the 2015 CAFR. The audit committee recently met with the external auditor and reviewed the audit report in detail with City staff. The City received an unmodified opinion from the external auditor which is the highest level of assurance that the financial statements are free from material misstatements and are in accordance with accounting principles generally accepted in the United States. Additionally, there were not auditor adjustments needed as well as no internal control deficiencies found.

#### Cost

There is no cost to the City

#### Suggested Motion or Recommended Action

Per the recommendation of the audit committee, I move to accept the 2015 Comprehensive Annual Financial Report.

#### Background

Each year the City is required to file audited financial statements with the State of Colorado by July 31<sup>st</sup>. Additionally, for consideration to receive the Government Finance Officers Association (GFOA) Certificate of Achievement in Financial Reporting, the City is to file their CAFR with the GFOA by June 30<sup>th</sup> of each year. Staff intends to file an application for this award again this year and therefore is looking for Council acceptance of the CAFR so the application and CAFR can be filed by the June 30<sup>th</sup> deadline.

# City of Lone Tree, Colorado



## Comprehensive Annual Financial Report For the Year-Ended December 31, 2015



**CITY OF LONE TREE, COLORADO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
December 31, 2015**

**Prepared by:  
Department of Finance**

**CITY OF LONE TREE  
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## CITY OF LONE TREE

9220 Kimmer Drive, Suite 100  
Lone Tree, Colorado 80124  
303-708-1818  
[www.cityoflonetree.com](http://www.cityoflonetree.com)

May 19, 2016

Citizens of the City of Lone Tree,  
Honorable Mayor, and  
Honorable Members of Council

State law requires the City of Lone Tree (City) to publish within seven months of the close of the fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill these requirements for the fiscal year ended December 31, 2015.

This report consists of management's representation concerning the finances of the City. Responsibility for the accuracy of the data as well as the fairness and completeness of the presentation, including all disclosures, rests with the City's management. To provide a reasonable basis for making those representations, the City's management has established a comprehensive framework of internal control designed to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatements.

Eide Bailly LLP, a firm of licensed certified public accountants, has audited the City's financial statements for the year ended December 31, 2015. The goal of the independent audit was to provide reasonable assurance that the City's financial statements are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the year ended December 31, 2015. The independent auditor's report is located at the front of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to be read in conjunction with the MD&A. The City's MD&A immediately follows the independent auditor's report.

## *Profile of the City*

The City is currently comprised of approximately 6,162 acres or 9.6 square miles and located in the southern Denver metropolitan area at the junction of C-470/E-470 and I-25. At a population of 12,800, the City is also home to a large and growing business community in the Denver South region. The City's commitment to quality development within its boundaries, beautiful surroundings, excellent recreational and cultural opportunities and the flourishing economic community are the first things many people notice about the City.

The City remains focused on its priorities. In 2015, the City started to develop a Community Vision and Mission Statement, along with a set of goals or "Big Ideas" to serve as the model for the direction the City is moving towards. This model will guide the development of the City's Long-Range Strategic Plan, which is planned to be completed in 2016. Throughout this process in 2015, it was determined that the City would transition from using the Budgeting For Outcomes (BFO) methodology to utilizing the Community Vision and Mission Statement, along with the Long-Range Strategic Plan as the guiding methodology for how the City's resources will be allocated. As the City moves through 2016, City staff and City Council will be dedicated to formulating the details of the City's Long-Range Strategic Plan.

The *Community Vision Statement* which was adopted by City Council in 2015 after a public input process with citizens is as follows: Lone Tree is a premier Colorado community connected by great neighborhoods, vibrant public spaces, a beautiful natural environment, and thriving businesses. The *Mission Statement* expresses that "we will achieve Lone Tree's community vision by doing things the best way, not just the expected way." Six Big Ideas have been developed and will be expanded upon as the Long-Range Strategic Plan is further constructed in 2016. The six Big Ideas are listed below.

The City will be a national model for:

- 1) Our deep, active commitment to safety
- 2) Our visionary transportation network
- 3) Creating a great community with exceptional places
- 4) Creating signature cultural and recreational opportunities
- 5) Attracting and growing top-tier businesses and a diverse economy
- 6) Our innovative, customer-focused and efficient city government

The City is governed by Council-Manager form of government where Council sets the City policy and the manager is responsible for City operations. The City consists of five Council members, including the Mayor, elected in non-partisan elections. Each member serves a staggered, four-year term and represents one of the two districts within the City except for the Mayor, who serves as an at-large member. Policy-making and legislative authority are vested in the Council.

The City provides a full range of services including general government, public safety, construction and maintenance of streets and other public infrastructure, planning and building permit and inspections, arts and cultural activities, and municipal court services.

The City maintains budgetary controls that have the objective of ensuring compliance with legal provisions embodied in the annual appropriated budget adopted by Council. The Council is required to adopt a final budget by no later than December 31 of each year. All activities of the City, except for activities related to the Lone Tree Arts Center operations, as well as other City sponsored events and cultural services, and funds held for the future repayment of debt related to arts and cultural facilities and park and recreation improvements are accounted for in the General Fund. The Lone Tree Arts Center operational activities and City-sponsored events and cultural services are accounted for in the Special Revenue Fund – Cultural and Community Services. Revenue and expenditure activities related to the 2009 Cultural Facilities Bonds and the 2008A Park and Recreation Bonds are accounted for separately in separate Debt Service Funds. The appropriation is at the total fund expenditures level. Additionally, the General Fund budget presents expenditures by function (e.g., general government).

### ***Local Economy***

The City of Lone Tree continues to develop at a steady rate in both the residential and commercial sectors. Major industries located within the City’s boundaries, or in close proximity, include retail trade, public administration, financial services, healthcare, insurance and real estate. With average household incomes exceeding \$145,000, the City provides an important economic presence to the region and State. Lone Tree is located within the boundaries of the Denver South Economic Development Partnership which includes over 40 million square feet of office space and employment of more than 300,000 people.

The City is also served by two Light Rail stations that residents describe as “enhancing the City’s quality of life”. As of the end of 2015, the Southeast Light Rail Extension was in the final phase of the federal grant process. This final phase is dependent on the approval of a grant application by Regional Transportation District (RTD) to the Federal Transit Administration, which is expected in early 2016. If approved, construction is estimated to begin the second half of 2016. A key factor in RTDs approval came from a commitment of \$25 million from local funding partners, including the City, Douglas County, RidgeGate and the Southeast Public Improvement Metropolitan District. In addition to a monetary contribution, Coventry Development, the property owners of the RidgeGate development where the proposed rail extension will go, has agreed to provide land for right-of-way and light rail stations at no cost. This local match would comprise 16.5 percent of the project cost. This extension of the light rail system would include 2.3 miles of additional light rail that would add three new stations, including Sky Ridge Medical Center, Lone Tree City Center, as well as an end-of-line station with direct connection to Denver International Airport. This amenity allows residents of Lone Tree to easily access downtown Denver, as well as allows visitors to more easily access the retail and office complexes in Lone Tree. Once the Southeast Light Rail Extension is complete, it will be a significant economic development catalyst for the City and the region, generating additional commercial real estate, residences, and new jobs in the southeast corridor over the next 25 years.

Additionally, 2015 was the first full year of operation of the Lone Tree Link shuttle service that is free to its riders, that connects key employment centers along Park Meadows Drive with restaurants, retail, and the RTD transit system. The Link is provided by a collaborative public-private partnership, which consists of the City, Charles Schwab & Co., Inc., Southeast Public Improvement Metropolitan District, ParkRidge Corporate Center, and Sky Ridge Medical Center, that are working together to create a vibrant and healthy community. The Link offers

service every 10 minutes Monday-Friday, so it is a reliable and convenient connection to daily destinations and appointments for the estimated 10,000 employees who work along Park Meadows Drive. The service is an example of the City's proactive approach to preparing for and encouraging future economic growth and to mitigating related traffic impacts. The City and the partners behind the Link are investing in Lone Tree to assure it remains a premiere community for both businesses and residents.

The City's largest revenue source is sales taxes which primarily funds the City's operations. During 2015, the City experienced a 4.19% increase in sales tax revenue compared to 2014. This increase continues to demonstrate Lone Tree's strong retail presence in the region as well as the continued success of the Park Meadows Retail Resort and the RidgeGate development to bring new businesses into the City and maintain a well-diversified and unique shopping and dining experience. This can be seen by the new businesses that opened at the Park Meadows Retail Resort in 2015, including Lolli & Pops, Oil and Vinegar, Grimaldi's Pizzeria and Chipotle along with other new restaurants that opened throughout the City, including Snooze, Mad Greens, and Southern Hospitality.

Through conservative revenue budgeting, as well as expenditure monitoring during 2015, the City was able to end the year with a working reserve and a capital replacement reserve pursuant to City policies.

### ***Relevant Financial Policies***

In order to mitigate current and future risks such as revenue shortfalls and unanticipated expenditures as well as to ensure stable tax rates, the City has established certain reserve policies. Specifically, the City requires that a minimum unrestricted fund balance of 16.7% of operating expenditures be maintained. For the year ended December 31, 2015, the City's unrestricted working reserve totaled approximately 25%. The 2016 budget reflects maintaining this reserve at 25%. The City also has adopted a capital reserves policy to ensure that the City maintains adequate cash fund balances to help offset cost of future capital replacement and project needs. The intent of the capital reserves policy is to assist the City to take greater advantage of the "pay as you go" philosophy versus relying entirely or mostly on debt financing.

Additionally, City Council has established financial policies including a debt management policy, an investments policy as well as a vehicle replacement policy for the police department. These three policies were adopted by Council to continue to strengthen the financial framework of the City by following best practices. The debt management policy was adopted as a result of the City understanding the importance of long-range, financial planning in order to meet its capital asset needs. The debt management policy establishes parameters on the issuance of debt to help ensure that the City maintains a sound debt position and that its credit rating is protected. The policy provides a framework relating to current circumstances as they exist today as well as to address the City's future position relating to debt management. The investment policy was adopted to establish parameters and guidelines for the efficient management of the City's funds and for the purchase and sale of investments. Primary objectives of the investment policy, in priority order include safety of principal, liquidity and return on investments.

## ***Major Initiatives***

Several major initiatives will have a significant impact on the financial future of the City of Lone Tree. The development of RidgeGate, a 3,500 acre planned development based on 'smart growth' principles, will play an essential role to this end. Currently, RidgeGate is home to over 1,200 residences, two major retail centers, a recreation center, the Lone Tree Arts Center, the Sky Ridge Medical Center, and the Charles Schwab corporate campus.

In 2015, Sky Ridge Medical Center completed its approximate \$117 million expansion which added 90 beds, a women's center, a pediatric emergency room, a new medical office building, additional spine/ortho operating rooms and a parking structure. In addition to the Sky Ridge expansion, Lone Tree is home to Kaiser Permanente, a 275,000 square-foot specialty services center, which continues to further differentiate Lone Tree as a key location for medical service providers.

In addition to the hospital expansion, in 2015 Charles Schwab completed the construction of its fourth office building on its campus just west of I-25 and south of Lincoln Avenue. The campus also includes an amenities facility and a 1,000-space parking garage. This campus, once fully built out, will be the home to approximately 5,000 Denver-area employees.

As the west-side of the RidgeGate development approaches build-out, the City is beginning to have more focus on planning for the east-side development which is being kicked off with the Southeast Light Rail Extension. The long-term development for this area is an urban-style mixed-use area with capacity for approximately 7,000 to 8,000 housing units, 11 million square feet of office space, 2.3 million square feet of retail, hotels, school and university space, and parks and recreational amenities. This development is estimated to result in a potential population increase of 17,000 residents and an increase in jobs located in the City of approximately 43,000. This development and planning for the future as it builds-out, as well as analysis of overall financial impacts will be a primary focus for the City for years to come.

In 2015, the City led a successful effort to create the new Lone Tree Business Improvement District (LTBID). Property owners of the Entertainment District came together to establish a public-private partnership that includes most of the businesses located on the north side of Park Meadows Drive. The LTBID has the authority to maintain and construct improvements and promote and market its facilities, with the goal of enhancing the economic development opportunities of the region. In order to raise revenue, the BID held an election to authorize an ad valorem property tax of its members, which its new board approved in December 2015. Also during 2015, the City invested to make the Kimmer and Park Meadows Drive intersection a through intersection and added a traffic signal for better access to the area. In 2016, the results of this collaboration should start to be seen, and the LTBID will complement other City investments designed to improve the vitality of the Entertainment District.

In 2015, City Council directed staff to move forward with the steps necessary to complete property acquisitions, final design, and construction of a pedestrian bridge over Lincoln Avenue. Construction on the bridge is anticipated to begin in 2016. A pedestrian bridge in this area is projected to reduce vehicle congestion on Lincoln Avenue by alleviating signal progression disruption and will provide a safer connection between popular destinations on both the north and south side of Lincoln Avenue. As the City continues to grow, it's increasingly more

important to provide an alternative transportation route for pedestrians who may live or work on one side, but want to take advantage of amenities that require them to cross Lincoln Ave.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the year ended December 31, 2014. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be rewarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. The report must satisfy both GAAP and applicable legal requirements. This was the City's tenth year to submit for and to receive the award. A Certificate of Achievement is valid for one year only. We believe this 2015 CAFR continues to conform to the Certificate of Achievement program requirements and will submit it to the GFOA to determine its eligibility for another certificate.

For the first time, the City of Lone Tree was the recipient of the Distinguished Budget Presentation Award for excellence in municipal budget reporting by the GFOA. The award was given to the City for the 2015 budget, which was the first year the City applied for the award. This award represents a significant achievement by the City and staff to meet the highest principles of governmental budgeting.

The preparation of this CAFR could not have been accomplished without the efficient and dedicated service of the highly qualified personnel of the finance division. Other departments of the City also played an instrumental role in the preparation of this report. We wish to express our appreciation to everyone who assisted and contributed in preparing the report. Additionally, we would like to acknowledge the thorough and professional manner in which our independent auditors, Eide Bailly LLP, conducted their audit, as well as the citizen involvement and time commitment of the City's Audit Committee. Finally, credit must be given to the City Council for their consistent support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

Seth Hoffman  
City Manager

Kristin Baumgartner, CPA  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

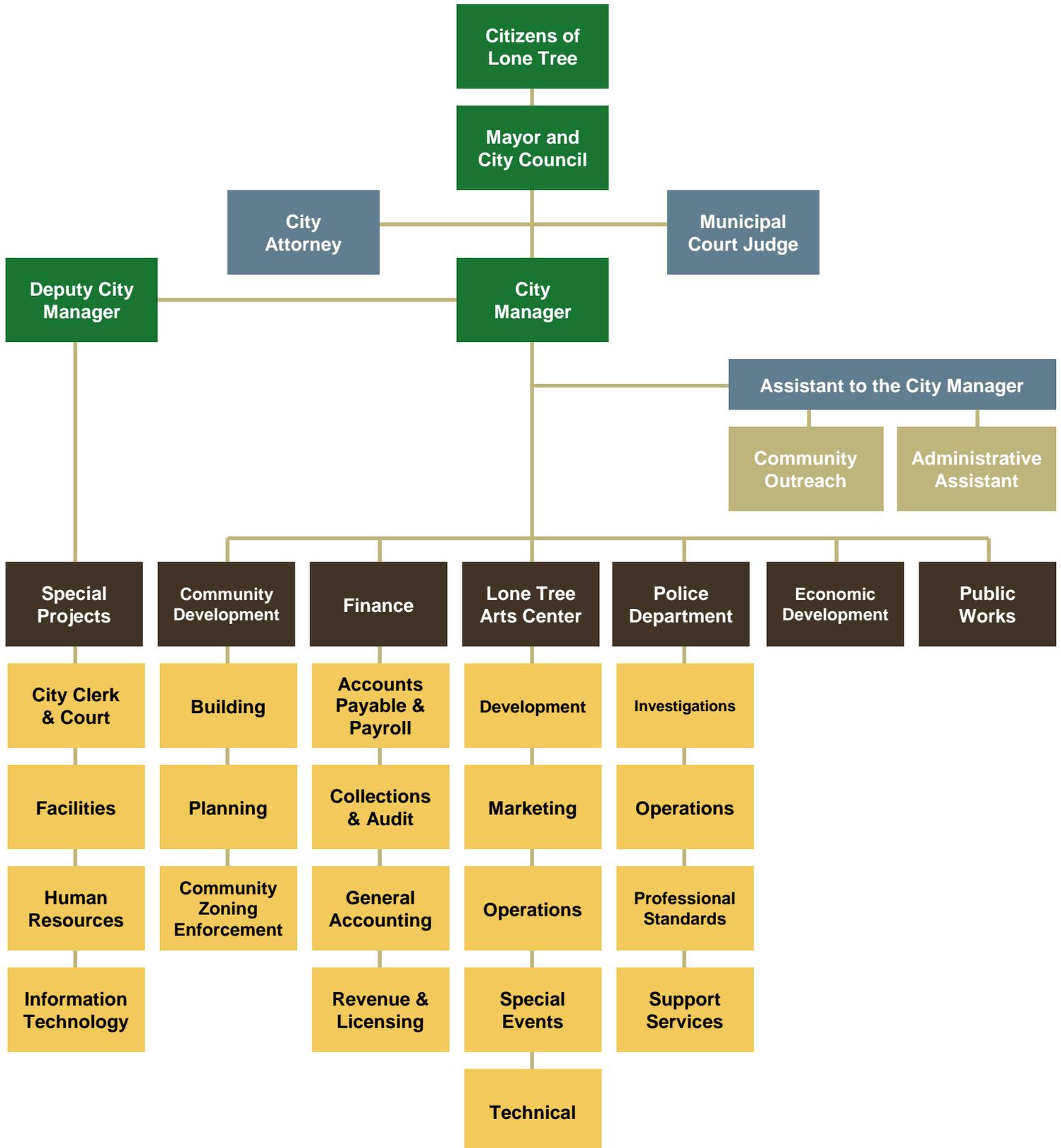
**City of Lone Tree  
Colorado**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

# City of Lone Tree Organizational Chart 2015







## Independent Auditor's Report

To the Honorable Mayor and Members of City Council  
City of Lone Tree, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lone Tree, Colorado, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lone Tree, Colorado, as of December 31, 2015, 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.

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### **Adoption of New Accounting Standard**

As described in Note 2 and 20 to the financial statements, the City of Lone Tree has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparisons and pension information on pages 16 through 25, 81 through 90, and 91 through 95, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lone Tree, Colorado's financial statements. The introductory section, combining fund financial statements and budgetary schedules, schedule of debt service requirements to maturity, Local Highway Finance Report, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements, budgetary schedules, schedule of debt service requirements to maturity, and Local Highway Finance Report on pages 97 through 113 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Greenwood Village, Colorado  
May 19, 2016

## **CITY OF LONE TREE**

### **Management's Discussion and Analysis**

As management of the City of Lone Tree, City Council offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015.

#### **Financial Highlights**

With regard to the primary government:

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$116,745,151 at the close of the fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,174,529.
- Total net position increased by \$18,761,654 from 2014.
- Total cash and investments increased by \$4,072,653 as compared to the prior year.
- Sales and use tax retail revenue increased by \$1,146,668 as compared to the prior year. Increased consumer spending as well as several new vendors opening in the City were the major factors contributing to this increase.
- At the end of the current fiscal year, assigned and unassigned fund balance for the General Fund totaled \$16,762,445.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains required supplementary information and schedules in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows and liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements identify functions of the City that are principally to be supported by sales taxes (*governmental activities*). The governmental activities of the City include general government, municipal court, community development, public works, arts and cultural, police, and interest and related costs on long-term debt.

The government-wide financial statements can be found on pages 27-28 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City include governmental funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Special Revenue Fund - RidgeGate, the Special Revenue Fund – Cultural and Community Services, the Debt Service Fund - Arts and Cultural Facilities and the Debt Service Fund - Park and Recreation Improvements. These five funds are considered to be major funds. Data from the nonmajor fund, the Building Authority - Debt Service Fund is additionally presented. Data for the Park Meadows Business Improvement District and the Lone Tree Business Improvement District (discretely presented component units) are provided in the form of combining statements located within the supplementary information following the notes to the financial statements.

The City adopts an annual appropriated budget for its General Fund, Special Revenue Fund – RidgeGate, Special Revenue Fund – Cultural and Community Services, Debt Service Fund - Arts and Cultural Facilities and Debt Service Fund - Park and Recreation Improvements. A budgetary comparison schedule has been provided for each of these funds as supplemental information to demonstrate compliance with the budgets.

The basic governmental fund financial statements can be found on pages 29-32 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 33-79 of this report.

**Required supplementary information.** A budgetary comparison schedule has been provided in this section for the General Fund, the Special Revenue Fund - RidgeGate and the Special Revenue Fund – Cultural and Community Services to demonstrate compliance with the budgets. Also included in this section are additional schedules related to the City’s pension plans as well as the notes to required supplementary information. The budget schedules and notes are found after the *Notes to Financial Statements* on pages 81-95 of this report.

**Other supplementary information.** A budgetary comparison schedule for the Debt Service Fund - Arts and Cultural Facilities and the Debt Service Fund - Park and Recreation Improvements are presented immediately following the required supplemental information. Additionally, combined financial statements and schedules of the Park Meadows Business Improvement District and the Lone Tree Business Improvement District are included in this section. Furthermore, other supplementary information also includes schedules of debt service requirements to maturity and a local highway finance report.

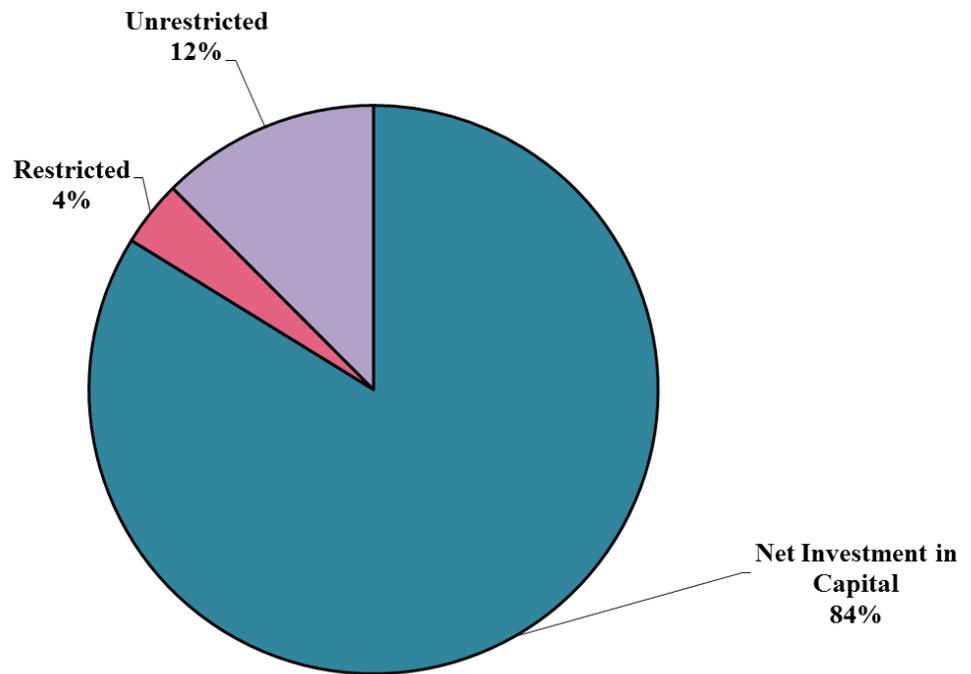
**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The City’s assets and deferred outflows of resources related to governmental activities exceeded liabilities and deferred inflows of resources by \$116,745,151 at the close of the most recent fiscal year.

**Net Position**

	<u>2015</u>	<u>2014</u>
Current assets	\$ 30,248,856	\$ 26,040,822
Capital assets	116,370,509	102,768,252
Long-term assets	<u>16,773,972</u>	<u>-</u>
Total assets	<u>163,393,337</u>	<u>128,809,074</u>
Pension related amounts	1,092,521	-
Southeast light rail extension agreement	<u>7,332,500</u>	<u>-</u>
Total deferred outflows of resources	<u>8,425,021</u>	<u>-</u>
Other liabilities	14,333,287	5,827,241
Long-Term liabilities	<u>40,725,109</u>	<u>22,129,065</u>
Total liabilities	<u>55,058,396</u>	<u>27,956,306</u>
Pension related amounts	<u>14,811</u>	<u>-</u>
Total deferred inflows of resources	<u>14,811</u>	<u>-</u>
Net investment in capital assets	97,829,372	81,283,223
Restricted net position	5,202,543	3,370,714
Unrestricted net position	<u>13,713,236</u>	<u>16,198,831</u>
Total net position	<u>\$ 116,745,151</u>	<u>\$ 100,852,768</u>

### NET POSITION - BY CATEGORY



The largest portion of the City's net position (84%) reflects its net investment in capital assets. The City utilizes these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending.

An additional portion of the City's net position (4%) represents resources that are subject to restrictions on how they can be used and are not currently available for the City's ongoing obligations (e.g., emergency TABOR reserve, Conservation Trust Fund, funds received from litigation settlements, emergency maintenance and repairs required by an annexation agreement, funds reserved for future debt service payments, and the net pension asset). The remaining balance of *unrestricted net position* totaling \$13,713,236 may be used to meet the City's future expenditures.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position.

## Change in Net Position

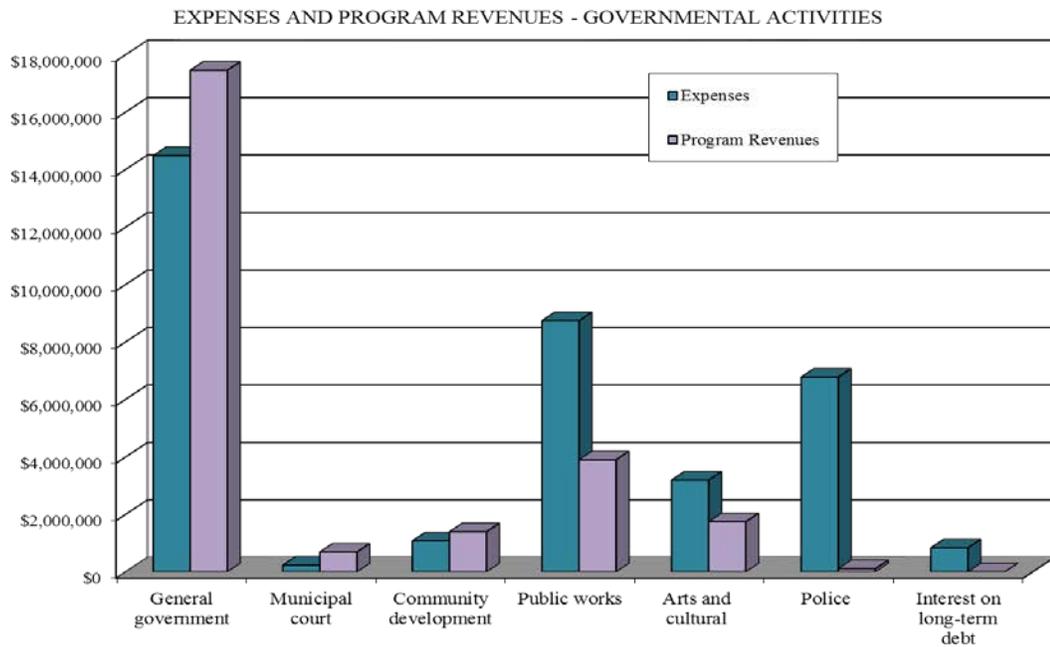
	<b>2015</b>	<b>2014*</b>
Revenue		
Program revenues		
Charges for services	\$ 3,616,769	\$ 4,213,705
Operating grants and contributions	4,728,754	4,252,466
Capital grants and contributions	16,971,208	1,069,622
General revenues		
Sales and use (retail) taxes	24,883,632	23,736,964
Other taxes	2,719,057	2,617,954
Franchise fees	1,040,429	1,033,993
Investment earnings	22,376	14,113
Other	<u>136,995</u>	<u>331,163</u>
Total revenues	<u>54,119,220</u>	<u>37,269,980</u>
Expenses		
General government	14,483,424	13,494,009
Municipal court	234,799	217,969
Community development	1,080,566	1,040,044
Public works	8,743,403	7,972,040
Arts and cultural	3,198,170	3,111,362
Police	6,779,310	6,639,856
Interest and related costs on long-term debt	<u>837,895</u>	<u>924,398</u>
Total expenses	<u>35,357,566</u>	<u>33,399,678</u>
Change in net position	18,761,654	3,870,302
Net position – Beginning	100,852,768	96,982,466
Restatement (see Note 20)	<u>(2,869,271)</u>	<u>-</u>
Net position - Ending	<u>\$ 116,745,151</u>	<u>\$ 100,852,768</u>

\*2014 net position was not restated for the implementation of GASB 68

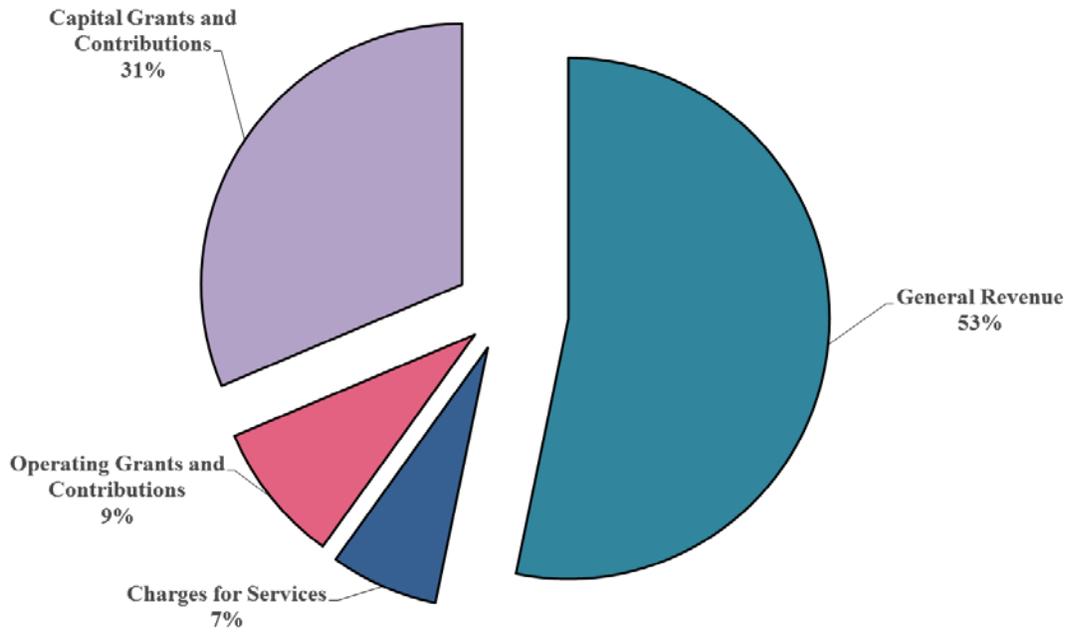
The City's net position related to governmental activities increased by \$18,761,654 during the current fiscal year. Several key highlights of the statement of activities during 2015 include the following items:

- 2015 charges for services decreased by \$596,936 from the previous year. A significant portion of this decrease was due to the decrease in building permit fees and other building related revenues due to not as many large commercial projects beginning construction in the City in 2015 compared to 2014.
- Capital grants and contributions increased by \$15,901,586 from 2014 to 2015 largely due to the City receiving \$15,357,820 in contributed capital from the acceptance of streets per the amended RidgeGate Annexation and Development Agreement effective January 1, 2015.

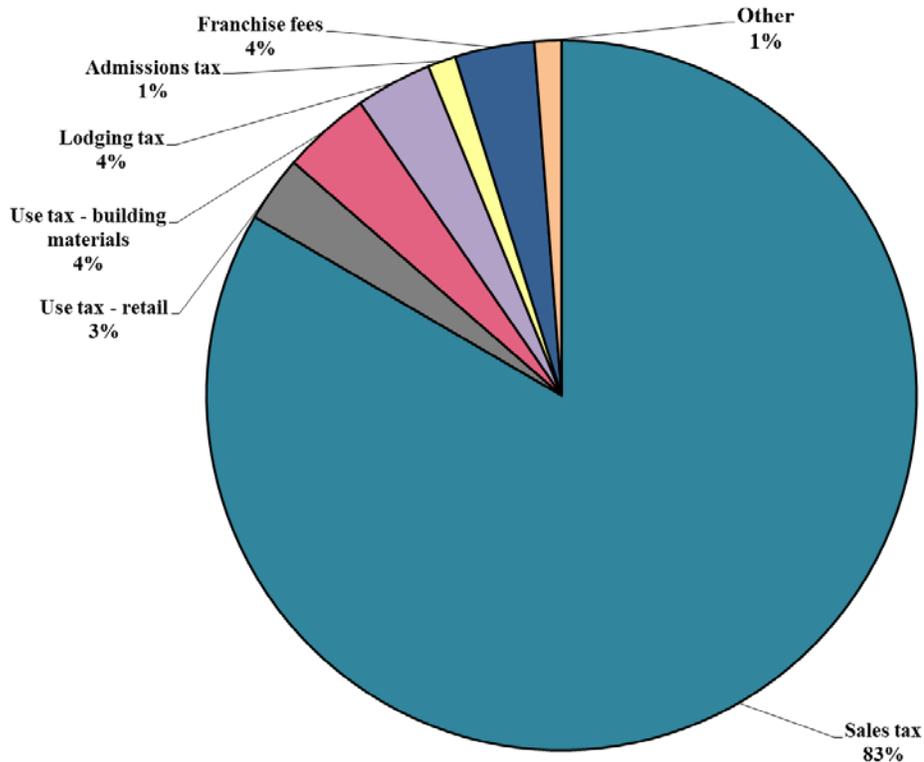
- Sales and use (retail) taxes increased by \$1,146,668 from 2014 to 2015 as a result of strengthening consumer spending, as well as multiple new retail and restaurant businesses in the City.
- General government expenses increased by \$989,415 or 7.3% from 2014 to 2015. A significant portion of this increase was related to the contribution to Douglas County for the Lincoln/I-25 ramp improvements, a full-year of operations for the Lone Tree Link, and emergency repair to the storm sewer at Park Meadows Drive and Acres Green.
- Public works expenses increased by \$771,363 or 9.7% from 2014 to 2015 primarily due to depreciation expense related to the accepted streets in RidgeGate per the amended annexation agreement and increased snow removal costs.
- Interest and related costs on long-term debt decreased due to the Certificate of Participation on the City office building being paid off in January 2015 and the resulting interest savings.



**REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES**



**GENERAL REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES**



## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *assigned and unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,174,529. Of this amount, \$16,705,772 constitutes *assigned and unassigned fund balance* which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the assigned and unassigned fund balance of the General Fund was \$16,762,445 out of a total fund balance of \$22,070,850.

The fund balance of the City's General Fund increased by \$4,194,518 during the current fiscal year. The key factors contributing to this increase was revenues increasing due to a partner's contribution payment in the funding of the southeast light rail extension and an increase in tax revenue, particularly sales tax and use tax-retail.

At the end of the current fiscal year, the Special Revenue Fund - RidgeGate reported a total fund balance of \$-0-. This fund will no longer be used as a result of the amended RidgeGate Annexation and Development Agreement.

At the end of the current fiscal year, the Special Revenue Fund – Cultural and Community Services reported a fund balance of \$-0-.

At the end of the current fiscal year, the Debt Service Fund - Arts and Cultural Facilities reported a restricted fund balance of \$1,059,919. This balance is an accumulation of pledged revenues coming in higher than anticipated.

At the end of the current fiscal year, the Debt Service Fund - Park and Recreation Improvements reported a restricted fund balance of \$1,043,760. This balance is an accumulation of pledged revenues coming in higher than anticipated.

### General Fund Budgetary Highlights

The City's total revenue in the General Fund for 2015 came in under budget. The difference between the final budgeted revenue of \$35,246,798 and the actual revenue of \$34,850,178 was \$396,620. The main reason for this variance had to do with reimbursable costs that were lower than budgeted due to the delay of the construction of the Lincoln Pedestrian Bridge, resulting in partner contributions being moved to the following year once construction begins. Additionally,

use tax-building materials came in lower than budgeted due to the timing of construction projects in the City.

The City's General Fund total expenditures for 2015 did not exceed the budgeted appropriation. The difference between the budgeted expenditures (exclusive of transfers out) of \$38,996,121 and the actual expenditures of \$30,929,566 was \$8,066,555. The primary factor contributing to this variance was a result of certain capital projects coming in under budget and/or that will be completed in 2016, such as the Lincoln Pedestrian Bridge, as well as general equipment in the Police Department coming in under budget in addition to various salary savings as a result of attrition.

### **Capital Assets**

The City invested \$19,383,832 in capital assets for its governmental-type activities for the year ended December 31, 2015, which of this amount \$15,357,820 was contributed streets in the RidgeGate area due to the amended RidgeGate Annexation and Development Agreement. Additionally, investment in capital assets consisted of projects in 2016 including street overlay, Entertainment District Improvements, Parkway Drive Reconstruction, Lincoln Pedestrian Bridge design, and an emergency lighting inverter at the Lone Tree Arts Center.

Additional information on the City's capital assets can be found in Note 6 on pages 49-50 of this report.

### **Long-Term Debt**

At the end of the fiscal year, the City had total outstanding debt of \$18,430,000. This amount represents debt secured for park and recreational improvements and the Lone Tree Arts Center. Additionally, the City had \$25,000,000 as a long-term liability for the agreement with the Regional Transportation District (RTD) on the Southeast Light Rail extension. Additional information on this agreement with RTD and the agreements with the contributing partners can be found on pages 55-56.

At the end of the fiscal year, the Park Meadows Business Improvement District (PMBID) had total outstanding debt of \$13,690,000. This amount represents debt secured for capital expenditures related to street, park and recreation, utility lines, transportation, and television relay improvements.

Additional information on the City's long-term debt can be found in Note 7 on pages 51-56 of this report.

### **Next Year's Budget**

The 2016 budget reflects the Council's endeavor for a fiscally responsible budget built on conservative revenue projections, necessary as well as discretionary expenditure levels, and required and reasonable reserves.

The City has appropriated a total of \$56,349,345 for spending in fiscal year 2016. The 2016 budget includes new City staff positions, including a Deputy City Clerk, IT Systems Specialist, Teen Court Coordinator, and a Corporate and Foundation Manager at the Lone Tree Arts Center. Capital initiatives planned for 2016 include continued overlay of City streets, the construction of the Lincoln Pedestrian Bridge, the first year's contribution toward the Southeast Light Rail extension and various intersection improvements. The City anticipates utilizing revenues projected to be received in 2016 along with prior year accumulated fund balances to pay for these capital initiatives along with on-going operational costs related to City services.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Lone Tree's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: City of Lone Tree, 9220 Kimmer Drive, Suite 100, Lone Tree, Colorado 80124.

**BASIC FINANCIAL STATEMENTS**

**CITY OF LONE TREE**  
**STATEMENT OF NET POSITION**  
**December 31, 2015**

	<b>Primary Government</b>	<b>Component Unit</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Park Meadows Business Improvement District</b>	<b>Lone Tree Business Improvement District</b>
<b>ASSETS</b>			
Cash and Investments	\$ 17,061,031	\$ 4,852,757	\$ -
Cash and Investments - Restricted	8,222,726	1,502,744	-
Receivables:			
Intergovernmental	845,903	1,299,691	-
Sales, Use, Admissions and Lodging Taxes	3,620,036	-	-
Other	62,298	-	-
Prepaid items	436,862	56,141	-
Property Taxes Receivable	-	-	165,419
Long-Term Receivable	15,937,500	-	-
Capital Assets:			
Non-Depreciable	25,060,507	-	-
Depreciable, Net	91,310,002	13,212,942	-
Net Pension Asset - FPPA	836,472	-	-
Total Assets	<u>163,393,337</u>	<u>20,924,275</u>	<u>165,419</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Amounts	1,092,521	-	-
Southeast Light Rail Extension Agreement	7,332,500	-	-
Total Deferred Outflows of Resources	<u>8,425,021</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Accounts Payable	5,280,546	247,579	-
Unearned Revenue - Arts Center Ticket Sales	169,523	-	-
Retainage Payable	119,673	-	-
Tenant Security Deposit Payable	16,081	-	-
Rental Security Deposit Payable	8,000	-	-
Surety Deposits Payable	480,504	-	-
Accrued Interest Payable	67,119	60,426	-
Noncurrent Liabilities			
Due within One Year	8,191,841	515,000	-
Due in More than One Year:			
Other Noncurrent Liabilities	36,039,893	12,966,232	-
Net Pension Liability - PERA	4,685,216	-	-
Total Liabilities	<u>55,058,396</u>	<u>13,789,237</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related Amounts	14,811	-	-
Property Taxes	-	-	165,419
Total Deferred Inflows of Resources	<u>14,811</u>	<u>-</u>	<u>165,419</u>
<b>NET POSITION</b>			
Net investment in Capital Assets	97,829,372	(328,716)	-
Restricted:			
Emergency Reserve (TABOR)	989,906	165,000	-
Conservation Trust	233,685	-	-
Brick Fence Replacement	986,200	-	-
RidgeGate Annexation Reserve	52,601	-	-
Debt Service	2,103,679	1,277,318	-
Net Pension Asset - FPPA	836,472	-	-
Unrestricted	13,713,236	6,021,436	-
Total Net Position	<u>\$ 116,745,151</u>	<u>\$ 7,135,038</u>	<u>\$ -</u>

**CITY OF LONE TREE  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2015**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues			Primary Government	Component Unit	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Park Meadows Business Improvement District	Lone Tree Business Improvement District
Primary Government:							
Governmental Activities:							
General Government	14,483,424	\$ 239,633	\$ 251,649	\$ 16,971,208	\$ 2,979,066	\$ -	\$ -
Municipal Court	234,799	691,943	-	-	457,144	-	-
Community Development	1,080,566	1,396,976	-	-	316,410	-	-
Public Works	8,743,403	-	3,906,779	-	(4,836,624)	-	-
Arts and Cultural Services	3,198,170	1,284,726	462,455	-	(1,450,989)	-	-
Police	6,779,310	3,491	107,871	-	(6,667,948)	-	-
Interest and Related Costs on Long-Term Debt	837,894	-	-	-	(837,894)	-	-
Total Primary Government	<u>\$ 35,357,566</u>	<u>\$ 3,616,769</u>	<u>\$ 4,728,754</u>	<u>\$ 16,971,208</u>	<u>(10,040,835)</u>	<u>-</u>	<u>-</u>
Component Unit:							
Park Meadows Business Improvement District:							
General Government	\$ 4,244,665	\$ -	\$ -	\$ -	-	(4,244,665)	-
Interest on Long-Term Debt	764,102	-	-	-	-	(764,102)	-
Total Component Unit	<u>\$ 5,008,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(5,008,767)</u>	<u>-</u>
Component Unit:							
Lone Tree Business Improvement District:							
General Government	\$ -	\$ -	\$ -	\$ -	-	-	-
Interest on Long-Term Debt	-	-	-	-	-	-	-
Total Component Unit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
General Revenues:							
Sales Tax	-	-	-	-	24,018,016	5,462,139	-
Use Tax - Retail	-	-	-	-	865,616	-	-
Use Tax - Building Materials	-	-	-	-	1,155,608	11,900	-
Lodging Tax	-	-	-	-	1,000,349	-	-
Admissions Tax	-	-	-	-	368,432	-	-
Franchise Fees	-	-	-	-	1,040,429	-	-
Cigarette Tax	-	-	-	-	194,668	-	-
Sales Tax and Liquor Licenses	-	-	-	-	52,358	-	-
Investment Earnings	-	-	-	-	22,376	12,860	-
Other	-	-	-	-	84,637	305,231	-
Total General Revenues	-	-	-	-	<u>28,802,489</u>	<u>5,792,130</u>	<u>-</u>
Change in Net Position	-	-	-	-	18,761,654	783,363	-
Net Position - Beginning, as Restated	-	-	-	-	97,983,497	6,351,675	-
Net Position - Ending	-	-	-	-	<u>\$ 116,745,151</u>	<u>\$ 7,135,038</u>	<u>\$ -</u>

**CITY OF LONE TREE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2015**

	<u>General</u>	<u>Special Revenue - RidgeGate</u>	<u>Special Revenue - Cultural and Community Services</u>	<u>Debt Service - Arts and Cultural Facilities</u>	<u>Debt Service - Park and Recreation Improvements</u>	<u>Nonmajor Fund Building Authority Debt Service</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and Investments	\$ 16,864,826	\$ -	\$ 196,205	\$ -	\$ -	\$ -	\$ 17,061,031
Cash and Investments - Restricted	6,530,475	-	-	813,142	879,109	-	8,222,726
Receivables:							
Intergovernmental	845,903	-	-	-	-	-	845,903
Sales, Use, Admissions and Lodging Taxes	3,208,408	-	-	246,977	164,651	-	3,620,036
Other	45,795	-	16,503	-	-	-	62,298
Prepaid items	380,189	-	56,673	-	-	-	436,862
Due from Other Funds	7,342	-	-	-	-	-	7,342
<b>TOTAL ASSETS</b>	<u>\$ 27,882,938</u>	<u>\$ -</u>	<u>\$ 269,381</u>	<u>\$ 1,060,119</u>	<u>\$ 1,043,760</u>	<u>\$ -</u>	<u>\$ 30,256,198</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ 5,195,830	\$ -	\$ 84,516	\$ 200	\$ -	\$ -	\$ 5,280,546
Unearned Revenue - Arts Center Ticket Sales	-	-	169,523	-	-	-	169,523
Retainage Payable	119,673	-	-	-	-	-	119,673
Tenant Security Deposit Payable	16,081	-	-	-	-	-	16,081
Rental Security Deposit Payable	-	-	8,000	-	-	-	8,000
Surety Deposits Payable	480,504	-	-	-	-	-	480,504
Due to Other Funds	-	-	7,342	-	-	-	7,342
Total Liabilities	<u>5,812,088</u>	<u>-</u>	<u>269,381</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>6,081,669</u>
<b>FUND BALANCES</b>							
Non-Spendable	380,189	-	56,673	-	-	-	436,862
Restricted	4,928,216	-	-	1,059,919	1,043,760	-	7,031,895
Assigned	12,489,445	-	-	-	-	-	12,489,445
Unassigned	4,273,000	-	(56,673)	-	-	-	4,216,327
Total Fund Balances	<u>22,070,850</u>	<u>-</u>	<u>-</u>	<u>1,059,919</u>	<u>1,043,760</u>	<u>-</u>	<u>24,174,529</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 27,882,938</u>	<u>\$ -</u>	<u>\$ 269,381</u>	<u>\$ 1,060,119</u>	<u>\$ 1,043,760</u>	<u>\$ -</u>	<u>\$ 30,256,198</u>

**CITY OF LONE TREE  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
December 31, 2015**

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balance - Governmental Funds	\$ 24,174,529
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	116,370,509
Other long-term assets are not current financial resources available to pay current period expenditures and, therefore, are not reported in the funds.	
RTD Light Rail Extension	15,937,500
Net Pension Asset - FPPA	836,472
Deferred outflows and inflows of resources that represent acquisition or consumption of net position that applies to future periods and, therefore, are not reported in the funds.	
Deferred Outflows - Pension Plan	1,092,521
Deferred Outflows - Southeast Light Rail Extension	7,332,500
Deferred Inflows - Pension Plan	(14,811)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds Payable	(18,430,000)
Accrued Interest on Bonds Payable	(67,119)
Bond Premiums (Net of Amortization)	(111,137)
Southeast Light Rail Extension	(25,000,000)
Net Pension Liability - PERA	(4,685,216)
Compensated Absences	(690,597)
	\$ 116,745,151
Net Position of Governmental Activities	\$ 116,745,151

**CITY OF LONE TREE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2015**

	<u>General</u>	<u>Special Revenue - RidgeGate</u>	<u>Special Revenue - Cultural and Community Services</u>	<u>Debt Service - Arts and Cultural Facilities</u>	<u>Debt Service - Park and Recreation Improvements</u>	<u>Nonmajor Fund Building Authority Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>							
Taxes	\$ 24,147,079	\$ -	\$ -	\$ 1,956,536	\$ 1,304,406	\$ -	\$ 27,408,021
Franchise fees	1,040,429	-	-	-	-	-	1,040,429
Intergovernmental	7,073,987	-	-	-	-	-	7,073,987
Licenses, fees and charges	1,430,134	-	-	-	-	-	1,430,134
Fines and forfeitures	691,943	-	-	-	-	-	691,943
Tenant rental income	239,634	-	-	-	-	-	239,634
Arts and cultural	-	-	1,747,181	-	-	-	1,747,181
Base rentals	-	-	-	-	-	1,290,006	1,290,006
Net investment income	21,019	-	-	667	690	-	22,376
Other	205,953	-	-	-	-	-	205,953
Total revenues	<u>34,850,178</u>	<u>-</u>	<u>1,747,181</u>	<u>1,957,203</u>	<u>1,305,096</u>	<u>1,290,006</u>	<u>41,149,664</u>
<b>EXPENDITURES</b>							
Current							
General government	4,706,785	-	-	-	-	-	4,706,785
Municipal court	192,197	-	-	-	-	-	192,197
Community development	1,020,830	-	-	-	-	-	1,020,830
Public works	4,473,031	-	-	-	-	-	4,473,031
Arts and cultural services	-	-	2,544,481	-	-	-	2,544,481
Police	6,697,266	-	-	-	-	-	6,697,266
Debt service							
Bond principal	-	-	-	985,000	645,000	1,290,000	2,920,000
Bond interest	-	-	-	471,756	394,713	6	866,475
Paying agent fees	-	-	-	200	200	-	400
Capital outlay	13,839,457	-	-	-	-	-	13,839,457
Total expenditures	<u>30,929,566</u>	<u>-</u>	<u>2,544,481</u>	<u>1,456,956</u>	<u>1,039,913</u>	<u>1,290,006</u>	<u>37,260,922</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,920,612</u>	<u>-</u>	<u>(797,300)</u>	<u>500,247</u>	<u>265,183</u>	<u>-</u>	<u>3,888,742</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,071,206	-	797,300	-	-	-	1,868,506
Transfers (out)	(797,300)	(52,601)	-	(95,605)	-	(923,000)	(1,868,506)
Total other financing sources (uses)	<u>273,906</u>	<u>(52,601)</u>	<u>797,300</u>	<u>(95,605)</u>	<u>-</u>	<u>(923,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	4,194,518	(52,601)	-	404,642	265,183	(923,000)	3,888,742
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>17,876,332</u>	<u>52,601</u>	<u>-</u>	<u>655,277</u>	<u>778,577</u>	<u>923,000</u>	<u>20,285,787</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 22,070,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,059,919</u>	<u>\$ 1,043,760</u>	<u>\$ -</u>	<u>\$ 24,174,529</u>

**CITY OF LONE TREE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2015**

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 3,888,742
<p>Governmental funds report 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.</p>	
Capital Asset Additions	19,383,832
Depreciation Expense	(5,781,575)
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>	
Bond Principal	2,920,000
Bond Premium, Amortization	23,892
<p>Revenues in the government funds that do not provide current financial resources available to pay current period expenditures are therefore, not reported in the statement of activities.</p>	
Southeast Light Rail Extension Partner Contributions	(1,730,000)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.</p>	
Compensated Absences - Change in Liability	(46,561)
Pension Expense	98,237
Accrued Interest on Bonds - Change in Liability	5,087
Changes in Net Position of Governmental Activities	\$ 18,761,654

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

The City of Lone Tree, Colorado (City) was incorporated by general election on November 7, 1995. The citizenry voted to become a home rule city on May 5, 1998, under the provisions of Article XX of the Constitution of the State of Colorado. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: building, permitting, planning and zoning, public works (including trash service), public safety (police and animal control) and general government activities including administration, finance, communications, cultural, recreation and municipal court.

The City follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

As required by generally accepted accounting principles (GAAP), these financial statements present the City (the primary government) and its component units.

The City is financially accountable for the Lone Tree Building Authority (Building Authority) registered with the State of Colorado as a nonprofit corporation on November 16, 2006. The Building Authority is being presented as a blended component unit of the City because the purpose of the Building Authority is to provide an exclusive benefit to the City, as well as the Building Authority's debt outstanding is expected to be repaid entirely by revenues of the City. The Building Authority is governed by a Board of Directors consisting of three members. The initial Board was established by City Council. Any future changes to Board members will be decided by a majority vote of existing members. The Building Authority's debt was paid in full on January 2, 2015 and subsequently the Building Authority was dissolved as a non-profit corporation with the State of Colorado on November 3, 2015.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)**

The City organized the Park Meadows Business Improvement District (PMBID) in October 2006 for the purpose of providing public improvements within the boundaries of the operations area of the PMBID as defined by Ordinance approved by City Council. The PMBID will receive a portion of the sales taxes generated by the Park Meadows Mall (see Note 11) for the purpose of funding such improvements. The PMBID is comprised of five board members appointed by City Council. The PMBID is required to submit an annual operating plan and budget for City Council approval. Due to the fact that the PMBID's governing body is appointed by City Council along with its fiscal dependence of receiving funds from the City, the PMBID is considered to be a component unit of the City but does not meet the definition of an integral part of the primary government. Therefore, the PMBID is included and presented as a discretely presented component unit of the City.

The formation of the Lone Tree Business Improvement District (LTBID) was initiated by commercial business owners and approved by the City on September 1, 2015. The LTBID was created to assist with the financing, construction, operation, marketing and maintenance of public improvements and public services intended to maintain and improve the economic performance of business entities located within the LTBID. The LTBID is governed by a Board of Directors who are appointed by, and may be removed by, City Council. The LTBID must submit an annual operating plan and budget for City Council approval by September 30th of each year per State statute. Since the LTBID's governing body is appointed by City Council and the City has the ability to impose its will, the LTBID is considered to be a component unit of the City but does not meet the definition of an integral part of the primary government. Therefore, the LTBID is included and presented as a discretely presented component unit of the City.

None of the component units included in the reporting entity issue their own annual financial statements.

The following services are provided to residents of the City, by the following entities, which are not component units of the City:

- Water and sewer services are provided by Southgate Water and Sanitation District and Northern Douglas County Water Sanitation District.
- Fire protection services are provided by South Metro Fire Rescue Authority.
- Parks and recreation services are provided by South Suburban Park and Recreation District.
- Street construction and landscaping maintenance of right of way are partially provided by Park Meadows Metropolitan District (PMMD).
- Rampart Range Metropolitan Districts 1-9 (RRMD) provide financing for water, sewer, streets, parks and storm drainage in the areas within RRMD, in the City (see Note 11).
- Heritage Hills Metropolitan District (HHMD) provided financing for public infrastructure within HHMD, in the City, and currently provides certain landscaping maintenance.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the City are described as follows:

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements report all of the activities of the primary government and its component units except for the fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by sales taxes and intergovernmental revenues. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of net position reports all financial and capital resources of the primary government and its component units. The difference between the assets and deferred outflows and liabilities and deferred inflows of the City is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property, equipment and infrastructure are shown as increases in assets, and redemption of bonds are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources 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

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

current period. For this purpose, the government considers revenues to be available if they are collected within a reasonable period (typically within 60 days) following the end of the current fiscal period. The major sources of revenue susceptible to accrual are sales, use, lodging and admissions taxes. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The Special Revenue Fund - RidgeGate is used to account for revenues and expenditures related to the RidgeGate development pursuant to the original annexation agreement. Effective January 1, 2015 this Special Revenue Fund was discontinued due to the amendment to the annexation agreement and all activity was transferred to the General Fund (see Note 11).

The Special Revenue Fund – Cultural and Community Services is used to account for revenues and expenditures related to the operations of the Lone Tree Arts Center, as well as other City sponsored events and cultural services. Revenue reported in this fund include all sales at the Lone Tree Arts Center, which include ticket sales and related fees, rental fees, concessions, donations, and grants.

The Debt Service Fund - Arts and Cultural Facilities is used to account for the resources accumulated and payments made for principal and interest on long-term debt related to arts and cultural facilities improvements.

The Debt Service Fund - Park and Recreation Improvements is used to account for the resources accumulated and payments made for the principal and interest on long-term debt related to park and recreational improvements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

When both restricted and unrestricted resources are available, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**Budgets**

In accordance with the State Budget Law, the City Council holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The City Council can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting, unless otherwise indicated. Budgets for all governmental funds are adopted on a basis consistent with GAAP. Unused appropriations lapse at the end of each fiscal year.

During the year ended December 31, 2015, supplementary appropriations approved by the City modified the appropriation from \$35,169,234 to \$40,025,558 in the General Fund and from \$4,619,204 to \$52,601 in the Special Revenue Fund – RidgeGate.

During the year ended December 31, 2015, supplementary appropriations approved by the PMBID modified the appropriation from \$5,200,862 to \$5,800,000 in the General Fund.

**Pooled Cash and Investments**

The City follows the practice of pooling cash and investments of all funds to maximize interest earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Investments are carried at fair value.

**Interfund Balances**

The City reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

**Capital Assets**

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings and building improvements	3 - 50 years
Equipment	3 - 15 years
Vehicles	5 years
Infrastructure	10 - 50 years
Intangibles	40 years

**Amortization**

***Original Issue Discount/Premium***

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**Compensated Absences**

The City has a policy that allows employees to accumulate unused vacation benefits up to certain maximum hours based on years of service. Compensated absences are accrued when incurred in the government-wide financial statements. The City's General Fund is used to liquidate compensated absences of the governmental activities.

**Accounts Receivable**

No allowance of doubtful accounts have been provided. Bad debts are expensed when deemed uncollectible. Management has evaluated the accounts and believes they are all collectible.

**Unearned Revenue**

Unearned revenue in the government-wide and the fund financial statements consists of unearned

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

ticket sales for the Lone Tree Arts Center.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first is shown as pension-related amounts that includes items related to the City's portion of the Colorado Fire and Police Pension Association (FPPA) and Colorado Public Employees Retirement Association (PERA) benefit plans. This includes the difference between expected and actual experience, any changes of assumptions or other inputs, the net difference between projected and actual investment earnings on pension plan investments, and the related contributions subsequent to the measurement date, but before the end of the fiscal year and changes in proportion since the prior measurement date (see Notes 12 and 13). The second is shown as the Southeast Light Rail Extension Agreement, which includes the City's portion of this project. The agreement is between the City and the Regional Transportation District (RTD) which assumes a local match from the City totaling a \$25 million cash contribution. During 2015, the City entered into multiple agreements with partners related to the funding of this project (see Note 7).

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify, as well as the Lone Tree Business Improvement District (component unit) having one item that qualifies for reporting in this category. The first is shown as pension-related amounts that includes items related to the City's portion of the Colorado Fire and Police Pension Association (FPPA) and Colorado Public Employees Retirement Association (PERA) benefit plans. This includes the City's proportionate share of collective deferred inflows of resources, the change in employer allocation percentage from 2013 to 2014, the difference between the actual contributions and proportionate share of total contributions, as well as the amortization related to this difference (see Notes 12 and 13). Lastly, the Lone Tree Business Improvement District has one item shown as Property Taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available (see Note 1).

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Equity**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, City Council. The constraint may be removed or changed only through formal action of City Council. City Council will either pass an ordinance or resolution as the highest level of decision making dependent on the subject matter. An ordinance requires the matter to be added to the City’s municipal code, whereas a resolution does not require this action, but depending on the subject matter, both are equally binding.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the City Council to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. City Council has approved an Intergovernmental Agreement with Douglas County for an emergency disaster management reserve, entered into multiple agreements with private-public entities to operate a free shuttle service between certain employers and the light rail station, as well as setting requirements as part of the site improvement application process for park fees in lieu of land dedication. Additionally, City Council has adopted a Council Adopted Policy to assign fund balance. CAP #12-02, the Capital Reserve Policy, establishes reserves for future capital replacement and project needs.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above. Additionally, the unassigned fund balance is generally a negative amount, except for in the general fund, which reports a positive unassigned fund balance amount. The negative amount is appropriate in other governmental funds (excluding the general fund) if the expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the City’s policy to use the most restrictive classification first.

**New Accounting Pronouncement**

Effective January 1, 2015, the City implemented the provisions of GASB Statement No. 68, “*Accounting and Financial Reporting for Pensions*” and GASB Statement No. 71, “*Pension Transition for Contributions made Subsequent to the Measurement Date,*” an amendment of GASB Statement No. 68. Those new pronouncements require the City to record its “proportionate share” of the Pension Plans net pension liability and/or net pension asset and related deferred inflows and outflows of resources in the government-wide financial statements.

As a result of implementing GASB Statements No. 68 and 71, the City was required to restate the government-wide beginning net position.

***Pensions***

The City participates in two defined benefit pension plans, one of the plans is for civilian employees (City administration and Lone Tree Arts Center staff) and the other is for sworn employees (police officers). The civilian employees participate 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 sworn employees participate in the Statewide Defined Benefit Plan (SDBP), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF and SDBP 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.

**CITY OF LONE TREE,  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Pension expense for 2015 was charged to the following functions/programs:

	<b>Component Unit</b>
General Government	\$ 50,145
Municipal Court	4,776
Community Development	17,312
Police Department	(214,047)
Arts and Cultural	<u>43,578</u>
Total pension expense	<u>\$ (98,237)</u>

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of December 31, 2015 are classified in the accompanying financial statements as follows:

	<b>Primary Government</b>	<b>Park Meadows BID Component Unit</b>
Statement of net position:		
Cash and investments	\$ 17,061,031	\$ 4,852,757
Cash and investments - Restricted	<u>8,222,726</u>	<u>1,502,744</u>
Total cash and investments	<u>\$ 25,283,757</u>	<u>\$ 6,355,501</u>

Cash and investments as of December 31, 2015 consist of the following:

	<b>Primary Government</b>	<b>Park Meadows BID Component Unit</b>
Deposits with financial institutions	\$ 8,009,433	\$ 4,073,367
Investments	<u>17,274,324</u>	<u>2,282,134</u>
Total cash and investments	<u>\$ 25,283,757</u>	<u>\$ 6,355,501</u>

**CITY OF LONE TREE,  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2015 the City's cash deposits had a bank balance of \$7,688,604 and a carrying balance of \$8,009,433. None of the City's deposits are subject to custodial risk since they are deposited in certified eligible public depositories under the PDPA.

At December 31, 2015, the PMBID's cash deposits had a bank balance of \$4,264,688 and a carrying balance of \$4,073,367.

**Investments**

The City has adopted a formal investment policy to establish parameters and guidelines for the efficient management of the City's funds and for the purchase and sale of investments. The City will consolidate the balances from all funds, except those held in trusts or special funds that have a designated purpose, to maximize investment earnings. The City's primary objectives, in priority order, are: a) Safety of Principal, b) Liquidity, and c) Return on Investments. Pursuant to the City's investment policy, investments will have a duration of no longer than five years. Additionally, the City follows state statutes regarding investments.

The City generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the City is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the City Council. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed

**CITY OF LONE TREE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- \* Local government investment pools

As of December 31, 2015, the City had the following investments:

<b>Investment</b>	<b>Maturity</b>	<b>Primary Government</b>	<b>Park Meadows BID Component Unit</b>
Colorado Liquid Asset Trust (Colotrust)	Weighted average under 60 days	\$ 17,274,324	\$ -
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	-	2,282,134
		<u>\$ 17,274,324</u>	<u>\$ 2,282,134</u>

**COLOTRUST**

The City invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals.

The custodian's internal records segregate investments owned by the Trust. Colotrust is rated AAAM by Standard & Poor's.

**CSAFE**

The PMBID invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals.

The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 4 - FUND BALANCE**

The specific purposes for each fund balance classification on the balance sheet are detailed in the table below:

	General Fund	Special Revenue Fund - RidgeGate	Special Revenue Fund - Arts Center	Debt Service Fund - Arts & Cultural Facilities	Debt Service Fund - Park & Recreation Improvements	Nonmajor Fund Building Authority Debt Service	Total
Fund Balances							
Nonspendable:							
Prepaid Items	\$ 380,189	\$ -	\$ 56,673	\$ -	\$ -	\$ -	\$ 436,862
	<u>380,189</u>	<u>-</u>	<u>56,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>436,862</u>
Restricted for:							
Emergency Reserve (TABOR)	989,906	-	-	-	-	-	989,906
Conservation Trust	233,685	-	-	-	-	-	233,685
Park and Recreation Improvements							
Series 2008A Bonds	935,824	-	-	-	-	-	935,824
Brick Fence Replacement Reserve	986,200	-	-	-	-	-	986,200
RidgeGate Annexation Reserve	52,601	-	-	-	-	-	52,601
Southeast Light Rail Extension	1,730,000	-	-	-	-	-	1,730,000
Debt Service	-	-	-	1,059,919	1,043,760	-	2,103,679
	<u>4,928,216</u>	<u>-</u>	<u>-</u>	<u>1,059,919</u>	<u>1,043,760</u>	<u>-</u>	<u>7,031,895</u>
Committed to:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned to:							
Emergency Disaster Management - County	108,077	-	-	-	-	-	108,077
Capital Replacement	11,127,158	-	-	-	-	-	11,127,158
Park Fee in Lieu of Land Dedication	93,394	-	-	-	-	-	93,394
Lone Tree Link	484,775	-	-	-	-	-	484,775
Subsequent Year's Expenditures (capital projects)	676,041	-	-	-	-	-	676,041
	<u>12,489,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,489,445</u>
Unassigned	<u>4,273,000</u>	<u>-</u>	<u>(56,673)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,216,327</u>
Total Fund Balance	<u>\$ 22,070,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,059,919</u>	<u>\$ 1,043,760</u>	<u>\$ -</u>	<u>\$ 24,174,529</u>

**Nonspendable**

The nonspendable fund balance for prepaid items represents payments to vendors that are applicable to a future accounting period and are, therefore, nonspendable resources and unavailable for appropriation.

**Restricted**

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 19).

Conservation Trust reserve represents funds received from the State of Colorado from lottery proceeds that are restricted by the State Constitution to be spent for parks, recreation and open space purposes.

Park and recreation improvements represents unspent bond proceeds received from the 2008A

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 4- FUND BALANCE (CONTINUED)**

Park and Recreation Improvements bond issuance. These funds are to be used exclusively for park and recreational improvements.

The brick fence replacement reserve represents funds received by the City as part of a litigation settlement. These funds are to be used exclusively for capital repairs related to the brick fences throughout the City as a requirement of the settlement.

The RidgeGate annexation reserve has been provided for as required by the Annexation Agreement with the developer of RidgeGate (see Note 11) for emergency maintenance and repairs of capital improvements.

The Southeast light rail extension restricted balance represents funds received by the City from one of the City's partners in this project. These funds are to be used exclusively for the Southeast light rail payment to RTD as outlined in the agreement.

The debt service restricted balance represents funds to be used for future payment of bond principal, interest and costs related to the 2008A Park and Recreation Improvement Bonds and 2009 Arts and Cultural Facilities Bonds.

**Assigned**

The emergency disaster management reserve has been provided for pursuant to an intergovernmental agreement with Douglas County estimated at 0.02% of the City's assessed value.

Capital replacement represents funds accumulated for future replacement of capital improvements and/or for capital projects.

Park fee in lieu of land dedication represents funds received on development projects that are pledged for future park and recreation projects pursuant to development site improvement applications.

Lone Tree Link funds are related to a public-private partnership the City has formed with institutions, businesses and organizations along the Park Meadows Drive corridor to provide a circulator shuttle bus service between businesses and the light rail station. These funds are assigned to pay for the operations of this service, which is free to riders (see Note 10).

Subsequent year's expenditures represents the amount appropriated for use in the budget for the year ending December 31, 2016. This classification of expenditures is present when prior-year fund balance is used for expenditures, such as capital projects. For 2016, these expenditures are primarily for capital projects, such as street improvements.

**CITY OF LONE TREE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015**

**NOTE 4- FUND BALANCE (CONTINUED)**

**Unassigned**

Included in the unassigned amount in the General Fund is the City’s working reserve or stabilization fund. This amount was established by City Council in CAP #11-01 to mitigate current and future risks such as revenue shortfalls and unanticipated expenditures as well as to ensure stable tax rates.

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of December 31, 2015 are as follows:

<b>Fund</b>	<u>Receivables</u>	<u>Payables</u>
General	\$ 7,342	\$ -
Special Revenue Fund – Cultural / Community Services	-	7,342
	<u>\$ 7,342</u>	<u>\$ 7,342</u>

The balance due in the Special Revenue Fund – Cultural and Community Services is a result of timing of receipt of revenues. This payable will be cleared in early 2016 with unearned and other revenues.

The following schedule summarizes the City’s transfers for the year ended December 31, 2015:

<b>Transfers Out</b>	<u>Transfers in General Fund</u>	<u>Transfers in Special Revenue Fund - Cultural &amp; Community Services</u>
Building Authority - Debt Service	\$ 923,000	\$ -
Special Revenue Fund - RidgeGate	52,601	-
Debt Service Fund – Arts / Cultural Facilities	95,605	-
General Fund	-	797,300
	<u>\$ 1,071,206</u>	<u>\$ 797,300</u>

The transfer of \$923,000 from the Building Authority Debt Service Fund represents the reserve amount transferred to the General Fund to pay off the balance in full of the 2007 Certificates of Participation with an early redemption on January 2, 2015.

The transfer of \$52,601 from the Special Revenue Fund – RidgeGate represents the RidgeGate annexation reserve balance, which comprises the full fund balance that was transferred to the General Fund to eliminate the Special Revenue Fund - RidgeGate per the First Amendment to the Annexation Agreement (see Note 11)

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)**

The transfer of \$95,605 from the Debt Service Fund – Arts and Cultural Facilities represents excess revenue not required for bond payments that was transferred to the General Fund and used to pay for costs related to capital purchases for the Lone Tree Arts Center.

The transfer of \$797,300 from the General Fund represents the subsidy needed from the General Fund to cover the operational costs of the Lone Tree Arts Center in excess of revenues generated by the Lone Tree Arts Center.

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015 follows:

	<u>Balance at December 31, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2015</u>
<b>Primary Government</b>				
Capital Assets, Not being Depreciated:				
Land	\$ 23,858,798	\$ 127,990	\$ -	\$ 23,986,788
Construction in Progress	-	1,073,719	-	1,073,719
Total Capital Assets, not Being Depreciated	<u>23,858,798</u>	<u>1,201,709</u>	<u>-</u>	<u>25,060,507</u>
Capital Assets, being Depreciated:				
Buildings and Building Improvements	39,313,445	96,572	-	39,410,017
Equipment	2,911,875	237,728	(513,938)	2,635,665
Vehicles	1,774,753	160,089	(544,915)	1,389,927
Infrastructure	97,093,676	17,687,733	-	114,781,409
Intangibles	1,500,000	-	-	1,500,000
Total Capital Assets, being Depreciated	<u>142,593,749</u>	<u>18,182,123</u>	<u>(1,058,853)</u>	<u>159,717,019</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(5,052,277)	(985,552)	-	(6,037,829)
Equipment	(1,852,475)	(353,353)	513,938	(1,691,890)
Vehicles	(1,388,999)	(158,372)	544,915	(1,002,456)
Infrastructure	(54,996,794)	(4,246,798)	-	(59,243,592)
Intangibles	(393,750)	(37,500)	-	(431,250)
Total Accumulated Depreciation	<u>(63,684,295)</u>	<u>(5,781,575)</u>	<u>1,058,853</u>	<u>(68,407,016)</u>
Total Capital Assets, being Depreciated, Net	<u>78,909,454</u>	<u>12,400,548</u>	<u>-</u>	<u>91,310,002</u>
Capital Assets, Net	<u>\$ 102,768,252</u>	<u>\$13,602,257</u>	<u>\$ -</u>	<u>\$ 116,370,509</u>

During 2015, the City spent a total of \$458,802 in capital outlay initiatives that are not being depreciated on the City's record (e.g., capital assets owned by other entities).

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

	<u>Balance at December 31, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2015</u>
<b>Park Meadows BID Component Unit:</b>				
Capital assets, being depreciated:				
Infrastructure	\$ 16,105,899	\$ 677,937	\$ -	\$ 16,783,836
Total capital assets, being depreciated	<u>16,105,899</u>	<u>677,937</u>	<u>-</u>	<u>16,783,836</u>
Less accumulated depreciation for:				
Infrastructure	<u>(3,034,031)</u>	<u>(536,863)</u>	<u>-</u>	<u>(3,570,894)</u>
Total accumulated depreciation	<u>(3,034,031)</u>	<u>(536,863)</u>	<u>-</u>	<u>(3,570,894)</u>
Total capital assets, being depreciated, net	<u>13,071,868</u>	<u>141,074</u>	<u>-</u>	<u>13,212,942</u>
Capital assets, net	<u>\$ 13,071,868</u>	<u>\$ 141,074</u>	<u>\$ -</u>	<u>\$ 13,212,942</u>

Depreciation expense for 2015 was charged to the following functions/programs:

	<u>Governmental Activities</u>	<u>Park Meadows BID Component Unit</u>
General government	\$ 455,936	\$ 536,863
Municipal court	7,455	-
Community development	37,550	-
Public works	4,266,583	-
Police department	413,403	-
Arts and cultural	<u>600,648</u>	<u>-</u>
Total depreciation expense	<u>\$ 5,781,575</u>	<u>\$ 536,863</u>

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 7 - LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the City's long-term obligations for the year ended December 31, 2015:

	<b>Balance at December 31, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at December 31, 2015</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Certificates of Participation - Series 2007	\$ 1,290,000	-	\$ 1,290,000	-	-
Sales and Use Tax Revenue Bonds - Series 2008A	7,950,000	-	645,000	7,305,000	695,000
Unamortized premium on Series 2008A Bonds	21,193	-	3,829	17,364	-
Sales and Use Tax Revenue Bonds- Series 2009	12,110,000	-	985,000	11,125,000	1,060,000
Unamortized premium on Series 2009 Bonds	113,836	-	20,063	93,773	-
Southeast Light Rail Extension	-	25,000,000	-	25,000,000	6,333,333
Compensated Absences	644,036	100,079	53,518	690,597	103,508
	<u>\$ 22,129,065</u>	<u>\$ 25,100,079</u>	<u>\$ 2,997,410</u>	<u>\$ 44,231,734</u>	<u>\$ 8,191,841</u>

	<b>Balance at December 31, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at December 31, 2015</b>	<b>Due Within One Year</b>
<b>Park Meadows BID Component Unit</b>					
Shared Sales Tax Revenue Bonds - Series 2007	\$ 14,180,000	-	\$ 490,000	\$ 13,690,000	\$ 515,000
Unamortized discount on Series 2007 Bonds	(221,816)	-	13,048	(208,768)	-
	<u>\$ 13,958,184</u>	<u>\$ -</u>	<u>\$ 503,048</u>	<u>\$ 13,481,232</u>	<u>\$ 515,000</u>

**CITY OF LONE TREE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

On May 6, 2008, a majority of the qualified electors of the City authorized the issuance of indebtedness in an amount not to exceed \$18,500,000 and \$12,500,000, for sales and use tax revenue bonds for funding capital improvements for cultural facilities and park and recreation, respectively. The voters also authorized a temporary sales and use tax rate increase of .1875% for arts and cultural facilities and .125% for park and recreation improvements effective July 1, 2008 through December 31, 2023 or until the full payment of such debt if occurring earlier. At December 31, 2015, the City had authorized but unissued bond indebtedness in the following amounts allocated for the following purposes:

	<b>Amount Authorized 2008</b>	<b>Amount Used Series 2008A</b>	<b>Amount Used Series 2009</b>	<b>Remaining Authorization</b>
Arts and cultural facilities	\$ 18,500,000	\$ -	\$ 16,880,000	\$ 1,620,000
Park and recreation improvements	<u>12,500,000</u>	<u>11,000,000</u>	<u>-</u>	<u>1,500,000</u>
	<u>\$ 31,000,000</u>	<u>\$ 11,000,000</u>	<u>\$ 16,880,000</u>	<u>\$ 3,120,000</u>

In the future, the City may issue a portion or all of the remaining authorized but unissued bond indebtedness for purposes of providing public improvements.

Additionally, the PMBID held an election on November 7, 2006 where eligible voters of the PMBID authorized the issuance of \$135,000,000 of indebtedness payable from ad valorem property taxes or other legally available revenues of the PMBID for capital expenditures related to street, park and recreation, utility lines, transportation, and television relay improvements. As of December 31, 2015, the PMBID has \$118,690,000 in authorized, but unissued indebtedness for capital purposes.

The detail of the City's long-term obligations are as follows:

**Series 2007, \$9,230,000 Taxable Adjustable Rate Certificates of Participation, dated January 9, 2007 (the 2007 Certificates).** On January 9, 2007, the Building Authority issued \$9,230,000 in Taxable Adjustable Rate Certificates of Participation representing assignments of the right to receive certain revenues pursuant to a lease purchase agreement entered between the Building Authority and the City on January 1, 2007. The proceeds of the 2007 Certificates were used by the Authority to purchase an office building, the land upon which it is located and certain equipment for lease to the City for use as City offices, to finance the costs of remodeling and other improvements, to pay capitalized interest, to fund a debt service reserve fund, and to pay the costs of issuing the 2007 Certificates.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

The 2007 Certificates are secured by an irrevocable letter of credit issued by Wells Fargo Bank, National Association with an expiration date of January 12, 2015. The Certificates mature on December 1, 2017 and initially will bear interest at a monthly rate with monthly interest payments due the first business day beginning on February 1, 2007. As of January 2, 2015, the interest rate was 0.18%. The 2007 Certificates are subject to annual mandatory redemption beginning December 1, 2008. While in the monthly mode, the Certificates are subject to redemption prior to maturity, at the option of the City, on any rate change date, without redemption premium.

The 2007 Certificates were paid off in full with an early redemption on January 2, 2015.

**Series 2008A, \$11,000,000 Sales and Use Tax Revenue Bonds, dated November 19, 2008 (2008A Bonds).** On November 19, 2008, the City issued \$11,000,000 in Sales and Use Tax Revenue Bonds for park and recreation projects. The proceeds of the 2008A Bonds were used to acquire and develop park and recreation facilities within the City and pay for the costs of issuing the 2008A Bonds. The 2008A Bonds are due annually in various amounts beginning December 1, 2010 through December 1, 2023 with interest from 3.50% to 5.25%, payable semiannually on June 1 and December 1.

The 2008A Bonds maturing on or before December 1, 2018 are not subject to redemption prior to maturity. The 2008A Bonds maturing on or after December 1, 2019 are subject to redemption prior to maturity at the option of the City with no redemption premium. The principal and interest on the 2008A Bonds is payable solely from and secured by an irrevocable pledge of the 2008A pledged revenues which primarily consist of the revenues derived from the City's recreation sales and use tax imposed at a rate equal to 0.125%. The recreation sales tax went into effect on July 1, 2008 and will end on December 1, 2023, or after full payment of the 2008A Bonds, whichever occurs first.

**Series 2009, \$16,880,000 Sales and Use Tax Revenue Bonds, dated August 11, 2009 (2009 Bonds).** On August 11, 2009, the City issued \$16,880,000 in Sales and Use Tax Revenue Bonds for arts and cultural facilities projects. The proceeds of the 2009 Bonds will be used to design and construct the Lone Tree Arts Center and pay for the costs of issuing the 2009 Bonds. The 2009 Bonds are due annually in various amounts beginning December 1, 2009 through December 1, 2023 with interest from 2.50% to 4.25%, payable semiannually on June 1 and December 1.

**CITY OF LONE TREE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

The 2009 Bonds maturing on or before December 1, 2019 are not subject to redemption prior to maturity. The 2009 Bonds maturing on or after December 1, 2020 are subject to redemption prior to maturity at the option of the City with no redemption premium. The principal and interest on the 2009 Bonds is payable solely from and secured by an irrevocable pledge of the 2009 pledged revenues which primarily consist of the revenues derived from the City’s cultural sales and use tax imposed at a rate equal to 0.1875%. The cultural sales tax went into effect on July 1, 2008 and will end on December 1, 2023, or after full payment of the 2009 Bonds, whichever occurs first.

**Series 2007, \$16,310,000 Shared Sales Tax Revenue Bonds, dated June 20, 2007 (2007 Bonds).** On June 20, 2007, the PMBID issued \$16,310,000 in Shared Sales Tax Revenue Bonds for capital improvement projects. The proceeds of the 2007 Bonds were used to develop an addition to the Park Meadows Mall, provide capitalized interest for payment of a portion of the interest on the 2007 Bonds, fund a reserve account and pay for the costs of issuing the 2007 Bonds. The 2007 Bonds are due annually in various amounts beginning December 1, 2010 through December 1, 2031, with interest from 5.00% to 5.35%, payable semiannually on June 1 and December 1.

The 2007 Bonds are subject to a mandatory sinking fund redemption beginning on December 1, 2010. The 2007 Bonds maturing on or after December 1, 2017 are subject to redemption prior to maturity at the option of the PMBID with no redemption premium. The principal and interest on the 2007 Bonds is payable solely from and secured by an irrevocable pledge of the 2007 pledged revenues, which primarily consist of the revenues derived from the PMBID’s shared sales tax with the City imposed at a rate equal to 1.8125%. The City is required to pledge 50% of the taxes collected in the PMBID area pursuant to the annexation agreement (see Note 11); however, the City is not ultimately responsible for the payment of the bonds.

Annual debt service requirements to maturity are as follows:

<b>Year Ended December 31,</b>	<b>Governmental Activities</b>		
	<b>Sales and Use Tax Revenue Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 1,755,000	\$ 805,431	\$ 2,560,431
2017	1,890,000	735,719	2,625,719
2018	2,030,000	658,656	2,688,656
2019	2,195,000	569,406	2,764,406
2020	2,365,000	470,731	2,835,731
2021-2023	<u>8,195,000</u>	<u>755,040</u>	<u>8,950,040</u>
	<u>\$ 18,430,000</u>	<u>\$ 3,994,983</u>	<u>\$ 22,424,983</u>

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

	<u>Component Unit</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 515,000	\$ 725,095	\$ 1,240,095
2017	540,000	699,345	1,239,345
2018	570,000	672,345	1,242,345
2019	600,000	642,135	1,242,135
2020	630,000	610,335	1,240,335
2021-2025	3,690,000	2,513,460	6,203,460
2026-2030	4,785,000	1,424,707	6,209,707
2031	<u>2,360,000</u>	<u>126,260</u>	<u>2,486,260</u>
	<u>\$ 13,690,000</u>	<u>\$ 7,413,682</u>	<u>\$ 21,103,682</u>

**Southeast Light Rail Extension Project**

During 2015, the City entered into multiple agreements related to the funding of the southeast light rail extension project, which will add three additional stops, approximately 2.3 miles of additional trackage, and associated infrastructure. The master agreement, which was entered into on October 7, 2015 between the City and the Regional Transportation District (RTD) assumes a local match from the City totaling a \$25 million cash contribution. Construction is planned to begin in mid-2016.

The City's local match to RTD is not contingent upon payment from the other entities, however the City executed agreements with the other entities in 2015, prior to the finalization of the master agreement with RTD. The City agrees to pay RTD in three total annual payments of \$6,333,333 in 2016, \$8,333,333 in 2017, and \$10,333,334 in 2018. Each annual payment will be made in two equal installments, the first of which will be made on May 2 and the second of which will be made on November 1, of each year an annual payment is due, provided that RTD has awarded a contract for the construction of the Project before May 1, 2016 and the project has received award of the Federal Transit Administration grant. If either of these stipulations have not occurred, no payment will be due until 60 days after both the contract award and the grant has been received.

In addition to the agreement with RTD, the City entered into cost sharing agreements with Douglas County, the Southeast Public Improvement Metropolitan District (SPIMD), and the Rampart Range Metropolitan District (RRMD). Contributions from each entity are as follows:

- City - \$7,332,500
- Douglas County - \$7,335,000
- RRMD - \$7,332,500
- SPIMD - \$3,000,000

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

Details of each of the funding partner agreements are below:

On February 24, 2015, the City and Douglas County entered into an intergovernmental agreement where the County agrees to pay the City \$7,335,000. This amount will be paid in three installments, \$1,730,000 by December 1, 2015, \$3,160,000 by March 1, 2016 and \$2,445,000 by December 1, 2017. As of December 31, 2015, the City had received the first payment of \$1,730,000 from the County which was recorded as a reduction to the long-term receivable on the government-wide statements. The second payment due March 1, 2016 will be invoiced once confirmation of the federal grant is confirmed which is anticipated to be at the end of April 2016.

On July 21, 2015, the City and RRMD entered into an intergovernmental agreement where RRMD agrees to pay the City \$7,332,500. This amount will be paid in six installments, two per year, each \$1,222,083 by January 1 and May 31 of 2016-2018. The first payment from RRMD that was due January 1, 2016 will be invoiced once confirmation of the federal grant is confirmed which is anticipated to be at the end of April 2016.

On June 16, 2015, the City and SPIMD entered into an intergovernmental agreement where SPIMD agrees to pay the City \$3,000,000. This amount will be paid in three installments, \$1,000,000 by December 1, 2015, \$1,000,000 by March 1, 2016 and \$1,000,000 by December 1, 2017. As of December 31, 2015, no payment has been received. The City discussed with the District and decided to wait to invoice until confirmation of the federal grant is confirmed which is anticipated to be at the end of April 2016.

**NOTE 8 - NET POSITION**

The City has net position consisting of three components - net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds and capital leases that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2015, the City had net investment in capital assets of \$97,829,372 calculated as follows:

<b>Primary Government</b>	<b><u>Governmental Activities</u></b>
Net investment in capital assets:	
Capital assets, net	\$ 116,370,509
Current portion of long-term obligations	(1,755,000)
Noncurrent portion of long-term obligations	(16,675,000)
Premium (net of accumulated amortization)	(111,137)
Net investment in capital assets	<u>\$ 97,829,372</u>

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 8 - NET POSITION (CONTINUED)**

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Emergency Reserve is restricted due to impositions by law through constitutional provisions. The RidgeGate annexation reserve is restricted due to the annexation agreement with another entity. The City had restricted net position of \$5,202,543 as of December 31, 2015 as follows:

<b>Primary Government</b>	<b><u>Governmental Activities</u></b>
Restricted net position:	
Emergency reserve (see Note 19)	\$ 989,906
Conservation Trust	233,685
Brick Fence Replacement	986,200
RidgeGate Annexation Reserve (see Note 11)	52,601
Debt service (see Note 4)	2,103,679
Net Pension Asset (see Note 12)	<u>836,472</u>
	<u>\$ 5,202,543</u>

The unrestricted component of net position as of December 31, 2015 totaled \$13,713,236.

**NOTE 9 - CONTRACTUAL OBLIGATIONS**

The City has entered into sales shareback agreements with several entities. The terms of the agreements and remaining amounts committed are detailed as follows:

	<b><u>Maximum Reimbursement</u></b>	<b><u>Agreement Termination Date</u></b>	<b><u>Amount Paid as of December 31, 2015</u></b>	<b><u>Remaining Amount Committed</u></b>
Retailer A	\$ 750,000	September 30, 2021	\$ 375,000	\$ 375,000
Retailer B	7,200,000	May 17, 2027	3,750,548	3,449,452
Service Provider B	N/A	February 7, 2022	-	Unknown
Service Provider C	N/A	May 21, 2018	<u>732</u>	<u>Unknown</u>
	<u>\$ 8,150,000</u>		<u>\$ 4,126,280</u>	<u>\$ 3,824,452</u>

Retailer A is to be paid, at a minimum, in ten equal installments of \$75,000 beginning in 2011 on condition that Retailer A leases and continually occupies and conducts retail operations at the current location within the City. The payments made pursuant to the agreement are subject to annual appropriation.

**CITY OF LONE TREE**  
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**NOTE 9 - CONTRACTUAL OBLIGATIONS (CONTINUED)**

Retailer B is to be paid a total of \$7,200,000. \$2,200,000 will be due from the City upon the issuance of a certificate of occupancy. Additionally, once Retailer B opens, the City will remit an amount equal to 65% of the revenues collected by the City from taxable transactions occurring on the property during the first three years of the revenue sharing period and 50% during the remainder of the revenue sharing period. The revenue sharing period will be fifteen years from the effective date of May 17, 2012 or until the revenue cap of \$5,000,000 is achieved. Furthermore, the City also agrees to rebate 100% of any and all applicable use taxes collected on building and construction materials used for construction of the site improvements and public improvements at the time the initial certificate of occupancy is issued by the City. Such use tax rebates will not be credited against the revenue cap but shall be in addition thereto.

Service Provider B shall be reimbursed 100% of all sales and use tax payments imposed or collected by the City on building and construction materials purchased for use in construction or imposed or collected on machinery, equipment, furniture, fixtures, supplies and all other tangible person property or taxable services purchased for use on the property for 10 years effective from February 7, 2012 to February 7, 2022. Service Provider B does hold charitable organization status therefore estimated reimbursements pursuant to this agreement are anticipated to be limited.

Service Provider C shall be reimbursed 75% of all sales and use tax payments imposed or collected by the City on building and construction materials and building permit and review fees purchased for use in construction or imposed or collected on furniture, fixtures, and equipment for use on the property for 5 years effective from May 21, 2013 to May 21, 2018. Additionally, the City agrees to apply the State of Colorado's definition of "taxable software" when determining sales and use taxes under the Municipal Code. Service Provider C shall provide an accounts payable listing by project number to verify, to the sole reasonable satisfaction of the City, that the building permit fees, review fees, sales taxes, and use taxes paid by Lessee were for expenditures directly associated with the Property.

**NOTE 10 - INTERGOVERNMENTAL AGREEMENTS**

**Dispatch Services**

The City has entered into an intergovernmental agreement with the Town of Parker to provide dispatch services within the City's boundaries commencing January 1, 2006. The City paid \$559,089 in 2015 associated with costs under the agreement. Total dispatch services costs of \$581,000 are estimated for 2016.

**Crime Analysis, Crime Scene Investigation and Evidence Storage**

The City has entered into an intergovernmental agreement with the Town of Parker to provide services related to crime analysis, crime scene investigation and evidence storage beginning on

**CITY OF LONE TREE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)**

January 1, 2013 through December 31, 2013 automatically renewing for five subsequent one year terms unless terminated by either party. The City paid the following amounts related to these services during 2015:

Crime analysis	\$ 6,398
Crime scene investigation	8,631
Evidence storage	<u>65,229</u>
	<u>\$ 80,258</u>

Total services are estimated at \$95,400 for 2016.

**Street Improvements**

The City has entered into intergovernmental agreements with Douglas County (the County) and/or Park Meadows Metropolitan District for the design and construction of certain street improvements. Total expenditures amounted to \$280,000 in 2015. The City’s share of the 2015 improvements was \$130,000. For 2016, the main projects are improvements to Yosemite Street and Parkway Drive. The City’s share of the 2016 improvements are estimated at \$545,000 of the approximate total cost of \$1,045,000.

The Rampart Range Metro District (RRMD) contributed streets during 2015 to be maintained by the City in accordance with the Annexation Agreement entered into by the City and related Developer per the First Amendment to the Annexation Agreement. RRMD paid the City the first annual installment of five in the amount of \$250,000 for additional maintenance of the accepted streets. Additionally, as future streets are constructed in RRMD, it is anticipated the addition of streets will be maintained by the City in accordance with the Annexation Agreement (see Note 11).

**Lone Tree Link Shuttle Service**

During 2014, the City entered into multiple agreements as part of a public-private partnership related to the Lone Tree Shuttle Bus Project or the Lone Tree Link (Link). This project was initiated because Park Meadows Drive is a major travel corridor in the City, connecting the Lincoln Light Rail Station with major institutions and businesses that provide work for thousands of employees. This service gives residents, visitors, shoppers and employees the ability to access these institutions and businesses by means of a shuttle bus service and provides better transportation to jobs and amenities throughout the corridor and reduces the dependency on the single occupant automobile, facilitates the movement of traffic and minimizes traffic congestion in the shuttle area. The private businesses consisting of Sky Ridge Medical Center, Charles Schwab, Kaiser Permanente, Lone Tree Restaurant Investment, LLC, GC Net Lease Investors, LLC and BGP Parkridge, LLC, entered into license agreements to allow the Link access to their properties.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)**

For the second year of service, Sky Ridge Medical Center, OmniPark Metropolitan, and Charles Schwab continued to be funding partners contributing \$100,000, \$100,000 and \$125,000, respectively, for the 2015-2016 operation year, which runs from September 2015 to August 2016. Additionally, an intergovernmental agreement was entered into with the Southeast Public Improvement Metropolitan District (SPIMD), which includes funding support of \$100,000 for the 2015-2016 operation year. Kaiser Permanente, who was a funding partner the first year, decided not to renew its contribution in 2015. The City also contributed \$250,000 in 2015 for the 2015-2016 operation year and is responsible for overseeing the operations of the Link. The continuance of the service will be evaluated each year annually, along with additional funding needs.

**NOTE 11 - COMMITMENTS**

**RidgeGate**

During 2000, City voters approved the annexation of approximately 3,500 acres identified as RidgeGate. The City has entered into an agreement with the Developer to reimburse certain revenues for public infrastructure improvements. Net revenues collected within the annexed property are to be allocated 60% to an entity designated by the developer, RRMD No. 1, with the remaining 40% to the City. The term of the revenue shareback agreement commences on a date yet to be specified by the Developer, but no later than August 2020, and extends twenty years from such date. The Developer gave notice to the City to begin the shareback agreement on January 1, 2013. Prior to the commencement of the revenue shareback, any excess revenue is required to be transferred to the General Fund to be used at the discretion of City Council. A total of \$52,601 has been accumulated toward the RidgeGate annexation reserve per the original annexation and development agreement.

***First Amendment to the Annexation and Development Agreement***

On December 16, 2014, the City Council approved the First Amendment to the Annexation and Development Agreement (Amendment) between the City and RidgeGate Investments, Inc. (RidgeGate), which is effective January 1, 2015. Simultaneously with the execution of this Amendment, RidgeGate, the City and Rampart Range Metropolitan District No. 1 (the District) entered into an agreement (the West Side Agreement) regarding dedication, acceptance and maintenance of public improvements on the portion of the property located on the west side of I-25, and the sharing of sales tax revenues generated from transactions occurring within the west side property. This amendment replaces the 2001 Annexation Agreement and 2001 Sales Tax Sharing Agreement (the 2001 Agreements) for the west side of the property only. The 2001 Agreements are still in place for the property east of I-25. The two significant changes in the Amendment include the acceptance of streets and sales tax sharing.

Concurrent with the execution of the Amendment, the District dedicated to the City for perpetual

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**NOTE 11 – COMMITMENTS (CONTINUED)**

ownership, repair, replacement, operation and maintenance, all streets, sidewalks, street and pedestrian lighting, safety protection and all appurtenant facilities as detailed in Exhibit A of the Amendment. In 2015, the amount added to the City's financials for these assets totaled \$15,357,820. The City will maintain these assets to the same standard as elsewhere in the City. Additionally, the City agreed that it would also accept all streets, sidewalks, street and pedestrian lighting, and all appurtenant facilities constructed or installed in the future on the west side property in accordance with the subdivision improvement standards and procedures adopted by the City at such time of dedication. The District remains responsible for maintenance, operations, repair and replacement of all other public improvements constructed, retained and owned by the District which may include but are not limited to certain park and recreation, drainage, and parking facilities. In order to offset costs incurred by the City in connection with the City's maintenance and operation of the improvements accepted by the City during 2015 through 2019, the District will make five annual payments of \$250,000 each on or before July 1 of each such five years, subject to annual appropriation. Additionally, Rampart Range Metropolitan District Nos. 2 and 7 also agree commencing in the tax collection year 2024, to impose an additional operational mill levy in the amount of one (1) mill that will be paid to the City and used by the City for maintenance and repair of the existing and future street and sidewalk improvements.

Pursuant to the Amendment, during the period commencing on January 1, 2014 and ending on December 31, 2032, all sales tax, lodging tax, admissions tax or use tax collected by the City on taxable transactions occurring within the west side property, without deduction whatsoever other than the deduction of all amounts that the City is required to rebate to Cabela's Wholesale pursuant to the existing Cabela's Incentive Agreement and Cabela's MOU, shall be shared between the City and the District as follows:

- 45% to the District from January 1, 2014 to December 31, 2018
- 25% to the District from January 1, 2019 to December 31, 2023
- 15% to the District from January 1, 2024 to December 31, 2028
- 10% to the District from January 1, 2029 to December 31, 2032

The first payment shall be made no later than July 31, 2015 for the fiscal year 2014, together with payment for the first calendar quarter of 2015. Thereafter, the City shall make payment to the District in each calendar quarter within sixty (60) days after the end of each calendar quarter.

In 2015, the amount paid to the Developer pursuant to the First Amendment to the Annexation and Development Shareback Agreement totaled \$1,541,490.

**Park Meadows Mall**

During 2006, City Council approved the annexation of the retail shopping property identified as Park Meadows Town Center effective January 1, 2007. The City entered into an agreement with

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – COMMITMENTS (CONTINUED)**

the owner and organized a business improvement district named the Park Meadows Business Improvement District (PMBID). Pursuant to the agreement, commencing January 1, 2007 and continuing for twenty-five years from the commencement date, the City will distribute 50% of sales tax collections received from the annexed property to the PMBID. The term of the agreement will automatically be extended for an additional five year period if the sales tax collected in 2027 is more than the sales tax collections in the first full sales tax collection year (referred to as the base year) which begins after the first to occur: i) annexation by the City of all of the anchor retail stores and substantial completion of the “Lifestyle Extension” or ii) December 31, 2009.

**Construction Commitments**

As of December 31, 2015, the City had unexpended construction related contract commitments of \$849,358.

**NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)**

*Plan Description*

The City contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. All full-time, paid police officers of the City are members of the Statewide Defined Benefit Plan (excluding the Chief of Police). The cost to administer the plan is financed through the contributions and investment earnings of the plan. Colorado Statutes assign the authority to establish benefit provisions to the state legislature.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Statewide Defined Benefit Plan, the Statewide Money Purchase Plan and the Statewide Death and Disability Plan. That report may be obtained by calling FPPA at 303-770-3772 in the Denver Metro area and 1-800-332-FPPA (3772) from outside the metro area or can be obtained at [www.fppaco.org](http://www.fppaco.org).

*Pension Benefits*

On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension.

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)**  
**(CONTINUED)**

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

***Contributions***

The Statewide Defined Benefit Plan (Plan) sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for this Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership. Members of this Plan and their employers are contributing at the rate of 8 percent of base salary for a total contribution rate of 16 percent through 2014. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022. Employer and member contributions are invested in funds at the discretion of members.

Contributions to the Plan from the City were \$275,158 for the year ended December 31, 2015.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)**  
**(CONTINUED)**

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

At December 31, 2015, the City reported an asset of \$836,472 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At December 31, 2014, the City's proportion was 0.741 percent, which was a decrease of 0.004 percent from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$(230,762). At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ -	\$ (17,231)
Changes in assumptions	-	-
Net difference between actual and projected earnings on pension plan investments	65,951	-
Changes in proportion and differences between City contributions and proportionate share of contributions	160	3,361
City contributions subsequent to the measurement date	275,158	-
<b>Total</b>	<b>\$ 341,269</b>	<b>\$ (13,870)</b>

\$275,158 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an addition of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)**  
**(CONTINUED)**

Year ended December 31,	Amounts Reported as Collective Deferred Outflows and Collective Deferred Inflows of Resources Recognized in Collective Pension Expense
2016	\$ 14,683
2017	14,683
2018	14,683
2019	14,683
2020	(1,805)
Thereafter	(8,205)

***Actuarial Assumptions***

The total pension asset in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.5 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.0 – 14.0 percent
Cost of Living Adjustment	0.0 percent
Inflation	3.0 percent

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 40 percent multiplier for off-duty mortality. On-duty related mortality is assumed to be 0.00020 per year for all members.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2007–December 31, 2011. As a result of the 2011 actuarial experience study, the main actuarial factor changes were:

- Reduced the inflation assumption from 3.5 percent to 3.0 percent.
- Reduced the normal investment return assumption from 8.0 percent to 7.5 percent.
- Revised the post-retirement mortality tables to reflect increased longevity.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)**  
**(CONTINUED)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Rate of Return</b>
Global Equity	40%	8.9%
Equity Long/Short	10%	7.5%
Illiquid Alternatives	18%	10.5%
Fixed Income	15%	4.6%
Absolute Return	12%	6.5%
Managed Futures	4%	5.5%
Cash	1%	2.5%
<b>Total</b>	<b>100%</b>	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are 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 by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2014, are summarized in the above table.

***Discount rate***

The discount rate used to measure the total pension asset was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

***Sensitivity of the Department’s proportionate share of the net pension liability / (asset) to changes in the discount rate***

The following presents the City’s proportionate share of the net pension asset calculated using the discount rate of 7.50 percent, as well as what the City’s proportionate share of the net pension liability / (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

**CITY OF LONE TREE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015**

**NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)  
(CONTINUED)**

	<b>1.00% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1.00% Increase (8.50%)</b>
City's proportionate share of the net pension liability/(asset)	\$ 788,635	\$ (836,472)	\$ (2,192,024)

***Pension plan fiduciary net position***

Detailed information about the pension plan's fiduciary net position is available in the FPPA's comprehensive annual report which can be obtained at [www.fppaco.org/toc\\_frames.html](http://www.fppaco.org/toc_frames.html).

**Defined Contribution Pension Plans**

**Statewide Money Purchase Plan**

***Plan Description***

Department Chiefs have the option to participate in the Statewide Money Purchase plan as an alternative to the FPPA Statewide Defined Benefit Plan. Therefore, the City contributes to the Fire and Police Statewide Money Purchase Plan, a multiple-employer defined contribution pension plan for the Chief of Police. The plan is administered by the Fire and Police Pension Association of Colorado (FPPA). The Statewide Money Purchase Plan provides retirement benefits for members and beneficiaries. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at [www.fppaco.org](http://www.fppaco.org).

The Fire & Police Members' Statewide Money Purchase Plan became effective on January 1, 1995. Participants can choose from various mutual funds selected by the Self-Directed Plans Committee pursuant to the fund structure approved by the Board of Directors as well as mutual funds or other investments offered through a Self-Directed Brokerage Account. The Plan assets are included in the Fire & Police Members' Self-Directed Investment Fund.

***Funding Policy***

Contributions to the Statewide Money Purchase Plan are calculated as a percentage of the member's base salary, which is specified by state statute. Current participants contribute 8 percent of salary, which is matched by the employer. Members are always fully vested in their own contributions, and the earnings on those contributions. Vesting in the employer's contributions and earnings on those contributions occurs according to the vesting schedule set by state statute at 20 percent per year after the first year of service to be 100 percent vested after 5 years of service. Unvested Department contributions and earnings thereon are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's

**CITY OF LONE TREE**  
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**NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)**  
**(CONTINUED)**

administrative expenses. Any administrative expenses not covered by forfeitures are charged directly to member accounts.

Employer and member contributions are invested in funds at the discretion of members. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended December 31, 2015, the City recognized pension expense of \$9,561 related to this plan.

**Voluntary Investment Program**

*Plan Description*

Employees of the City that are also members of the Statewide Defined Benefit Plan may voluntarily contribute to the IRC Deferred Compensation Plan, created under Internal Revenue Code Section 457 defined contribution plan administered by FPPA. This Deferred Compensation Plan collects amounts deferred by participants of affiliated employers. The assets are held in trust for the exclusive benefit of participants. The plan allows the members to defer a portion of their salary until future years.

**Other Post-Employment Benefits**

**Statewide Death and Disability Plan**

*Plan Description*

The Statewide Death and Disability Plan (Plan) is a cost-sharing multiple-employer defined benefit death and disability plan covering full-time employees of substantially all fire and police departments in Colorado. As of August 1, 2003, the Plan may include part-time police and fire employees; however the City does not currently have any part-time police employees. Contributions to the Plan are used solely for the payment of death and disability benefits. The Plan assets are included in the Fire & Police Members' Benefit Investment Fund.

Plan benefits provide 24-hour coverage, both on and off duty and are available for members not eligible for normal retirement under a defined benefit plan, or members who have not met 25 years of accumulated service and age 55 under a money purchase plan.

In the case of an on-duty death, benefits may be payable to the surviving spouse and/or dependent children of active members who were eligible to retire, but were still working. On-duty death and disability benefits are free from state and federal taxes in the event that a member's disability is determined to be the result of an on-duty injury or an occupational disease.

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)**  
**(CONTINUED)**

This plan is reported by FPPA as an Other Post-Employment Benefit (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by FPPA.

***Funding Policy***

Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. In 1997 the State made a one-time contribution of \$39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further State contributions are anticipated. Members hired on or after January 1, 1997, began contributing 2.4 percent of base salary to this Plan as of January 1, 1997. The contribution increased to 2.6 percent of base salary as of January 1, 2007. This percentage can vary depending on actuarial experience. The percentage contribution may either be paid entirely by the employer or member, or it may be split between the employer and the member. The City contributes the full 2.6% of covered salary for each eligible member. Member contributions to the Statewide Death and Disability Plan are not required.

For the years ended December 31, 2013, 2014, and 2015, City contributions totaled \$88,194, \$95,378, and \$91,205, respectively.

**NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (PERA)**

The City contributes to the Local Government Division Trust Fund (Trust), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The Trust provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All civilian employees of the City are members of the Trust.

The City also contributes to the Health Care Trust Fund (Health Fund), a cost-sharing multiple-employer healthcare trust administered by PERA. The Health Fund provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries.

***Plan Description***

Eligible employees of the City are provided with pensions through the Local Government Division Trust Fund (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

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO**  
**(CONTINUED)**

from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

***Pension Benefits***

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.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also 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 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of

**CITY OF LONE TREE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO  
(CONTINUED)**

PERA's Annual Increase Reserve for the LGDTF.

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. The disability benefit amount is based on the retirement benefit formula 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***

Eligible employees of the City are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary.

The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate <sup>1</sup>	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02)%
Amount Apportioned to the LGDTF <sup>1</sup>	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	1.50%
Total Employer Contribution Rate to the LGDTF <sup>1</sup>	12.68%

<sup>1</sup>Rates 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 City is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the City were \$387,637 to the Trust and \$31,204 to the Health Care Trust Fund, for a total City contribution of \$418,841 for the year ended December 31, 2015.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO**  
**(CONTINUED)**

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

At December 31, 2015, the City reported a liability of \$4,685,216 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The City's proportion of the net pension liability was based on the City's contributions to the LGDTF for the calendar year 2014 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the City's proportion was 0.52 percent, which was an increase of 0.01 percent from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$132,525. At December 31, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ -	\$ (941)
Changes in assumptions	-	-
Net difference between actual and projected earnings on pension plan investments	254,080	-
Changes in proportion and differences between City contributions and proportionate share of contributions	78,332	-
City contributions subsequent to the measurement date	418,841	-
<b>Total</b>	<b>\$ 751,253</b>	<b>\$ (941)</b>

\$418,841 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO**  
**(CONTINUED)**

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,	Amounts Reported as Collective Deferred Outflows and Collective Deferred Inflows of Resources Recognized in Collective Pension Expense	
2016	\$	62,770
2017	\$	63,320
2018	\$	63,520
2019	\$	63,520
2020	\$	-
Thereafter	\$	-

***Actuarial Assumptions***

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.85 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO**  
**(CONTINUED)**

The LGDTF's long-term expected rate of return on pension plan investments was determined using 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.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

\* 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 7.50%.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, 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 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.

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**NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO**  
**(CONTINUED)**

There was no change in the discount rate from the prior measurement date.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<b>1.00% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1.00% Increase (8.50%)</b>
City's proportionate share of the net pension liability	\$ 7,651,473	\$ 4,685,216	\$ 2,212,228

***Pension Plan Fiduciary Net Position***

Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at:

[www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports)

**Defined Contribution Pension Plans**

**Voluntary Investment Program**

***Plan Description***

Employees of the City that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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**NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO**  
**(CONTINUED)**

**Other Post-Employment Benefits**

Health Care Trust Fund

*Plan Description*

The City contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and 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 health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at:

[www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy*

The City is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the City are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2013, 2014, and 2015, the City contributions to the HCTF were \$27,671, \$29,146 and \$31,204, respectively, equal to their required contributions for each year.

**NOTE 14 - DEFERRED COMPENSATION PLAN - ASSETS IN TRUST**

*Plan Description*

The City has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by International City/County Management Association. Participation in the plan is optional for all civilian employees. The plan allows the employees to defer a portion of their salary until future years.

**NOTE 15 - MAJOR TAXPAYERS**

For the year ending December 31, 2015, approximately 17% of the City's sales tax revenue was received from three retailers and of those three retailers, one retailer constituted approximately 8% of the total sales tax revenue.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 16 - CONTINGENCIES**

The City has been named in various pending or threatened litigation, claims or assessments. The ultimate outcome/resolution of these matters is not known at this time. The City is monitoring the progress of these matters and has referred various matters to the City Attorney's office for consultation and representation. Claims are insured to \$5,000,000 and representation provided by Colorado Intergovernmental Risk Sharing Agency.

**NOTE 17 - RELATED PARTY**

The Developer of the property which constitutes the Park Meadows Business Improvement District (PMBID) is Park Meadows Mall, LLC. The members of the Board of Directors of the PMBID are employees, owners or are otherwise associated with the Developer and its affiliates and may have conflicts of interest in dealing with the District. Additionally, two lease agreements have been entered into between the PMBID and the Park Meadows Mall, LLC where the PMBID pays a monthly lease amount to Park Meadows Mall, LLC related to the Lone Tree police substation as well as rent for the common area lease and the ground lease for the Vista's area of the mall. Pursuant to these agreements, the annual lease amounts can increase by 4% each year. Total amounts paid by the PMBID to the Park Meadows Mall, LLC for lease payments in 2015 totaled \$541,829.

**NOTE 18 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, thefts of damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God.

The City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self-insurance pool created by intergovernmental agreement to provide property, liability and workers' compensation coverage to its members. CIRSA is governed by a seven member Board elected by and from its members.

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and that amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

Settled claims have not exceeded insurance coverage in the last three years.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 19 - TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. The City voters approved an election question in 1996 and 1999 to remove limits on the amount of revenue the City is allowed to collect, spend and retain.

On May 6, 2008, City voters approved a sales and use tax increase of .1875% for arts and cultural facilities and approved related sales and use taxes be increased by \$2,650,000 in the first full fiscal year (2010) and by whatever additional amounts are raised annually thereafter. Additionally, City voters approved a sales and use tax increase of .125% for park and recreation improvements and approved related sales and use taxes be increased by \$1,750,000 in the first full fiscal year (2010) and by whatever additional amounts are raised annually thereafter.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The City's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

**CITY OF LONE TREE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 20 – RESTATEMENT**

The City’s implementation of GASB Statement No. 68 and GASB Statement No. 71 required a restatement of the government-wide beginning net position as follows:

	<b><u>Primary Government</u></b>
Net position as previously reported January 1, 2015	<u>\$100,852,768</u>
Restatement – Implementation of GASB Statement No. 68:	
Net pension asset (measurement date as of 12/31/13)	933,109
Defined benefit pension plan – net liability	
Net pension liability (measurement date as of 12/31/13)	<u>(3,802,380)</u>
Total restatement	<u>2,869,271</u>
 Net position as restated, January 1, 2015	 <u>\$ 97,983,497</u>

This information is an integral part of the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LONE TREE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
Year Ended December 31, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>TAXES</b>				
Sales Tax	\$18,577,000	\$20,472,000	\$20,976,584	\$ 504,584
Use Tax - Retail	275,400	695,400	771,323	75,923
Use Tax - Building Materials	195,000	1,139,000	1,030,391	(108,609)
Lodging Tax	734,000	929,000	1,000,349	71,349
Admissions Tax	374,000	374,000	368,432	(5,568)
	<u>20,155,400</u>	<u>23,609,400</u>	<u>24,147,079</u>	<u>537,679</u>
<b>FRANCHISE FEES</b>				
Electric and Gas	725,000	853,000	827,690	(25,310)
Cable Television	202,000	206,200	212,739	6,539
	<u>927,000</u>	<u>1,059,200</u>	<u>1,040,429</u>	<u>(18,771)</u>
<b>INTERGOVERNMENTAL</b>				
Highway Users Tax (HUTF)	206,106	322,394	350,700	28,306
Conservation Trust Fund	63,000	63,000	60,608	(2,392)
Cigarette Tax	193,000	193,000	194,668	1,668
County Road and Bridge Shareback	1,169,460	1,169,460	1,178,411	8,951
Douglas County Shareback - Transportation	2,435,000	2,435,000	2,333,900	(101,100)
Motor Vehicle Registration Fees	45,000	45,000	43,768	(1,232)
Regional Improvements Contribution - RRMD	126,258	126,258	126,209	(49)
Reimbursable Costs	3,863,600	3,963,600	2,776,299	(1,187,301)
Grants	18,000	18,000	9,424	(8,576)
	<u>8,119,424</u>	<u>8,335,712</u>	<u>7,073,987</u>	<u>(1,261,725)</u>

(Continued)

**CITY OF LONE TREE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

**Year Ended December 31, 2015**

(Continued)

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>LICENSES, FEES AND CHARGES</b>				
Sales, Use Tax and Business License Fees	23,500	23,500	31,562	8,062
Liquor License Fees	13,000	13,000	20,796	7,796
Building Permit Fees	322,000	1,039,000	1,185,225	146,225
Planning Fees	25,000	38,000	35,380	(2,620)
Engineering Fees	35,000	135,000	104,071	(30,929)
Other	38,000	38,000	53,100	15,100
	<u>456,500</u>	<u>1,286,500</u>	<u>1,430,134</u>	<u>143,634</u>
<b>FINES AND FORFEITURES</b>				
Court Fees	73,400	73,400	82,726	9,326
Vehicle Violation and Other Fines	507,000	507,000	567,732	60,732
Victims Assistance Surcharge Fees	45,900	45,900	41,485	(4,415)
	<u>626,300</u>	<u>626,300</u>	<u>691,943</u>	<u>65,643</u>
<b>OTHER</b>				
Net Investment Income	13,970	15,686	21,019	5,333
Tenant Rental Income	1,141,000	218,000	239,634	21,634
Police Department Fees	25,000	25,000	57,713	32,713
Other	218,000	71,000	148,240	77,240
	<u>1,397,970</u>	<u>329,686</u>	<u>466,606</u>	<u>136,920</u>
Total Revenues	<u>31,682,594</u>	<u>35,246,798</u>	<u>34,850,178</u>	<u>(396,620)</u>

(Continued)

**CITY OF LONE TREE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
Year Ended December 31, 2015  
(Continued)**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
City Council Expenditures	48,000	48,000	22,392	25,608
City Council Stipend	61,300	61,300	60,205	1,095
Administrative Services - Salaries and Benefits	568,081	640,409	629,738	10,671
City Clerk	40,000	40,000	21,174	18,826
Human Resources	81,270	81,270	66,788	14,482
Information Technology	403,950	403,950	413,073	(9,123)
Municipal Office Building	409,050	417,350	475,590	(58,240)
Civic Center - Maintenance and Utilities	74,700	79,400	75,589	3,811
Arts Center - Maintenance and Utilities	301,910	301,910	365,591	(63,681)
Park Restroom Maintenance	8,500	8,500	6,061	2,439
Fountain Maintenance	23,500	23,500	15,685	7,815
Insurance	320,250	405,300	410,406	(5,106)
Finance - Salaries and Benefits	372,510	422,635	421,713	922
Audit	25,000	30,000	42,369	(12,369)
City Manager's Office - Salaries and Benefits	631,317	723,266	724,065	(799)
Dues and Memberships	99,811	99,811	99,061	750
Legal - General	480,000	490,000	509,093	(19,093)
Legal - Special	100,000	100,000	-	100,000
Consulting	80,000	80,000	28,437	51,563
Community Support	53,000	53,000	36,995	16,005
Community Garden	3,000	3,000	3,000	-
Youth Initiatives	19,800	19,800	19,800	-
Housing Partnership	35,000	35,000	35,000	-
Community Education Programs	1,000	1,000	636	364
Citizen Survey	27,800	27,800	-	27,800
Communications and Newsletter	68,000	68,000	66,332	1,668
Economic Development	276,000	276,000	141,505	134,495
Miscellaneous	52,251	33,252	16,487	16,765
	<u>4,665,000</u>	<u>4,973,453</u>	<u>4,706,785</u>	<u>266,668</u>

(Continued)

**CITY OF LONE TREE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
Year Ended December 31, 2015  
(Continued)**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>MUNICIPAL COURT</b>				
Municipal Judge	30,000	30,000	26,403	3,597
Legal	36,000	36,000	36,000	-
Administration	140,966	140,966	123,028	17,938
Office and Software	3,000	3,000	3,677	(677)
Victims Assistance Surcharge	20,000	20,000	3,089	16,911
	<u>229,966</u>	<u>229,966</u>	<u>192,197</u>	<u>37,769</u>
<b>COMMUNITY DEVELOPMENT</b>				
Salaries and Benefits	545,440	715,049	688,226	26,823
Contract Services	1,500	1,500	2,635	(1,135)
Field Supplies	3,625	3,625	3,379	246
Planning Commission	2,500	2,500	2,206	294
Document Scanning	6,500	6,500	9,775	(3,275)
Plan Review and Other Inspections	25,000	70,000	52,499	17,501
Elevator Inspection	43,560	61,920	50,210	11,710
Engineering	30,000	30,000	192,896	(162,896)
Sustainability Program	3,000	3,000	3,000	-
ROW Mowing	7,100	7,100	5,100	2,000
Miscellaneous	12,048	12,048	10,904	1,144
	<u>680,273</u>	<u>913,242</u>	<u>1,020,830</u>	<u>(107,588)</u>
<b>PUBLIC WORKS</b>				
Public Works Department	520,000	585,000	610,477	(25,477)
Street Lighting	390,000	396,000	357,100	38,900
Street Maintenance	650,000	650,000	570,666	79,334
Drainage Maintenance	60,000	60,000	43,730	16,270
Street and Sidewalk Sweeping	50,000	50,000	46,659	3,341
Traffic Signal Energy Cost and Maintenance	135,000	135,000	158,442	(23,442)
Signal Timing	19,000	19,000	5,411	13,589
Snow Removal	832,000	902,000	1,294,549	(392,549)
Landscaping Maintenance	50,000	50,000	25,878	24,122
Trash and Recycling program	512,000	512,000	534,692	(22,692)
Household Hazardous Program	6,500	6,500	6,050	450
Engineering	275,000	460,000	325,227	134,773

(Continued)

**CITY OF LONE TREE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
Year Ended December 31, 2015  
(Continued)**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>PUBLIC WORKS (continued)</b>				
Fence Maintenance	80,000	80,000	87,205	(7,205)
Geographic Information System (GIS)	140,000	140,000	163,485	(23,485)
Materials and Equipment	14,000	14,000	1,852	12,148
EPA Phase 2 Drainage	110,000	110,000	52,558	57,442
State Mandated Noxious Weeds Control	20,000	20,000	21,479	(1,479)
Signage and Striping	120,000	120,000	84,374	35,626
Accident Repairs	20,000	20,000	-	20,000
Public Works Facility Operations and Equipment	45,000	45,000	46,595	(1,595)
Software and Support	17,000	17,000	7,880	9,120
Street Amenities	5,000	5,000	-	5,000
Mutt Mitts Contract	10,500	10,500	10,338	162
Holiday Lighting and Decorations	20,000	20,000	18,135	1,865
Miscellaneous	3,000	3,000	249	2,751
	<u>4,104,000</u>	<u>4,430,000</u>	<u>4,473,031</u>	<u>(43,031)</u>
<b>POLICE</b>				
Salaries and Benefits	4,341,307	5,651,088	5,346,228	304,860
Office and Administration	144,627	189,600	98,246	91,354
Uniforms and Equipment	48,972	64,200	50,110	14,090
Vehicles and Equipment	410,824	538,575	462,331	76,244
General Equipment	103,702	135,950	10,182	125,768
Dispatch	422,590	554,000	559,089	(5,089)
Training	97,553	127,888	67,207	60,681
Community Outreach and Miscellaneous	99,484	130,420	103,873	26,547
	<u>5,669,059</u>	<u>7,391,721</u>	<u>6,697,266</u>	<u>694,455</u>

(Continued)

**CITY OF LONE TREE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

**Year Ended December 31, 2015**

(Continued)

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>CAPITAL OUTLAY</b>				
Software Packages	15,000	15,000	3,865	11,135
Cartegraph / ArcServer Upgrade	50,000	50,000	32,547	17,453
Website Redesign	100,000	100,000	23,279	76,721
Overlay/Reconstruction Projects	1,200,000	1,600,000	1,484,679	115,321
Traffic Signalization	145,000	145,000	-	145,000
Monumentation and Signage	250,000	250,000	10,804	239,196
City Office Building	25,500	25,500	31,893	(6,393)
City Office Building - Capital Leases	1,290,000	1,290,000	1,290,006	(6)
Civic Center Capital Improvements	25,000	25,000	11,953	13,047
LTAC Facility Capital Improvements	106,000	106,000	107,441	(1,441)
Yosemite Library Remodel	-	-	31,033	(31,033)
Concrete Panel Replacement	250,000	250,000	-	250,000
Entertainment District Improvements	730,000	730,000	544,970	185,030
Transportation Study	50,000	50,000	50,000	-
Yosemite Landscaped Medians	10,000	10,000	-	10,000
C-470 Coalition - Douglas County	100,000	100,000	-	100,000
Storm Sewer Improvements	135,000	135,000	183,998	(48,998)
Parkway Dr. crossing Willow Creek	50,000	50,000	7,962	42,038
Lone Tree Link	500,000	500,000	547,451	(47,451)
Walk and Wheel Study	-	-	11,140	(11,140)
Lincoln Pedestrian Bridge	4,000,000	4,000,000	193,912	3,806,088
Parkway Drive Reconstruction	1,200,000	1,200,000	211,685	988,315
Yosemite Turn Lane (Maximus to PMD)	850,000	850,000	63,362	786,638
Lincoln / I-25 Ramp Improvements	430,000	430,000	430,000	-
County Line / PMCD Intersection Improvements	450,000	450,000	-	450,000
LTAC Road Construction	133,000	133,000	184,234	(51,234)
LTAC Pad Enhancements	25,000	25,000	4,260	20,740
Town Ridge Drive Construction	300,000	300,000	157,249	142,751
Public Art Projects	210,500	210,500	1,600	208,900
Vehicles	-	-	30,745	(30,745)
Police Department Substation	60,000	60,000	20,283	39,717

(Continued)

**CITY OF LONE TREE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
Year Ended December 31, 2015  
(Continued)**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Arts Center Improvements	52,500	52,500	48,519	3,981
Schweiger Ranch Preservation	75,000	75,000	75,000	-
Retail Retention Agreement	75,000	75,000	75,000	-
Service Provider Shareback Agreement	10,000	10,000	-	10,000
Annexation Shareback Agreement	30,000	30,000	-	30,000
Retail Shareback	-	567,162	614,112	(46,950)
Developer Revenue Shareback	-	1,299,077	1,541,490	(242,413)
Reimbursement of Sales Taxes-PMBID	5,479,000	5,479,000	5,474,040	4,960
Reimbursement of Property Taxes-PMMD	215,000	215,000	287,143	(72,143)
Park and Recreation	165,000	165,000	53,802	111,198
	<u>18,791,500</u>	<u>21,057,739</u>	<u>13,839,457</u>	<u>7,218,282</u>
 Total Expenditures	 <u>34,139,798</u>	 <u>38,996,121</u>	 <u>30,929,566</u>	 <u>8,066,555</u>
 <b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	 <u>(2,457,204)</u>	 <u>(3,749,322)</u>	 <u>3,920,612</u>	 <u>7,669,934</u>
 <b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	632,823	1,050,500	1,071,206	20,706
Transfers (Out)	(1,029,436)	(1,029,436)	(797,300)	232,136
Total Other Financing Sources (Uses)	<u>(396,613)</u>	<u>21,064</u>	<u>273,906</u>	<u>252,842</u>
 <b>NET CHANGE IN FUND BALANCES</b>	 <u>(2,853,816)</u>	 <u>(3,728,258)</u>	 <u>4,194,518</u>	 <u>7,922,776</u>
 <b>FUND BALANCES - BEGINNING OF YEAR</b>	 <u>17,462,720</u>	 <u>17,333,475</u>	 <u>17,876,332</u>	 <u>542,857</u>
 <b>FUND BALANCES - END OF YEAR</b>	 <u>\$ 14,608,904</u>	 <u>\$ 13,605,217</u>	 <u>\$ 22,070,850</u>	 <u>\$ 8,465,633</u>

**CITY OF LONE TREE**  
**SPECIAL REVENUE FUND - RIDGEGATE**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Sales Tax	\$ 1,895,000	\$ -	\$ -	\$ -
Use Tax - Retail	420,000	-	-	-
Use Tax - Building Materials	944,000	-	-	-
Lodging Tax	195,000	-	-	-
Franchise Fees	132,200	-	-	-
Highway Users Tax (HUTF)	116,288	-	-	-
Building Permit Fees	717,000	-	-	-
Planning Fees	13,000	-	-	-
Engineering Fees	100,000	-	-	-
Schweiger Ranch Grants and Contributions	75,000	-	-	-
Net Investment Income	1,716	-	-	-
Other	10,000	-	-	-
Total Revenues	<u>4,619,204</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
City Administration	207,401	-	-	-
Legal	10,000	-	-	-
Administration and Overhead Costs	200,000	-	-	-
Insurance	85,050	-	-	-
Audit	5,000	-	-	-
Engineering	250,000	-	-	-
Community Development	232,970	-	-	-
Consulting	-	-	-	-
Police	1,722,662	-	-	-
Street Lighting	6,000	-	-	-
Snow Removal	70,000	-	-	-
Schweiger Ranch Preservation	75,000	-	-	-
Retail Shareback	567,162	-	-	-
Service Provider Shareback	-	-	-	-
Developer Revenue Shareback	681,636	-	-	-
Contingency	1,000	-	-	-
Total Expenditures	<u>4,113,881</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

**CITY OF LONE TREE**  
**SPECIAL REVENUE FUND - RIDGEGATE**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2015**  
(Continued)

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>505,323</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	<u>(505,323)</u>	<u>(52,601)</u>	<u>(52,601)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(505,323)</u>	<u>(52,601)</u>	<u>(52,601)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>(52,601)</u>	<u>(52,601)</u>	<u>-</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>52,601</u>	<u>52,601</u>	<u>52,601</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 52,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF LONE TREE**  
**SPECIAL REVENUE FUND - CULTURAL AND COMMUNITY SERVICES**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2015**

	<u>Budget Amounts</u>		
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Ticket Sales and Handling Fees	\$ 1,150,180	\$ 927,745	\$ (222,435)
Rental Fees and Labor Fees	174,900	242,654	67,754
Concessions and Catering	76,500	86,753	10,253
Entry fees	9,000	8,488	(512)
Individual, Corporate and Foundation Contributions	210,000	198,934	(11,066)
Government Grants	197,150	253,110	55,960
Miscellaneous	17,000	29,497	12,497
Total Revenues	<u>1,834,730</u>	<u>1,747,181</u>	<u>(87,549)</u>
<b>EXPENDITURES</b>			
Administration	160,217	151,423	8,794
Programming	1,682,014	1,485,457	196,557
Marketing	432,308	437,675	(5,367)
Miscellaneous	21,000	9,348	11,652
Development	153,995	120,958	33,037
Annual Events	281,732	288,144	(6,412)
Arts and Cultural Events	77,900	46,074	31,826
Recreational Activities and Support	15,000	5,402	9,598
Contingency	40,000	-	40,000
Total Expenditures	<u>2,864,166</u>	<u>2,544,481</u>	<u>319,685</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,029,436)</u>	<u>(797,300)</u>	<u>232,136</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	<u>1,029,436</u>	<u>797,300</u>	<u>(232,136)</u>
Total Other Financing Sources (Uses)	<u>1,029,436</u>	<u>797,300</u>	<u>(232,136)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-
<b>FUND BALANCES -</b>			
<b>BEGINNING OF YEAR</b>	-	-	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF LONE TREE**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**STATE FIRE AND POLICE PENSION PLAN (FPPA)**  
**Last Two Fiscal Years (1)**

---

	2014	2015
City's proportion of the net pension asset	0.745%	0.741%
City's proportionate share of the net pension liability (asset)	\$ (666,462)	\$ (836,472)
City's covered-employee payroll	3,376,936	3,654,421
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	19.7%	22.9%
Plan fiduciary net position as a percentage of the total pension asset	105.8%	106.8%

(1) The City implemented GASB 68 beginning in 2015. Information prior to 2014 is not available.

\*The amounts presented for each year were determined as of December 31, the measurement date used by the City

**CITY OF LONE TREE**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**PUBLIC RETIREMENT ASSOCIATION OF COLORADO (PERA)**  
**Last Two Fiscal Years (1)**

---

	2014	2015
City's proportion of the net pension liability	0.510%	0.523%
City's proportionate share of the net pension liability (asset)	\$ 4,194,719	\$ 4,685,216
City's covered-employee payroll	2,893,072	3,017,148
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	145.0%	155.3%
Plan fiduciary net position as a percentage of the total pension liability	77.7%	80.7%

(1) The City implemented GASB 68 beginning in 2015. Information prior to 2014 is not available.

\*The amounts presented for each year were determined as of December 31, the measurement date used by the City

**CITY OF LONE TREE  
 SCHEDULE OF CONTRIBUTIONS  
 STATE FIRE AND POLICE PENSION PLAN (FPPA)  
 Last Two Fiscal Years (1)**

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	2014	2015
Contractually required contributions	266,647	275,158
Contributions in relation to the contractually required contribution	(266,647)	(275,158)
Contribution deficiency (excess)	-	-
City's covered-employee payroll	3,654,421	3,891,878
Contributions as a percentage of covered-employee payroll	7.30%	7.07%

**CITY OF LONE TREE  
SCHEDULE OF CONTRIBUTIONS  
PUBLIC RETIREMENT ASSOCIATION OF COLORADO (PERA)  
Last Two Fiscal Years**

---

	2014	2015
Contractually required contributions	392,338	418,841
Contributions in relation to the contractually required contribution	(392,338)	(418,841)
Contribution deficiency (excess)	-	-
City's covered-employee payroll	3,017,148	3,348,942
Contributions as a percentage of covered-employee payroll	13.00%	12.51%

(1) The City implemented GASB 68 beginning in 2015. Information prior to 2014 is not available.

**CITY OF LONE TREE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2015**

**NOTE 1 - BUDGETS**

Pursuant to State law, budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The City's General Fund, Special Revenue Fund - RidgeGate, and Special Revenue Fund – Cultural and Community Services prepare annual budgets that are legally adopted.

**NOTE 2 – PENSION PLAN PROVISIONS**

***FPPA***

***Changes in Plan Provisions***

The plan provisions have not changed since the prior valuation. The member contribution rate will increase by 0.5 percent annually beginning in 2015 through 2022 as a result of the member election.

***Benefit Adjustments***

Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the Fire & Police Pension Association Board of Directors discretion and can range from 0 percent to 3 percent. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

***Changes of Assumptions***

Beginning in the January 1, 2014 actuarial valuation, the married assumption for active members was increased from 80 percent to 85 percent to reflect the passage of the Colorado Civil Union Act.

***PERA***

***Changes in Plan Provisions***

The following changes were made to the actuarial assumptions in the Health Care Trust Funds: Initial health care costs for PERACare enrollees who are age 65 and older and do not have Medicare Part A have been updated to reflect the change in costs for the 2015 plan year.

***Changes of Assumptions***

In 2012, a lawsuit was initiated to determine the amount owed to PERA by Memorial Health System (Memorial) and the City of Colorado Springs for Memorial's departure from PERA. On October 3, 2014, PERA received a disaffiliation payment of \$190,000,000 from the City of Colorado Springs to settle the lawsuit. This employer disaffiliation payment was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$186,006,000 and \$3,994,000 respectively.

**BUDGETARY SCHEDULES**

**DEBT SERVICE FUNDS**

**CITY OF LONE TREE**  
**DEBT SERVICE FUND - ARTS AND CULTURAL FACILITIES**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2015**

	<u>Budget Amounts</u> <u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Sales Tax	\$ 1,658,000	\$ 1,824,859	\$ 166,859
Use Tax - Retail	25,500	56,576	31,076
Use Tax - Building Materials	20,400	75,101	54,701
Net Investment Income	600	667	67
Total Revenues	<u>1,704,500</u>	<u>1,957,203</u>	<u>252,703</u>
<b>EXPENDITURES</b>			
Bond Interest	471,756	471,756	-
Bond Principal	985,000	985,000	-
Paying Agent Fees	200	200	-
Contingency	3,044	-	3,044
Total Expenditures	<u>1,460,000</u>	<u>1,456,956</u>	<u>3,044</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	244,500	500,247	255,747
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	(127,500)	(95,605)	31,895
Total Other Financing Sources (Uses)	<u>(127,500)</u>	<u>(95,605)</u>	<u>31,895</u>
<b>NET CHANGE IN FUND BALANCES</b>	117,000	404,642	287,642
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>649,141</u>	<u>655,277</u>	<u>6,136</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 766,141</u>	<u>\$ 1,059,919</u>	<u>\$ 293,778</u>

**CITY OF LONE TREE**  
**DEBT SERVICE FUND - PARK AND RECREATION IMPROVEMENTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2015**

	<u>Budget Amounts</u>		
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Sales Tax	\$ 1,105,000	\$ 1,216,573	\$ 111,573
Use Tax - Retail	17,300	37,717	20,417
Use Tax - Building Materials	14,300	50,116	35,816
Net Investment Income	800	690	(110)
Total Revenues	<u>1,137,400</u>	<u>1,305,096</u>	<u>167,696</u>
<b>EXPENDITURES</b>			
Bond Interest	394,713	394,713	-
Bond Principal	645,000	645,000	-
Paying Agent Fees	200	200	-
Contingency	5,087	-	5,087
Total Expenditures	<u>1,045,000</u>	<u>1,039,913</u>	<u>5,087</u>
<b>NET CHANGE IN FUND BALANCES</b>	92,400	265,183	172,783
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>776,367</u>	<u>778,577</u>	<u>2,210</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 868,767</u>	<u>\$ 1,043,760</u>	<u>\$ 174,993</u>

**COMBINING FINANCIAL  
STATEMENTS AND SCHEDULES  
COMPONENT UNITS**

**CITY OF LONE TREE  
PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT  
COMBINING BALANCE SHEET  
December 31, 2015**

	<b>General</b>	<b>Debt Service</b>	<b>Total Component Unit</b>
<b>ASSETS</b>			
Cash and investments	\$ 4,852,757	\$ -	\$ 4,852,757
Cash and investments - Restricted	165,000	1,337,744	1,502,744
Receivables:			
Intergovernmental	1,299,691	-	1,299,691
Prepaid items	56,141	-	56,141
<b>TOTAL ASSETS</b>	<b>\$ 6,373,589</b>	<b>\$ 1,337,744</b>	<b>\$ 7,711,333</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 247,579	\$ -	\$ 247,579
Total liabilities	247,579	-	247,579
 <b>FUND BALANCES</b>			
Restricted for:			
Emergencies (TABOR)	165,000	-	165,000
Series 2007 Bonds	-	1,337,744	1,337,744
Unassigned	5,961,010	-	5,961,010
Total fund balances	6,126,010	1,337,744	7,463,754
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,373,589</b>	<b>\$ 1,337,744</b>	<b>\$ 7,711,333</b>

**CITY OF LONE TREE**  
**RECONCILIATION OF THE BALANCE SHEET - PARK MEADOWS BID COMPONENT UNIT**  
**TO THE STATEMENT OF NET POSITION**  
**December 31, 2015**

Amounts reported for component unit activities in the statement of net position are different because:

Total fund balances - Component unit	\$ 7,463,754
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	13,212,942
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(13,690,000)
Accrued interest on bonds payable	(60,426)
Bond discount (net of amortization)	208,768
Net position of component unit activities	\$ 7,135,038

**CITY OF LONE TREE**  
**PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Year Ended December 31, 2015**

	<u>General</u>	<u>Debt Service</u>	<u>Total Component Unit</u>
<b>REVENUES</b>			
Intergovernmental revenue	\$ 5,761,182	\$ -	\$ 5,761,182
Net investment income	9,987	2,873	12,860
Other	18,088	-	18,088
Total revenues	<u>5,789,257</u>	<u>2,873</u>	<u>5,792,130</u>
<b>EXPENDITURES</b>			
Current			
Public areas, dues and supplies	11,704	-	11,704
Off site storage	30,000	-	30,000
On site staffing	92,675	-	92,675
Operations and maintenance	1,967,980	-	1,967,980
Legal	17,364	-	17,364
Accounting and financial planning	25,996	-	25,996
Insurance	350	-	350
Management	42,574	-	42,574
Park Meadows District payment	287,143	-	287,143
Lease	541,829	-	541,829
Capital replacement	937,542	-	937,542
Operations and maintenance - project work	176,619	-	176,619
Marketing	227,148	-	227,148
Contingency	26,815	-	26,815
Debt service			
Bond interest	-	749,595	749,595
Bond principal	-	490,000	490,000
Paying agent fees	-	3,500	3,500
Total expenditures	<u>4,385,739</u>	<u>1,243,095</u>	<u>5,628,834</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,403,518</u>	<u>(1,240,222)</u>	<u>163,296</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(1,239,637)	1,239,637	-
Total other financing sources (uses)	<u>(1,239,637)</u>	<u>1,239,637</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	163,881	(585)	163,296
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>5,962,129</u>	<u>1,338,329</u>	<u>7,300,458</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 6,126,010</u>	<u>\$ 1,337,744</u>	<u>\$ 7,463,754</u>

**CITY OF LONE TREE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF THE PARK MEADOWS BID COMPONENT UNIT**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2015**

Amounts reported for component unit activities in the statement of activities are different because:

Net change in fund balances - Component unit	\$ 163,296
<p>Governmental funds report 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.</p>	
Capital outlay	677,937
Depreciation expense	(536,863)
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Bond principal	490,000
Accrued interest on bonds - Change in liability	2,041
Amortization of bond discount	(13,048)
	778,993
Changes in net position of component unit activities	\$ 783,363

**CITY OF LONE TREE**  
**PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenue	\$ 5,370,000	\$ 5,761,043	\$ 5,761,182	\$ 139
Net investment income	9,000	10,000	9,987	(13)
Other	14,400	18,100	18,088	(12)
Total revenues	<u>5,393,400</u>	<u>5,789,143</u>	<u>5,789,257</u>	<u>114</u>
<b>EXPENDITURES</b>				
Public areas, dues and supplies	5,000	12,000	11,704	296
Off site storage	30,000	30,000	30,000	-
On site staffing	90,000	93,000	92,675	325
Operations and maintenance	1,479,400	1,970,000	1,967,980	2,020
Legal	12,000	17,500	17,364	136
Accounting	12,000	12,000	12,000	-
Auditing	6,000	6,000	4,000	2,000
Budgeting Financial Planning	10,000	10,000	9,996	4
Engineering	10,000	-	-	-
Insurance	5,500	350	350	-
Management	42,000	42,000	42,574	(574)
Park Meadows District payment	209,962	287,143	287,143	-
Lease	535,000	541,900	541,829	71
Capital replacement	430,000	940,000	937,542	2,458
Operations and maintenance - project work	700,000	180,000	176,619	3,381
Marketing	200,000	230,000	227,148	2,852
Contingency	30,000	38,107	26,815	11,292
Emergency reserve	150,000	150,000	-	150,000
Total expenditures	<u>3,956,862</u>	<u>4,560,000</u>	<u>4,385,739</u>	<u>174,261</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,436,538</u>	<u>1,229,143</u>	<u>1,403,518</u>	<u>174,375</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	<u>(1,244,000)</u>	<u>(1,240,000)</u>	<u>(1,239,637)</u>	<u>363</u>
Total other financing sources (uses)	<u>(1,244,000)</u>	<u>(1,240,000)</u>	<u>(1,239,637)</u>	<u>363</u>
<b>NET CHANGE IN FUND BALANCES</b>	192,538	(10,857)	163,881	174,738
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>5,219,893</u>	<u>5,962,129</u>	<u>5,962,129</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 5,412,431</u>	<u>\$ 5,951,272</u>	<u>\$ 6,126,010</u>	<u>\$ 174,738</u>

**CITY OF LONE TREE  
PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
Year Ended December 31, 2015**

	<u>Budget Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Net investment income	\$ 3,000	\$ 2,873	\$ (127)
Total revenues	<u>3,000</u>	<u>2,873</u>	<u>(127)</u>
<b>EXPENDITURES</b>			
Bond interest	749,595	749,595	-
Bond principal	490,000	490,000	-
Paying agent fees	3,500	3,500	-
Total expenditures	<u>1,243,095</u>	<u>1,243,095</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,240,095)</u>	<u>(1,240,222)</u>	<u>(127)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	1,244,000	1,239,637	(4,363)
Total other financing sources (uses)	<u>1,244,000</u>	<u>1,239,637</u>	<u>(4,363)</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,905	(585)	(4,490)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>1,340,610</u>	<u>1,338,329</u>	<u>(2,281)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,344,515</u>	<u>\$ 1,337,744</u>	<u>\$ (6,771)</u>

**CITY OF LONE TREE  
LONE TREE BUSINESS IMPROVEMENT DISTRICT  
COMBINING BALANCE SHEET  
December 31, 2015**

	<b>General</b>
<b>ASSETS</b>	
Cash and investments	\$ -
Cash and investments - Restricted	-
Receivables:	
Intergovernmental	-
Property tax	165,419
Prepaid items	-
<b>TOTAL ASSETS</b>	<b>\$ 165,419</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES  AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ -
Total liabilities	-
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	165,419
 <b>FUND BALANCES</b>	
Unassigned	-
Total fund balances	-
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES  AND FUND BALANCES</b>	 <b>\$ 165,419</b>

**CITY OF LONE TREE  
LONE TREE BUSINESS IMPROVEMENT DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
Year Ended December 31, 2015**

	<b>General</b>
<b>REVENUES</b>	
General Property Tax	\$ -
Fees	-
Tolls	-
Charges	-
Total revenues	-
<b>EXPENDITURES</b>	
Wages & Salaries	-
Legal & Accounting	-
Marketing	-
Administrative Fees	-
Operating Supplies	-
Professional Services	-
Total expenditures	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers (out)	-
Total other financing sources (uses)	-
<b>NET CHANGE IN FUND BALANCES</b>	-
<b>FUND BALANCES - BEGINNING OF YEAR</b>	-
<b>FUND BALANCES - END OF YEAR</b>	\$ -

**CITY OF LONE TREE  
LONE TREE BUSINESS IMPROVEMENT DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
Year Ended December 31, 2015**

	<u>Budget Amounts</u>		
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
General Property Tax	\$ -	\$ -	\$ -
Fees	-	-	-
Tolls	-	-	-
Charges	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Wages & Salaries	-	-	-
Legal & Accounting	-	-	-
Marketing	-	-	-
Administrative Fees	-	-	-
Operating Supplies	-	-	-
Professional Services	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF LONE TREE**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**December 31, 2015**

	<b>\$11,000,000 Sales and Use Tax Revenue Bonds Series 2008A, Dated November 19, 2008 Interest Rate at 3.50% to 5.25% Interest Payable June 1 and December 1 Principal Due December 1</b>		<b>\$16,880,000 Sales and Use Tax Revenue Bonds Series 2009, Dated August 11, 2009 Interest Rate at 2.50% to 4.25% Interest Payable June 1 and December 1 Principal Due December 1</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2016	\$ 695,000	\$ 365,687	\$ 1,060,000	\$ 439,744
2017	750,000	332,675	1,140,000	403,044
2018	805,000	295,175	1,225,000	363,481
2019	870,000	254,925	1,325,000	314,481
2020	940,000	209,250	1,425,000	261,481
2021	1,005,000	162,250	1,535,000	204,481
2022	1,080,000	112,000	1,645,000	143,081
2023	1,160,000	58,000	1,770,000	75,228
	<b>\$ 7,305,000</b>	<b>\$ 1,789,962</b>	<b>\$ 11,125,000</b>	<b>\$ 2,205,021</b>

**CITY OF LONE TREE**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**December 31, 2015**

	<b>Principal</b>	<b>Total Interest</b>	<b>Total</b>
2016	\$ 1,755,000	\$ 805,431	\$ 2,560,431
2017	1,890,000	735,719	2,625,719
2018	2,030,000	658,656	2,688,656
2019	2,195,000	569,406	2,764,406
2020	2,365,000	470,731	2,835,731
2021	2,540,000	366,731	2,906,731
2022	2,725,000	255,081	2,980,081
2023	2,930,000	133,228	3,063,228
	<u>\$ 18,430,000</u>	<u>\$ 3,994,983</u>	<u>\$ 22,424,983</u>

The public report burden for this information collection is estimated to average 380 hours annually.

**LOCAL HIGHWAY FINANCE REPORT**

City or County:  
City of Lone Tree  
YEAR ENDING :  
December 2015

This Information from the Records of The City of Lone Tree:

Prepared By: Heather Lunde  
Phone: 720-509-1287

**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	3,122,671
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	661,055
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	520,952
2. General fund appropriations	3,737,362	b. Snow and ice removal	1,294,549
3. Other local imposts (from page 2)	4,092,311	c. Other	
4. Miscellaneous local receipts (from page 2)	567,732	d. Total (a. through c.)	1,815,502
5. Transfers from toll facilities		4. General administration & miscellaneous	178,875
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	3,013,770
a. Bonds - Original Issues		6. Total (1 through 5)	8,791,873
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	8,397,405	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	394,468	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	8,791,873	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	
			8,791,873

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		8,791,873	8,791,873		0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2015

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	567,732
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	4,092,311	g. Other Misc. Receipts	
6. Total (1. through 5.)	4,092,311	h. Other	
c. Total (a. + b.)	4,092,311	i. Total (a. through h.)	567,732
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	350,700	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	43,768	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	43,768	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	394,468	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		146,352	146,352
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		2,891,945	2,891,945
(3). System Preservation		84,374	84,374
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	2,976,319	2,976,319
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	3,122,671	3,122,671
			(Carry forward to page 1)

Notes and Comments:

## STATISTICAL SECTION

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the City’s overall financial health. This information has not been audited by the independent auditor.

**Page**

### **Financial Trends**

These schedules contain trend information that may assist the reader in understanding how the City’s financial performance and well-being have changed over time.

Net Position by Component (Table 1) .....	86
Changes in Net Position (Table 2) .....	87
Fund Balances, Governmental Funds (Table 3) .....	88
Changes in Fund Balances, Governmental Funds (Table 4).....	89

### **Revenue Capacity**

These schedules contain information that may assist the reader in assessing the viability of the City’s most significant “own-source” revenue source, sales taxes. The City does not assess a property tax levy, therefore, schedules containing information on principal property tax payers or property tax levies and collections are not included.

Direct and Overlapping Sales Tax Rates (Table 5) .....	90
Sales Tax Revenue Payers by Industry (Table 6) .....	91
Sales Tax Revenue Collections (Table 7).....	92

### **Debt Capacity**

These tables present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Assessed Value and Estimated Actual Value of Taxable Property (Table 8).....	93
Property Tax Rates - Direct and Overlapping Governments (Table 9) .....	94
Ratios of Outstanding Debt by Type (Table 10).....	95
Revenue Bond Coverage (Table 11 a and b) .....	96-97
Legal Debt Margin Information (Table 12).....	98
General Obligation Debt - Direct and Overlapping Governments (Table 13).....	99

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators that may help the reader understand the environment within which the City’s financial activities take place.

Demographic and Economic Statistics (Table 14).....	100
Principal Employers (Table 15).....	101

### **Operating Information**

These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.

Full-time Equivalent City Government Employees by Function/Program (Table 16)....	102
Operating Indicators by Function/Program (Table 17).....	103
Capital Asset Statistics by Function/Program (Table 18).....	104

**Sources:** Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in fiscal year 2003; therefore, schedules presenting government-wide information include information beginning in that year.

TABLE 1

**CITY OF LONE TREE  
NET POSITION BY COMPONENT  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011 (2)	2012	2013	2014	2015 (3)
Governmental activities										
Net investment in capital assets	\$ 64,234,257	\$ 68,384,053	\$ 87,744,552	\$ 70,966,849	\$ 77,603,966	\$ 78,165,476	\$ 77,151,840	\$ 80,973,119	\$ 81,283,223	\$ 97,829,372
Restricted	599,212	13,390,637	5,455,642	1,504,800	1,677,162	1,420,091	2,792,447	3,662,144	3,370,714	5,202,543
Unrestricted	4,603,864	7,234,311	6,321,043	6,932,104	4,326,462	8,024,147	11,167,791	12,347,203	16,198,831	13,713,236
Total governmental activities net position	<u>69,437,333</u>	<u>89,009,001</u>	<u>99,521,237</u>	<u>79,403,753</u>	<u>83,607,590</u>	<u>87,609,714</u>	<u>91,112,078</u>	<u>96,982,466</u>	<u>100,852,768</u>	<u>116,745,151</u>
Total primary government net position (1)	<u>\$ 69,437,333</u>	<u>\$ 89,009,001</u>	<u>\$ 99,521,237</u>	<u>\$ 79,403,753</u>	<u>\$ 83,607,590</u>	<u>\$ 87,609,714</u>	<u>\$ 91,112,078</u>	<u>\$ 96,982,466</u>	<u>\$ 100,852,768</u>	<u>\$ 116,745,151</u>

(1) The City does not have any business-type activities, therefore, the total primary government net position is the same as the total governmental activities net position.

(2) Net position restated in 2011 due to implementation of GASB No. 65.

(3) Net position restated in 2015 due to implementation of GASB No. 68.

TABLE 2

**CITY OF LONE TREE**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 4,798,243	\$ 9,577,970	\$ 10,190,353	\$ 32,709,368	\$ 11,420,412	\$ 10,125,512	\$ 11,268,953	\$ 14,573,133	\$ 13,494,009	\$ 14,483,424
Municipal court	321,935	325,296	323,486	321,754	307,016	209,232	213,778	215,894	217,969	234,799
Community development	1,057,460	1,055,420	1,222,472	992,206	1,025,442	1,149,089	1,255,461	1,258,759	1,040,044	1,080,566
Public works	4,835,575	5,462,549	5,338,211	6,252,939	6,198,372	6,550,978	7,369,645	7,286,760	7,972,040	8,743,403
Arts and cultural services	-	-	-	236,880	333,933	1,818,095	2,517,149	2,691,473	3,111,362	3,198,170
Police	3,709,861	4,776,865	5,434,635	5,712,367	5,612,579	6,068,066	6,358,721	6,295,772	6,639,856	6,779,310
Interest and related costs on long-term debt	-	23,107	531,783	1,080,706	1,314,525	1,193,860	1,059,855	998,465	924,398	837,894
Total governmental activities expenses	<u>14,723,074</u>	<u>21,221,207</u>	<u>23,040,940</u>	<u>47,306,220</u>	<u>26,212,279</u>	<u>27,114,832</u>	<u>30,043,562</u>	<u>33,320,256</u>	<u>33,399,678</u>	<u>35,357,566</u>
Total primary government expenses (1)	<u>\$ 14,723,074</u>	<u>\$ 21,221,207</u>	<u>\$ 23,040,940</u>	<u>\$ 47,306,220</u>	<u>\$ 26,212,279</u>	<u>\$ 27,114,832</u>	<u>\$ 30,043,562</u>	<u>\$ 33,320,256</u>	<u>\$ 33,399,678</u>	<u>\$ 35,357,566</u>
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 6,309	\$ 408,938	\$ 366,305	\$ 354,032	\$ 357,534	\$ 309,986	\$ 318,668	\$ 249,904	\$ 222,567	\$ 239,633
Municipal court	533,594	670,412	981,873	804,553	892,255	729,769	808,569	648,298	540,304	691,943
Community development	757,166	944,914	811,150	450,607	709,717	623,245	1,184,333	1,717,190	2,098,603	1,396,976
Arts and cultural services	-	-	-	5,275	5,763	666,954	816,591	1,115,051	1,329,312	1,284,726
Police	18,073	23,421	29,994	23,373	13,211	43,389	26,606	41,845	22,919	3,491
Operating grants and contributions	1,061,738	1,165,374	1,288,521	1,429,822	1,534,227	3,498,072	4,181,941	4,152,656	4,252,466	4,728,754
Capital grants and contributions	5,867,348	18,577,667	8,847,739	3,346,242	5,022,941	3,070,403	1,823,075	4,292,034	1,069,622	16,971,208
Total governmental activities program revenues	<u>8,244,228</u>	<u>21,790,726</u>	<u>12,325,582</u>	<u>6,413,904</u>	<u>8,535,648</u>	<u>8,941,818</u>	<u>9,159,783</u>	<u>12,216,978</u>	<u>9,535,793</u>	<u>25,316,731</u>
Total primary government revenues (1)	<u>\$ 8,244,228</u>	<u>\$ 21,790,726</u>	<u>\$ 12,325,582</u>	<u>\$ 6,413,904</u>	<u>\$ 8,535,648</u>	<u>\$ 8,941,818</u>	<u>\$ 9,159,783</u>	<u>\$ 12,216,978</u>	<u>\$ 9,535,793</u>	<u>\$ 25,316,731</u>
<b>Net (expense) revenue</b>										
Governmental activities	<u>\$ (6,478,846)</u>	<u>\$ 569,519</u>	<u>\$ (10,715,358)</u>	<u>\$ (40,892,316)</u>	<u>\$ (17,676,631)</u>	<u>\$ (18,173,014)</u>	<u>\$ (20,883,779)</u>	<u>\$ (21,103,278)</u>	<u>\$ (23,863,885)</u>	<u>\$ (10,040,835)</u>
Total primary government net (expense) revenue (1)	<u>\$ (6,478,846)</u>	<u>\$ 569,519</u>	<u>\$ (10,715,358)</u>	<u>\$ (40,892,316)</u>	<u>\$ (17,676,631)</u>	<u>\$ (18,173,014)</u>	<u>\$ (20,883,779)</u>	<u>\$ (21,103,278)</u>	<u>\$ (23,863,885)</u>	<u>\$ (10,040,835)</u>
<b>General revenues</b>										
Sales taxes and Use tax - Retail	\$ 9,209,201	\$ 15,898,747	\$ 18,146,324	\$ 18,106,395	\$ 18,989,109	\$ 20,000,973	\$ 21,152,222	\$ 22,275,657	\$ 23,736,964	\$ 24,883,632
Use taxes - Building materials	319,116	383,087	325,484	421,184	263,530	213,438	955,775	1,934,767	1,009,009	1,155,608
Lodging taxes	371,056	394,992	442,391	359,703	467,976	526,104	557,841	766,230	908,192	1,000,349
Admission taxes	408,512	372,078	395,613	399,787	353,922	346,446	333,987	357,294	503,914	368,432
Franchise fees	672,134	655,909	892,587	812,310	873,573	905,892	882,107	973,986	1,033,993	1,040,429
Cigarette taxes	154,242	171,103	204,192	207,691	205,449	202,963	205,289	202,452	196,839	194,668
Investment earnings	263,116	657,065	500,873	106,905	176,843	35,261	20,903	19,945	14,113	22,376
Miscellaneous	191,866	469,168	320,130	360,857	550,066	236,180	278,019	443,335	331,163	136,995
Total governmental activities general revenues	<u>11,589,243</u>	<u>19,002,149</u>	<u>21,227,594</u>	<u>20,774,832</u>	<u>21,880,468</u>	<u>22,467,257</u>	<u>24,386,143</u>	<u>26,973,666</u>	<u>27,734,187</u>	<u>28,802,489</u>
Total primary government general revenues (1)	<u>\$ 11,589,243</u>	<u>\$ 19,002,149</u>	<u>\$ 21,227,594</u>	<u>\$ 20,774,832</u>	<u>\$ 21,880,468</u>	<u>\$ 22,467,257</u>	<u>\$ 24,386,143</u>	<u>\$ 26,973,666</u>	<u>\$ 27,734,187</u>	<u>\$ 28,802,489</u>
<b>Change in net position</b>										
Governmental activities	<u>\$ 5,110,397</u>	<u>\$ 19,571,668</u>	<u>\$ 10,512,236</u>	<u>\$ (20,117,484)</u>	<u>\$ 4,203,837</u>	<u>\$ 4,294,243</u>	<u>\$ 3,502,364</u>	<u>\$ 5,870,388</u>	<u>\$ 3,870,302</u>	<u>\$ 18,761,654</u>
Total primary government change in net position (1)	<u>\$ 5,110,397</u>	<u>\$ 19,571,668</u>	<u>\$ 10,512,236</u>	<u>\$ (20,117,484)</u>	<u>\$ 4,203,837</u>	<u>\$ 4,294,243</u>	<u>\$ 3,502,364</u>	<u>\$ 5,870,388</u>	<u>\$ 3,870,302</u>	<u>\$ 18,761,654</u>

(1) The City does not have any business-type activities, therefore, the totals for primary government are the same as the totals for governmental activities.

TABLE 3

**CITY OF LONE TREE**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015 (2)
General Fund										
Reserved	\$ 1,444,906	\$ 1,078,054	\$ 8,388,431	\$ 18,833,437	\$ 9,818,184	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,349,728	7,251,437	6,808,682	6,920,966	7,094,480	-	-	-	-	-
Non-spendable	-	-	-	-	-	547,748	249,701	252,530	401,104	380,189
Restricted	-	-	-	-	-	2,875,620	2,678,432	3,248,713	2,892,348	4,928,216
Assigned	-	-	-	-	-	7,700,307	6,376,961	7,062,731	10,860,234	12,489,445
Unassigned	-	-	-	-	-	4,304	3,622,017	3,883,361	3,722,646	4,273,000
Total General Fund	<u>\$ 4,794,634</u>	<u>\$ 8,329,491</u>	<u>\$ 15,197,113</u>	<u>\$ 25,754,403</u>	<u>\$ 16,912,664</u>	<u>\$ 11,127,979</u>	<u>\$ 12,927,111</u>	<u>\$ 14,447,335</u>	<u>\$ 17,876,332</u>	<u>\$ 22,070,850</u>
All other governmental funds										
Reserved	\$ 566,450	\$ 13,707,512	\$ 5,770,243	\$ 1,889,401	\$ 2,099,114	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	(183,511)	(183,511)	(256,671)	-	-	-	-	-
Non-spendable	-	-	-	-	-	2,872	40,982	43,230	46,674	56,673
Restricted	-	-	-	-	-	1,678,692	1,970,822	2,273,653	2,409,455	2,103,679
Assigned	-	-	-	-	-	-	98,726	-	-	-
Unassigned, reported in:										
Special revenue funds	-	-	-	-	-	(639,810)	(413,581)	(43,230)	(46,674)	(56,673)
Total all other governmental funds	<u>\$ 566,450</u>	<u>\$ 13,707,512</u>	<u>\$ 5,586,732</u>	<u>\$ 1,705,890</u>	<u>\$ 1,842,443</u>	<u>\$ 1,041,754</u>	<u>\$ 1,696,949</u>	<u>\$ 2,273,653</u>	<u>\$ 2,409,455</u>	<u>\$ 2,103,679</u>
Total governmental funds										
Reserved	\$ 2,011,356	\$ 14,785,566	\$ 14,158,674	\$ 20,722,838	\$ 11,917,298	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,349,728	7,251,437	6,625,171	6,737,455	6,837,809	-	-	-	-	-
Non-spendable	-	-	-	-	-	550,620	290,683	295,760	447,778	436,862
Restricted	-	-	-	-	-	4,554,312	4,649,254	5,522,366	5,301,803	7,031,895
Assigned	-	-	-	-	-	7,700,307	6,475,687	7,062,731	10,860,234	12,489,445
Unassigned	-	-	-	-	-	(635,506)	3,208,436	3,840,131	3,675,972	4,216,327
Total governmental funds	<u>\$ 5,361,084</u>	<u>\$ 22,037,003</u>	<u>\$ 20,783,845</u>	<u>\$ 27,460,293</u>	<u>\$ 18,755,107</u>	<u>\$ 12,169,733</u>	<u>\$ 14,624,060</u>	<u>\$ 16,720,988</u>	<u>\$ 20,285,787</u>	<u>\$ 24,174,529</u>

(1) The City implemented GASB Statement No. 54 in fiscal year 2011.

(2) The City implemented GASB Statement No. 68 in fiscal year 2015.

TABLE 4

**CITY OF LONE TREE**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 10,307,885	\$ 17,048,904	\$ 19,309,813	\$ 19,287,069	\$ 20,074,537	\$ 21,086,961	\$ 22,999,825	\$ 25,333,948	\$ 26,158,079	\$ 27,408,021
Franchise fees	672,134	655,909	892,587	812,310	873,573	905,892	882,107	973,986	1,033,993	1,040,429
Intergovernmental	5,114,520	19,803,047	8,742,808	4,302,142	5,353,901	5,687,692	5,072,435	7,317,985	5,066,287	7,073,987
Licenses, fees and charges	782,357	962,031	847,900	492,022	750,829	654,029	1,210,895	1,743,385	2,124,212	1,430,134
Fines and forfeitures	533,594	670,412	981,873	804,553	892,255	729,769	808,570	648,298	540,304	691,943
Tenant rental income	-	405,068	351,972	354,032	357,534	309,986	318,668	249,904	222,567	239,634
Arts and cultural event fees	51,309	38,870	91,189	59,945	71,263	888,893	1,001,410	1,369,872	1,639,949	1,747,181
Base rentals	-	-	1,100,400	910,345	1,876,308	1,863,881	894,392	951,972	1,009,664	1,290,006
Net investment income	228,983	792,479	500,873	106,905	176,844	35,261	19,595	19,945	14,113	22,376
Other	214,248	551,568	419,438	383,745	579,263	719,707	684,062	1,490,317	401,910	205,953
<b>Total revenues</b>	<b>17,905,030</b>	<b>40,928,288</b>	<b>33,238,853</b>	<b>27,513,068</b>	<b>31,006,307</b>	<b>32,882,071</b>	<b>33,891,959</b>	<b>40,099,612</b>	<b>38,211,078</b>	<b>41,149,664</b>
<b>Expenditures</b>										
General government	2,534,278	4,074,338	3,980,604	4,101,494	3,708,958	4,333,473	5,021,784	4,838,096	5,001,832	4,706,785
Municipal court	333,935	325,296	323,486	305,767	300,165	201,557	213,150	210,387	213,810	192,197
Community development	1,057,460	1,055,420	1,233,844	932,784	985,132	1,100,737	1,170,779	1,222,386	1,025,520	1,020,830
Public works	2,980,581	3,209,280	3,020,428	3,445,965	3,162,908	3,406,479	3,655,273	3,959,687	4,417,190	4,473,031
Arts and cultural services	-	-	-	1,043,051	9,476,670	11,138,702	1,818,327	2,087,722	2,496,989	2,544,481
Police	3,745,970	4,759,655	5,222,525	5,509,854	5,392,037	5,850,140	6,212,692	6,142,980	6,483,386	6,697,266
Debt service										
Bond principal	-	-	820,000	1,945,000	2,935,000	3,025,000	2,175,000	2,340,000	2,520,000	2,920,000
Bond interest	-	476,786	357,122	895,978	1,194,539	1,089,712	1,027,973	980,328	924,083	866,475
Paying agent fees	-	-	-	200	400	400	400	400	400	400
Capital outlay and other	9,429,543	19,581,594	30,582,778	19,773,678	12,555,684	9,321,245	10,142,254	16,220,698	11,563,069	13,839,457
<b>Total expenditures</b>	<b>20,081,767</b>	<b>33,482,369</b>	<b>45,540,787</b>	<b>37,953,771</b>	<b>39,711,493</b>	<b>39,467,445</b>	<b>31,437,632</b>	<b>38,002,684</b>	<b>34,646,279</b>	<b>37,260,922</b>
Excess of revenues over (under) expenditures	(2,176,737)	7,445,919	(12,301,934)	(10,440,703)	(8,705,186)	(6,585,374)	2,454,327	2,096,928	3,564,799	3,888,742
<b>Other financing sources (uses)</b>										
Loan for Interchange	51,315	-	-	-	-	-	-	-	-	-
Certificates of participation issue	-	9,230,000	-	-	-	-	-	-	-	-
Revenue bonds issued	-	-	11,000,000	16,880,000	-	-	-	-	-	-
Bond premium	-	-	48,776	237,151	-	-	-	-	-	-
Transfers in	-	2,706,312	108,679	1,057,429	2,057	1,105,188	1,230,413	1,743,279	2,117,873	1,868,506
Transfers out	-	(2,706,312)	(108,679)	(1,057,429)	(2,057)	(1,105,188)	(1,230,413)	(1,743,279)	(2,117,873)	(1,868,506)
<b>Total other financing sources (uses)</b>	<b>51,315</b>	<b>9,230,000</b>	<b>11,048,776</b>	<b>17,117,151</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (2,125,422)</b>	<b>\$ 16,675,919</b>	<b>\$ (1,253,158)</b>	<b>\$ 6,676,448</b>	<b>\$ (8,705,186)</b>	<b>\$ (6,585,374)</b>	<b>\$ 2,454,327</b>	<b>\$ 2,096,928</b>	<b>\$ 3,564,799</b>	<b>\$ 3,888,742</b>
Debt service as a % of noncapital expenditures	0.0%	3.4%	7.9%	10.9%	16.0%	15.0%	11.4%	10.4%	10.8%	11.0%

TABLE 5

**CITY OF LONE TREE  
DIRECT AND OVERLAPPING SALES TAX RATES  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>City Direct Rate (1)</b>	<b>Douglas County</b>	<b>State of Colorado</b>	<b>Regional Transportation District</b>	<b>Scientific and Cultural Facilities District</b>	<b>Football Stadium District (2)</b>	<b>Total Sales Tax Rate</b>
2006	1.50%	1.00%	2.90%	1.00%	0.10%	0.10%	6.60%
2007	1.50%	1.00%	2.90%	1.00%	0.10%	0.10%	6.60%
2008	1.8125%	1.00%	2.90%	1.00%	0.10%	0.10%	6.9125%
2009	1.8125%	1.00%	2.90%	1.00%	0.10%	0.10%	6.9125%
2010	1.8125%	1.00%	2.90%	1.00%	0.10%	0.10%	6.9125%
2011	1.8125%	1.00%	2.90%	1.00%	0.10%	0.10%	6.9125%
2012	1.8125%	1.00%	2.90%	1.00%	0.10%	0.00%	6.8125%
2013	1.8125%	1.00%	2.90%	1.00%	0.10%	0.00%	6.8125%
2014	1.8125%	1.00%	2.90%	1.00%	0.10%	0.00%	6.8125%
2015	1.8125%	1.00%	2.90%	1.00%	0.10%	0.00%	6.8125%

(1) An increase in the City's sales tax rate may be changed only with the approval of City voters. Pursuant to election results from May 2008, a sales tax increase of 0.3125% was effective as of July 1, 2008.

(2) Certain portions of the City are not subject to the Football Stadium District sales tax. This tax expired on December 31, 2011.

Source: City Budget Office and Douglas County Department of Finance.

**TABLE 6**

**CITY OF LONE TREE  
SALES TAX REVENUE PAYERS BY INDUSTRY (1)  
Fiscal Year 2015**

<u>Industry</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
Retail	\$ 23,733,421	95.38%
Services	544,161	2.18%
Government	1,110	0.01%
Finance, insurance and real estate	30,915	0.12%
Transportation and utilities	574,025	2.31%
Total	<u>\$ 24,883,632</u>	<u>100.00%</u>

(1) Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's sales tax revenue.

Source: City Sales Tax Department

**TABLE 7**

**CITY OF LONE TREE  
SALES TAX REVENUE COLLECTIONS  
Last Ten Fiscal Years**

<b><u>Fiscal Year</u></b>	<b><u>Sales Tax Revenue Collections</u></b>
2006	9,209,201
2007	15,898,747
2008	18,146,324
2009	18,106,395
2010	18,989,109
2011	20,000,973
2012	21,152,222
2013	22,275,657
2014	23,736,964
2015	24,883,632

**TABLE 8**

**CITY OF LONE TREE  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 Last Ten Fiscal Years**

<u>Levy Year (1)</u>	<u>Collection Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Assessed Value Other</u>	<u>Personal</u>	<u>Total</u>	<u>Actual Value (2)</u>
2005	2006	113,184,500	157,536,370	13,352,410	25,428,510	309,501,790	2,033,689,105
2006	2007	121,572,750	166,526,090	10,711,930	25,269,736	324,080,506	2,163,573,451
2007	2008	135,771,610	233,638,850	14,986,880	33,795,255	418,192,595	2,608,718,587
2008	2009	138,674,500	248,351,230	11,680,930	35,837,000	434,543,660	2,679,945,519
2009	2010	146,195,720	268,470,540	12,728,970	40,052,380	467,447,610	2,833,648,530
2010	2011	148,163,090	269,544,750	12,082,520	37,376,240	467,166,600	2,961,391,802
2011	2012	135,753,590	257,910,790	10,728,780	40,326,810	444,719,970	2,770,833,890
2012	2013	138,412,900	255,941,730	14,018,510	40,277,100	448,650,240	2,669,739,949
2013	2014	147,664,450	283,865,750	19,112,447	45,720,117	496,362,764	2,931,188,630
2014	2015	155,833,800	309,658,840	20,493,300	54,399,760	540,385,700	3,131,131,975

(1) The City of Lone Tree does not currently levy a property tax. Voter authorization would be required in order to levy a property tax in the future.

(2) Actual value is not intended to represent market value.

Source: Douglas County Assessor's Office

TABLE 9

**CITY OF LONE TREE**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**Last Ten Fiscal Years**  
 (Per \$1,000 of Assessed Value)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City of Lone Tree	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Overlapping Mill Levies (1):										
Douglas County	19.774	19.774	19.774	19.774	19.774	19.774	19.774	19.774	19.774	19.774
Douglas County Library District	4.020	4.044	4.044	4.016	4.034	4.034	4.070	4.029	4.032	4.035
Douglas County School District No. Re 1	46.500	46.500	46.500	47.103	46.681	46.890	44.708	45.063	46.051	46.945
Douglas County Soil Conservation District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Heritage Hills Metropolitan District	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	39.544
Park Meadows Metropolitan District	6.387	6.387	6.712	6.387	6.387	6.387	6.387	6.387	6.387	6.387
Rampart Range Metropolitan District No. 2	46.000	46.000	46.000	46.000	46.000	46.000	46.000	46.000	46.000	46.000
Rampart Range Metropolitan District No. 7	0.000	46.000	46.000	46.000	46.000	46.000	46.000	46.000	46.000	46.000
Regional Transportation District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
South Metro Fire Rescue	9.346	9.377	9.377	9.362	9.541	9.661	9.520	9.444	9.319	9.344
South Suburban Park and Recreation District	7.117	7.008	6.868	6.830	6.777	6.869	6.960	6.915	8.808	8.651
Southeast Public Improvement Metro District	1.111	1.608	1.621	1.650	2.000	2.150	2.080	2.000	2.000	2.000
Southgate Sanitation District	0.653	0.060	0.604	0.544	0.558	0.558	0.558	0.531	0.551	0.510
Southgate Water District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Urban Drainage & Flood Control District	0.542	0.507	0.507	0.508	0.523	0.570	0.600	0.608	0.632	0.553
Urban Drainage & Flood South Platte	0.066	0.061	0.061	0.061	0.053	0.060	0.060	0.064	0.068	0.058
	<u>181.516</u>	<u>227.326</u>	<u>228.068</u>	<u>228.235</u>	<u>228.328</u>	<u>228.953</u>	<u>226.717</u>	<u>226.815</u>	<u>229.622</u>	<u>229.801</u>

(1) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.

Source: Douglas County Assessor's Office

**TABLE 10**

**CITY OF LONE TREE  
RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Nine Fiscal Years (1)**

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	Sales and Use Tax Revenue Bonds (2) (3)			
2007	9,230,000	-	9,230,000	1.54%	884
2008	8,410,000	11,048,609	19,458,609	3.10%	1,853
2009	7,695,000	26,922,873	34,617,873	5.54%	3,287
2010	5,930,000	25,723,203	31,653,203	4.79%	2,906
2011	4,110,000	24,489,595	28,599,595	3.61%	2,577
2012	3,235,000	23,161,947	26,396,947	3.15%	2,319
2013	2,295,000	21,735,335	24,030,335	2.53%	1,911
2014	1,290,000	20,195,029	21,485,029	2.16%	1,681
2015	-	18,541,137	18,541,137	1.81%	1,449

- (1) In 2007, the Building Authority (included as a blended component unit of the City) issued Certificates of Participation.
- (2) In 2008, the City issued Sales and Use Tax Revenue Bonds for park and recreation improvements.
- (3) In 2009, the City issued Sales and Use Tax Revenue Bonds for arts and cultural improvements.

**TABLE 11a**

**CITY OF LONE TREE  
REVENUE BOND COVERAGE  
PARK AND RECREATION IMPROVEMENT BONDS  
Last Eight Fiscal Years (1)**

Fiscal Year	Gross Revenue (2)	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest (3)	Total	
2008	\$ 517,378	\$ -	\$ 517,378	\$ -	\$ 17,169	\$ 17,169	3013%
2009	\$ 910,830	\$ 200	\$ 910,630	\$ 445,000	\$ 515,075	\$ 960,075	95%
2010	\$ 949,885	\$ 200	\$ 949,685	\$ 460,000	\$ 499,500	\$ 959,500	99%
2011	\$ 988,362	\$ 200	\$ 988,162	\$ 475,000	\$ 483,400	\$ 958,400	103%
2012	\$ 1,062,427	\$ 200	\$ 1,062,227	\$ 515,000	\$ 464,400	\$ 979,400	108%
2013	\$ 1,084,382	\$ 200	\$ 1,084,182	\$ 555,000	\$ 443,800	\$ 998,800	109%
2014	\$ 1,116,010	\$ 200	\$ 1,115,810	\$ 600,000	\$ 420,213	\$ 1,020,213	109%
2015	\$ 1,305,096	\$ 200	\$ 1,304,896	\$ 645,000	\$ 394,713	\$ 1,039,713	126%

- (1) The Series 2008A Park and Recreation Improvement Sales and Use Tax Revenue Bonds were issued on November 19, 2008. The City had no outstanding bonds prior to this time.
- (2) Sales and use tax revenues derived from the sales and use tax rate increase of 0.125% effective July 1, 2008. This amount also includes investment earnings from those monies as well as investment earnings from the bond proceeds.
- (3) Interest per debt service schedule paid to bondholders during calendar year; does not include accrued interest.

**CITY OF LONE TREE  
REVENUE BOND COVERAGE  
ARTS AND CULTURAL FACILITIES BONDS  
Last Seven Fiscal Year (1)**

Fiscal Year	Gross Revenue (2)	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest (3)	Total	
2009	\$ 1,365,655	\$ -	\$ 1,365,655	\$ 785,000	\$ 185,558	\$ 970,558	141%
2010	\$ 1,423,108	\$ 200	\$ 1,422,908	\$ 710,000	\$ 583,731	\$ 1,293,731	110%
2011	\$ 1,480,951	\$ 200	\$ 1,480,751	\$ 730,000	\$ 562,431	\$ 1,292,431	115%
2012	\$ 1,591,285	\$ 200	\$ 1,591,085	\$ 785,000	\$ 544,181	\$ 1,329,181	120%
2013	\$ 1,625,080	\$ 200	\$ 1,624,880	\$ 845,000	\$ 524,556	\$ 1,369,556	119%
2014	\$ 1,673,760	\$ 200	\$ 1,673,560	\$ 915,000	\$ 499,206	\$ 1,414,206	118%
2015	\$ 1,957,203	\$ 200	\$ 1,957,003	\$ 985,000	\$ 471,756	\$ 1,456,756	134%

- (1) The Series 2009 Arts and Cultural Facilities Improvement Sales and Use Tax Revenue Bonds were issued on August 11, 2009.
- (2) Sales and use tax revenues derived from the sales and use tax rate increase of 0.1875% effective July 1, 2008.  
This amount also includes investment earnings from those monies as well as investment earnings from the bond proceeds.
- (3) Interest per debt service schedule paid to bondholders during calendar year; does not include accrued interest.

TABLE 12

**CITY OF LONE TREE  
LEGAL DEBT MARGIN INFORMATION  
Last Eight Fiscal Years (1)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000
Total net debt applicable to limit	\$ 11,000,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000
Legal debt margin (2)	\$ 20,000,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000
Total net debt applicable to the limit as a percentage of debt	35.48%	89.94%	89.94%	89.94%	89.94%	89.94%	89.94%	89.94%

- (1) The Series 2008A Park and Recreation Improvement Sales and Use Tax Revenue Bonds were issued on November 19, 2008. The City had no outstanding bonds prior to this time. The Series 2009 Arts and Cultural Facilities Improvement Sales and Use Tax Revenue Bonds were issued on August 11, 2009.
- (2) On May 6, 2008, a majority of the qualified electors of the City authorized the issuance of indebtedness in an amount not to exceed \$18,500,000 and \$12,500,000, for sales and use tax revenue bonds for funding capital improvements for cultural facilities and park and recreation, respectively. The voters also authorized a temporary sales and use tax rate increase of .1875% for arts and cultural facilities and .125% for park and recreation improvements effective July 1, 2008 through December 31, 2023 or after the full payment of such debt. The City issued \$11,000,000 of its authorized debt during 2008 and \$16,880,000 of its authorized debt during 2009. The City has no other debt authorization.

TABLE 13

**CITY OF LONE TREE  
GENERAL OBLIGATION DEBT - DIRECT AND OVERLAPPING GOVERNMENTS  
As of December 31, 2015**

	<u>Outstanding General Obligation Debt</u>	<u>Other Long- Term Debt Instruments</u>	<u>Percent Applicable to City</u>	<u>City's Share of Debt</u>
Direct:				
City of Lone Tree	\$ -	\$ 18,541,137	100.00%	<u>\$ 18,541,137</u>
Overlapping:				
Douglas County School District No. Re 1	342,249,713	-	4.80%	16,427,986
South Suburban Park and Recreation District	15,715,000	-	13.79%	2,167,099
Southeast Public Improvement Metropolitan District	3,135,000	-	18.74%	587,499
Heritage Hills Metropolitan District	85,000	-	100.00%	<u>85,000</u>
Total overlapping debt				<u>19,267,584</u>
Total direct and overlapping debt				<u>\$ 37,808,721</u>

The following entities also overlap the City, but have no General Obligation Debt outstanding:

- Cherry Creek Basin Water Authority
- Douglas County
- Douglas County Public Library District
- Douglas County Soil Conservation District
- Park Meadows Metropolitan District
- Rampart Range Metropolitan District No. 1
- Rampart Range Metropolitan District No. 2
- Rampart Range Metropolitan District No. 7
- Regional Transportation District
- Southgate Sanitation District
- Southgate Water District
- South Metropolitan Fire Rescue District
- Urban Drainage and Flood Control District
- Urban Drainage and Flood South Platte

Sources: Douglas County Assessor's Offices and information obtained from individual entities.

**TABLE 14**

**CITY OF LONE TREE  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Calendar Years**

<u>Calendar Year</u>	<u>Estimated Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income [1]</u>	<u>Douglas County Unemployment Rate</u>
2006	10,000	525,620,000	52,562	4.90%
2007	10,439	597,956,359	57,281	3.20%
2008	10,500	627,637,500	59,775	5.10%
2009	10,533	625,217,814	59,358	6.60%
2010	10,891	661,334,193	60,723	6.70%
2011	11,097	793,047,105	71,465	6.10%
2012	11,385	836,979,660	73,516	5.90%
2013	12,572	950,116,328	75,574	5.60%
2014	12,779	993,771,714	77,766	4.50%
2015	12,800	1,024,268,800	80,021	2.60%

[1] Bureau of Economic Analysis, Washington D.C. ; 2015 Per Capita Income estimated using the 2.9% change for personal income from '14 to '15

Source: Douglas County Department of Finance

**TABLE 15**

**CITY OF LONE TREE  
PRINCIPAL EMPLOYERS (1)  
Current Year and Ten Years Ago**

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Douglas County School District	5,563	1	5,934	1
Charles Schawb	2,400	2	-	
Echostar Communications	2,010	3	1,765	2
CH2M Hill	1,660	4	1,200	5
Healthone: Sky Ridge Medical	1,220	5	-	
Western Union	1,210	6	-	
Douglas County Government	1,146	7	1,085	7
Centura: Parker Adventist Hospital	1,110	9	-	
Information Handling Services	980	8	800	10
Specialized Loan Servicing	940	10	-	
First Data Corporation	-	-	1,700	3
AVAYA	-	-	1,600	4
Visa USA	-	-	1,125	6
TeleTech Holdings	-	-	950	8
Nextel	-	-	900	9

(1) Selected major employers within Douglas County. Total employment within the City is not available.

Source: Douglas County Department of Finance

**TABLE 16**

**CITY OF LONE TREE  
FULL-TIME EQUIVALENT CITY GOVERNMENT  
EMPLOYEES BY FUNCTION/PROGRAM  
Last Ten Fiscal Years**

Function/Program (1)	Full-Time Equivalent Employees (2)									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	7	10	14	14.5	16.25	14.50	15.50	17.50	17.75	17.75
Municipal court	1	2	2	2	2	2	2	2	2.00	2.00
Community development	1	1	1	7.25	5.75	5.75	6.00	7.00	6.75	6.75
Arts & Cultural	-	-	-	-	1.50	12.75	13.20	13.75	18.00	18.25
Police	40	43	45	50	47	52	53	54	56.50	57.00
<b>Total</b>	<b>49</b>	<b>56</b>	<b>62</b>	<b>73.75</b>	<b>72.50</b>	<b>87.00</b>	<b>89.70</b>	<b>94.25</b>	<b>101.00</b>	<b>101.75</b>

(1) The City contracts out its legal and public works departments. The figures above do not include services provided by these contracted parties.

(2) A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

Source: City Finance Department

TABLE 17

**CITY OF LONE TREE  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
Last Ten Fiscal Years**

Function/Program (1)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Municipal court										
Number of court cases	1,167	1,427	2,260	2,159	1,918	2,114	2,107	1,922	1,577	3,094
Community development										
Building permits issued	664	723	634	536	701	700	1,562	809	804	872
Building inspections conducted	7,223	5,031	4,257	2,750	4,513	4,196	8,392	7,662	7,115	5,475
Public works										
Streets overlaid (miles)	2.10	4.06	12.52	11.61	10.48	9.71	8.55	15.81	6.26	6.23
Public safety (2)										
Accidents	968	1,095	1,033	970	878	1,008	995	1,169	1,787	1,443
Citations issued	4,466	4,860	7,879	5,619	6,107	4,812	4,380	4,234	4,136	5,079

(1) No operating indicators are available for the general government or capital outlay.

(2) The City's Police Department commenced operations on January 1, 2005. Prior to that time, the City contracted out its public safety services with Douglas County.

Source: Various City departments

TABLE 18

**CITY OF LONE TREE  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
Last Ten Fiscal Years**

Function/Program (1)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public works										
Streets (miles)	109.94	130.40	130.40	139.11	146.32	147.01	147.01	148.51	157.88	160.76
Traffic signals	29	33	35	40	42	42	43	45	47	48
Public safety (2)										
Stations	1	2	2	2	2	2	2	2	2	2
Patrol units	11	15	16	22	24	24	25	22	22	20
Capital outlay										
Storm drainage (miles)	38.25	38.25	38.25	38.25	38.25	38.25	38.70	39.93	41.18	41.80

(1) No capital indicators are available for the general government, municipal court or community development.

(2) The City's Police Department commenced operations on January 1, 2005. Prior to that time, the City contracted out its public safety services with Douglas County.

Source: Various City departments



## CITY OF LONE TREE

### STAFF REPORT

**TO: Mayor Millet and City Council**

**FROM: John Cotten and Philip Buckley**

**FOR: June 21, 2016 Study Session and Council Meeting**

**DATE: June 15, 2016**

**SUBJECT: Lone Tree Pedestrian Bridge – General Contractor Agreement**

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#### Summary

Pursuant to Hamon Infrastructure's recent pricing effort of both the preliminary/schematic phase drawings (dated 3/7/16) and the steel mill order drawing package (dated 5/16/16) we are pleased to report that effort has resulted in submitting an Interim Guaranteed Maximum Price (IGMP) outlined in the AIA A-133 and AIA A-201 agreements submitted for approval.

#### Cost

We are seeking approval for Hamon Infrastructure's contract agreement. A breakdown of the contract amount is as follows:

- Preliminary/SD pricing estimate - \$5,160,000.00
- Steel Mill Order Package - \$60,000.00 (increase from SD estimate)
- Total IGMP Contract Amount - \$5,220,000.00

#### Suggested Motion or Recommended Action

Recommend approval to move forward with signing the construction agreements with Hamon Infrastructure based on the above figures.

#### Background

Project background is summarized on the attached memorandum, dated April 13, 2016, from Phil Buckley of Corum Real Estate.

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**MEMORANDUM**

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**TO:** CITY OF LONE TREE  
**FROM:** CORUM REAL ESTATE GROUP  
**SUBJECT:** LONE TREE PEDESTRIAN BRIDGE  
**DATE:** JUNE 16, 2016

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**I. PRICING PROCESS**

Pursuant to authorization by the City of Lone Tree City Council, in early January 2015, Corum Real Estate has managed the predevelopment process and collaborated with, Fentress Architects, Design Consultant team and Hamon Infrastructure to further develop the design and construction parameters for the Lone Tree Pedestrian Bridge project. Over the course of the last several months the team met on a bi-weekly basis. Hamon also proactively engaged the services of a steel fabricator shop to provide real-time cost estimating as well as cost and schedule reductions throughout the process. Over the past month final pricing from the Steel Mill order drawings was received from Hamon Infrastructure. Update is as follows:

- Base preliminary/SD pricing - \$5,160,000.00
- Steel Mill Order pricing - Increase of \$60,000.00 over the SD package pricing due to:
  - Cable size increases from SD package for back stays
  - More restrictive criteria for steel and testing
  - Painting system enhancements
  - Increased material pricing
- Total IGMP contract amount - \$5,220,000.00
  - Note, Value Engineering options are being explored to reduce the steel package overages noted above. Accepted VE items will be incorporated in the final Construction Documents
  - Lighting costs of \$200K are included in the current IGMP contract amount. Initial estimated costs for the full lighting package shown in the SD drawing is closer to a \$400K figure. At the completion of the Construction Document phase pricing we plan to present lighting options to City Council in greater detail.

We are pleased to report that Hamon did achieve an Interim Guaranteed Maximum Price (IGMP) that meets the desired budget. The details of the overall budget are on a separate attachment. Additionally, Hamon's pricing includes a 8% contingency which is broken out separately on the cost summary sheet.

Our next steps are summarized below:

- Complete Construction Documents - July 20<sup>th</sup>, 2016
- Delivery of Final GMP Pricing – August 17<sup>th</sup>, 2016

- Construction Start – September 1<sup>st</sup>, 2016
- Project Completion – March/April 2017

## **II. RECOMMENDATION/FUNDING AUTHORIZATION REQUEST**

It is our recommendation to move forward approval of the IGMP agreement and allow Hamon to begin the procurement process for steel and other time sensitive components of the bridge structure. Throughout the remaining design/early procurement phase, which will be overseen and managed by Corum, we will work closely with Hamon and the design team to complete the Construction Documents on 7/20/16, within the parameters of the IGMP pricing and the overall development budget. After Hamon completes final GMP pricing from the construction documents we will provide an update and recommendation for final approval from Council and move into the construction phase.

We will be working closely with City staff and Planning Department throughout the remaining design and construction period and intend to provide regular updates to City Council. As always, we welcome any feedback and dialogue with the City of Lone Tree and look forward to continuing working towards the successful completion of the Lone Tree Pedestrian Bridge.

**City of Lone Tree  
Pedestrian Bridge  
Preliminary Budget Summary  
June 15, 2016**

Item	Description	Original Budget	IGMP Update	Current Budget
<b>LAND</b>				
100	Land Acquisition	\$625,000	(\$75,000)	\$550,000
<b>TOTAL LAND</b>		<b>\$625,000</b>	<b>(\$75,000)</b>	<b>\$550,000</b>
<b>HARD COSTS</b>				
200	Construction Cost - Hamon (IGMP)	\$4,429,340	\$316,737	\$4,746,077
210	Contractor Contingency (8.7%) with IGMP	\$565,300	(\$151,377)	\$413,923
220	Mill Order Steel Package increase	\$0	\$60,000	\$60,000
250	Preconstruction Services	\$85,000	\$0	\$85,000
260	Misc. Hard costs	\$0	\$0	\$0
280	Fixtures and equipment	\$40,000	(\$40,000)	\$0
<b>TOTAL HARD COSTS</b>		<b>\$5,119,640</b>	<b>\$185,360</b>	<b>\$5,305,000</b>
<b>SOFT COSTS</b>				
300	Architecture and Engineering	\$624,600	\$0	\$624,600
320	Architect reimbursables	\$25,000	\$0	\$25,000
340	Civil Design Fees - TTG	\$45,000	\$0	\$45,000
400	Development/PM Fee - Corum Real Estate	\$135,000	\$0	\$135,000
500	Soils Analysis - CTC	\$5,000	\$0	\$5,000
520	Materials testing	\$20,000	\$25,000	\$45,000
600	Wind Testing Services - CPP	\$0	\$14,000	\$14,000
700	Misc. soft costs	\$0	\$0	\$0
800	Building Permits/Fees	\$0	\$0	\$0
<b>TOTAL SOFT COSTS</b>		<b>\$854,600</b>	<b>\$39,000</b>	<b>\$893,600</b>
<b>CONTINGENCY</b>				
900	Hard/Soft Contingency (4.5%)	\$400,760	(\$149,360)	\$251,400
<b>TOTAL CONTINGENCY</b>		<b>\$400,760</b>	<b>(\$149,360)</b>	<b>\$251,400</b>
<b>TOTAL</b>		<b>\$7,000,000</b>	<b>\$0</b>	<b>\$7,000,000</b>

Note: Hamon construction cost, contingency and steel package increase total the \$5,220,000 IGMP amount

## EXHIBIT B

### DOCUMENTS INCLUDED:

- o Lone Tree Pedestrian Bridge – Preliminary Design Dated 03/07/2016 and Revised 03/10/2016
  - SKA000 – Cover Sheet – 03/07/2016
  - SKA001 - Sheet Index - 03/07/2016
  - SKA002 - Specification - 03/07/2016 - *Not Included in IGMP*
  - SKA100 - Preliminary Architectural Site Plan - 03/07/2016
  - SKA200 - Preliminary Plan - 03/07/2016
  - SKA201 - Preliminary Plan - 03/07/2016
  - SKA202 - Preliminary Plan - 03/10/2016
  - SKA300 - Preliminary Elevation - 03/10/2016
  - SKA400 - Preliminary Section - 03/10/2016
  - SKA401 - Preliminary Section - 03/10/2016
  - SKA500 - Preliminary 30 Views - 03/07/2016
  - SKA501 - Preliminary 30 Views - 03/07/2016
  - SKC100 - Preliminary grading Plan (South Site) - 03/07/2016
  - SKS000 – Cover Sheet – 03/07/2016
  - SKS001 - General Notes - 03/07/2016
  - SKS002 - General Notes - 03/07/2016
  - SKS010 - Overall Plans and Elevations - 03/07/2016
  - SKS011 - Bridge Section - 03/07/2016
  - SKS020 - Foundation Plan - North - 03/07/2016
  - SKS021 - Foundation Plan - South - 03/07/2016
  - SKS022 - Foundation Sections - 03/10/2016
  - SKS023 - Foundation Sections - 03/07/2016
  - SKS024 - Foundation Details - 03/07/2016
  - SKS030 - Foundation Section at Abutment - 03/07/2016
  - SKS031 - Deck Framing Plan - 03/07/2016
  - SKS032 (Revised) - Bearing Arrangement and Bearing Schedule - 03/07/2016
  - SKS032A - Bearing Arrangement and Local Stiffeners - 03/07/2016
  - SKS033 (Revised) - Cable Arrangement and Cable Forces - 03/07/2016
  - SKS034 - Deflection Diagrams - 03/07/2016
  - SKS035 - Pylon General - 03/07/2016
  - SKS036 - Fore-Stay to Pylon Anchorage - 03/07/2016
  - SKS037 - Pylon Braces - 03/07/2016
  - SKS040 - Bridge Deck Details - 03/07/2016
  - SKS041 - Bridge Deck Details - 03/07/2016

Hamon Infrastructure  
Lone Tree Pedestrian Bridge  
Interim GMP - March 29, 2017

- SKS042 - Bridge Deck Details - 03/07/2016
- SKS043 - Bridge Deck Details - 03/07/2016
- SKS045 - Pylon Base Details - 03/07/2016
- SKS046 - Pylon Base Option 1 - 03/07/2016
- SKS047 - Pylon Base Option 2 - 03/07/2016
- SKS048 - Pylon Top Details - 03/07/2016
- SKS049 - Back-Stay Tie-Down Detail - 03/07/2016
- SKS060 - Bridge Enclosure Plans - 03/07/2016
- SKS061 - Bridge Enclosure Details - 03/07/2016
- SKS070 - North Approach Ramp Framing Plan - 03/07/2016
- SKS071 - North Approach Ramp Details - 03/07/2016
- Backstay Cable Foundation Options - 03/14/2016
- SKL001 - Lighting Cover Page - 03/07/2016 - *Not Included in IGMP*
- SKL002 - Lighting Table of Contents - 03/07/2016 - *Not Included in IGMP*
- SKL100 - Lighting Design Components Overview and Requirements - 03/07/2016 - *Not Included in IGMP*
- SKL101 - Essential Lighting Design Components for Safety/Comfort - 03/07/2016 - *Not Included in IGMP*
- SKL102 - Lighting Design Components for Bridge - 03/07/2016 - *Not Included in IGMP*
- SKL103 - Decorative Lighting Design Components for Architectural Accent - 03/07/2016 - *Not Included in IGMP*
- SKL200 - Lighting Concept Plans - Area A - 03/07/2016 - *Not Included in IGMP*
- SKL201 - Lighting Concept Plans - Area B - 03/07/2016 - *Not Included in IGMP*
- SKL300 - Lighting Concept Renders - 03/07/2016 - *Not Included in IGMP*
- SKL400 - Preliminary Lighting Controls Single-Line - 03/07/2016 - *Not Included in IGMP*
- Appendix B - Preliminary Design Lighting Controls Cuts - 03/07/2016 - *Not Included in IGMP*
- Mageba USA - Q704781-LU - SKS-0328 Bearing 81 - Long Guided Uplift Bearing - 03/08/2016
- Mageba USA - Q704781-FRU - SKS-032C Bearing 82 - Free Uplift Bearing - 03/08/2016

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- Mageba USA - Q704781-F - SKS-032D Bearing 83 - Fixed Bearing - 03/08/2016
- Mageba USA - Q704781-T - SKS-032E Bearing 84 - Trans. Guided Bearing - 03/08/2016
- Geotechnical Investigation - Pedestrian Bridge, Lincoln Avenue, West of Heritage Circle, Lone Tree, Douglas County, Colorado - Project 162004, Prepared by CTC-Geotek, Inc. - Dated February 23, 2016
- Additional Geotechnical Information - Pedestrian Bridge, Lincoln Avenue, West of Heritage Circle, Lone Tree, Douglas County, Colorado - Project 162004, Prepared by CTC-Geotek, Inc. - Dated March 16, 2016

# AIA Document A201™-2007

## **General Conditions of the Contract for Construction**

### **for the following PROJECT:**

*(Name and location or address)*

City of Lone Tree Pedestrian  
Bridge

### **THE OWNER:**

*(Name, legal status and address)*

City of Lone Tree  
9220 Kimmer Dr., Suite 100  
Lone Tree, Colorado 80124  
Attn: Seth Hoffman  
City Manager

### **THE ARCHITECT:**

*(Name, legal status and address)*

Fentress Architects  
421 Broadway  
Denver, CO 80203  
Attn: Kelly Dunn

### **TABLE OF ARTICLES**

- 1 GENERAL PROVISIONS**
- 2 OWNER**
- 3 CONTRACTOR**
- 4 ARCHITECT**
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- 10 PROTECTION OF PERSONS AND PROPERTY**
- 11 INSURANCE AND BONDS**
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- 13 MISCELLANEOUS PROVISIONS**
- 14 TERMINATION OR SUSPENSION OF THE CONTRACT**

### **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.



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## **ARTICLE 1 GENERAL PROVISIONS**

### **§ 1.1 BASIC DEFINITIONS**

#### **§ 1.1.1 THE CONTRACT DOCUMENTS**

The Contract Documents are enumerated in the Agreement between the Owner and Contractor (hereinafter the Agreement) and consist of the Agreement Conditions of the Contract (General, Supplementary and other Conditions), Drawings, Specifications, Addenda issued prior to execution of the Contract, other documents listed in the Agreement and Modifications issued after execution of the Contract. A Modification is (1) a written amendment to the Contract signed by both parties, (2) a Change Order, (3) a Construction Change Directive or (4) a written order for a minor change in the Work issued by the Architect. Unless specifically enumerated in the Agreement, the Contract Documents do include the advertisement or invitation to bid, Instructions to Bidders, sample forms, other information furnished by the Owner in anticipation of receiving bids or proposals, the Contractor's bid or proposal, or portions of Addenda relating to bidding requirements.

#### **§ 1.1.2 THE CONTRACT**

The Contract Documents form the Contract for Construction. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral. The Contract may be amended or modified only by a Modification. The Contract Documents shall not be construed to create a contractual relationship of any kind (1) between the Contractor and the Architect or the Architect's consultants, (2) between the Owner and a Subcontractor or a Sub-subcontractor, (3) between the Owner and the Architect or the Architect's consultants or (4) between any persons or entities other than the Owner and the Contractor. The Architect shall, however, be entitled to performance and enforcement of obligations under the Contract intended to facilitate performance of the Architect's duties.

#### **§ 1.1.3 THE WORK**

The term "Work" means the construction and services required by the Contract Documents, whether completed or partially completed, and includes all other labor, materials, equipment and services provided or to be provided by the Contractor to fulfill the Contractor's obligations. The Work may constitute the whole or a part of the Project.

#### **§ 1.1.4 THE PROJECT**

The Project is the total construction of which the Work performed under the Contract Documents may be the whole or a part and which may include construction by the Owner and by separate contractors.

#### **§ 1.1.5 THE DRAWINGS**

The Drawings are the graphic and pictorial portions of the Contract Documents showing the design, location and dimensions of the Work, generally including plans, elevations, sections, details, schedules and diagrams.

#### **§ 1.1.6 THE SPECIFICATIONS**

The Specifications are that portion of the Contract Documents consisting of the written requirements for materials, equipment, systems, standards and workmanship for the Work and performance of related services.

#### **§ 1.1.7 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 Architect and the Architect's consultants under their respective professional services agreements. Instruments of Service may include, without limitation, studies, surveys, models, sketches, drawings, specifications, and other similar materials.

#### **§ 1.1.8 INITIAL DECISION MAKER**

The Initial Decision Maker is the person identified in the Agreement to render initial decisions on Claims in accordance with Section 15.2 and certify termination of the Agreement under Section 14.2.2.

### **§ 1.2 CORRELATION AND INTENT OF THE CONTRACT DOCUMENTS**

**§ 1.2.1** The intent of the Contract Documents is to include all items necessary for the proper execution and completion of the Work by the Contractor. The Contract Documents are complementary, and what is required by one shall be as binding as if required by all; performance by the Contractor shall be required only to the extent consistent with the Contract Documents and reasonably inferable from them as being necessary to produce the indicated results.

**§ 1.2.2** Organization of the Specifications into divisions, sections and articles, and arrangement of Drawings shall not control the Contractor in dividing the Work among Subcontractors or in establishing the extent of Work to be performed by any trade.

**§ 1.2.3** Unless otherwise stated in the Contract Documents, words that have well-known technical or construction industry meanings are used in the Contract Documents in accordance with such recognized meanings.

**§ 1.3 CAPITALIZATION**

Terms capitalized in these General Conditions 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.

**§ 1.4 INTERPRETATION**

In the interest of brevity the Contract 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.

**§ 1.5 OWNERSHIP AND USE OF DRAWINGS, SPECIFICATIONS AND OTHER INSTRUMENTS OF SERVICE**

**§ 1.5.1** The Architect and the Architect's consultants shall be deemed the authors and owners of their respective Instruments of Service, including the Drawings and Specifications, and will retain all common law, statutory and other reserved rights, including copyrights. The Contractor, Subcontractors, Sub-subcontractors, and material or equipment suppliers shall not own or claim a copyright in the Instruments of Service. Submittal or distribution to meet official regulatory requirements or for other purposes in connection with this Project is not to be construed as publication in derogation of the Architect's or Architect's consultants' reserved rights.

**§ 1.5.2** The Contractor, Subcontractors, Sub-subcontractors and material or equipment suppliers are authorized to use and reproduce the Instruments of Service provided to them solely and exclusively for execution of the Work. All copies made under this authorization shall bear the copyright notice, if any, shown on the Instruments of Service. The Contractor, Subcontractors, Sub-subcontractors, and material or equipment suppliers may not use the Instruments of Service on other projects or for additions to this Project outside the scope of the Work without the specific written consent of the Owner, Architect and the Architect's consultants.

**§ 1.6 TRANSMISSION OF DATA IN DIGITAL FORM**

If the parties 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 already provided in the Agreement or the Contract Documents.

**ARTICLE 2 OWNER**

**§ 2.1 GENERAL**

**§ 2.1.1** The Owner is the person or entity identified as such in the Agreement and is referred to throughout the Contract Documents as if singular in number. The Owner shall designate in writing a representative who shall have express authority to bind the Owner with respect to all matters requiring the Owner's approval or authorization. Except as otherwise provided in Section 4.2.1, the Architect does not have such authority. The term "Owner" means the Owner or the Owner's authorized representative.

**§ 2.1.2** The Owner shall furnish to the Contractor within fifteen days after receipt of a written request, information necessary and relevant for the Contractor 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.

**§ 2.2 INFORMATION AND SERVICES REQUIRED OF THE OWNER**

**§ 2.2.1** Prior to commencement of the Work, the Contractor 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 Contract. Thereafter, the Contractor may only request such evidence if (1) the Owner fails to make payments to the Contractor as the Contract Documents require; (2) a change in the Work materially changes the Contract Sum; or (3) the Contractor 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

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material change. After the Owner furnishes the evidence, the Owner shall not materially vary such financial arrangements without prior notice to the Contractor.

**§ 2.2.2** Except for permits and fees that are the responsibility of the Contractor under the Contract Documents, including those required under Section 3.7.1, the Owner shall secure and pay for necessary approvals, easements, assessments and charges required for construction, use or occupancy of permanent structures or for permanent changes in existing facilities. As of the date of these General Conditions, Owner has not yet received the easement for the north approach to the pedestrian bridge. In the event Contractor's work is delayed or otherwise impeded due to the failure of the Owner to obtain the easement or other form of satisfactory access, Owner shall equitably adjust the Contract Sum and/or Contract Time.

**§ 2.2.3** The Owner shall furnish surveys describing physical characteristics, legal limitations and utility locations for the site of the Project, and a legal description of the site. The Contractor shall be entitled to rely on the accuracy of information furnished by the Owner but shall exercise proper precautions relating to the safe performance of the Work.

**§ 2.2.4** The Owner shall furnish information or services required of the Owner by the Contract Documents with reasonable promptness. The Owner shall also furnish any other information or services under the Owner's control and relevant to the Contractor's performance of the Work with reasonable promptness after receiving the Contractor's written request for such information or services.

**§ 2.2.5** Unless otherwise provided in the Contract Documents, the Owner shall furnish to the Contractor one copy of the Contract Documents for purposes of making reproductions pursuant to Section 1.5.2.

**§ 2.3 OWNER'S RIGHT TO STOP THE WORK**

If the Contractor fails to correct Work that is not in accordance with the requirements of the Contract Documents as required by Section 12.2 or repeatedly fails to carry out Work in accordance with the Contract Documents, the Owner may issue a written order to the Contractor 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 Contractor or any other person or entity, except to the extent required by Section 6.1.3.

**§ 2.4 OWNER'S RIGHT TO CARRY OUT THE WORK**

If the Contractor defaults or neglects to carry out the Work in accordance with the Contract Documents and fails within a ten-day period, or longer if commercially reasonable, 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 Contractor the reasonable cost of correcting such deficiencies, including Owner's expenses and compensation for the Architect's additional services made necessary by such default neglect or failure. Such action by the Owner and amounts charged to the Contractor are both subject to prior approval of the Architect. If payments then or thereafter due the Contractor are not sufficient to cover such amounts, the Contractor shall pay the difference to the Owner.

**§ 2.5 INDEMNIFICATION.**

To the fullest extent permitted by law, the Owner and Architect shall indemnify and hold harmless the Contractor, Contractor's subcontractors, and agents 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. 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), but only to the extent caused by the negligent acts or omissions of the Owner and/or Architect, 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 indemnify that would otherwise exist as to a party or person described in this Section 3.18.

**ARTICLE 3 CONTRACTOR**

**§ 3.1 GENERAL**

**§ 3.1.1** The Contractor is the person or entity identified as such in the Agreement and is referred to throughout the

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Contract Documents as if singular in number. The Contractor shall be lawfully licensed, if required in the jurisdiction where the Project is located. The Contractor shall designate in writing a representative who shall have express authority to bind the Contractor with respect to all matters under this Contract. The term "Contractor" means the Contractor or the Contractor's authorized representative.

**§ 3.1.2** The Contractor shall perform the Work in accordance with the Contract Documents.

**§ 3.1.3** The Contractor shall not be relieved of obligations to perform the Work in accordance with the Contract Documents either by activities or duties of the Architect in the Architect's administration of the Contract, provided such activities or duties do not interfere with the Contractor's performance of the Work, or by tests, inspections or approvals required or performed by persons or entities other than the Contractor.

**§ 3.2 REVIEW OF CONTRACT DOCUMENTS AND FIELD CONDITIONS BY CONTRACTOR**

**§ 3.2.1** Execution of the Contract by the Contractor is a representation that the Contractor has visited the site, become generally familiar with local conditions under which the Work is to be performed and correlated personal observations with requirements of the Contract Documents.

**§ 3.2.2** Because the Contract Documents are complementary, the Contractor shall, before starting each portion of the Work, carefully study and compare the various Contract Documents relative to that portion of the Work, as well as the information furnished by the Owner pursuant to Section 2.2.3, shall take field measurements of any existing conditions related to that portion of the Work, and shall observe any conditions at the site affecting it. These obligations are for the purpose of facilitating coordination and construction by the Contractor and are not for the purpose of discovering errors, omissions, or inconsistencies in the Contract Documents; however, the Contractor shall promptly report to the Architect and Owner any errors, inconsistencies or omissions discovered b) or made known to the Contractor as a request for information in such form as the Architect may require. It is recognized that the Contractor's review is made in the Contractor's capacity as a contractor and not as a licensed design professional, unless otherwise specifically provided in the Contract Documents.

**§ 3.2.3** The Contractor is not required to ascertain that the Contract Documents are in accordance with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, but the Contractor shall promptly report to the Architect any nonconformity discovered by or made known to the Contractor as a request for information in such form as the Architect may require.

**§ 3.2.4** If the Contractor believes that additional cost or time is involved because of clarifications or instructions the Architect or Owner issues in response to the Contractor's notices or requests for information pursuant to Sections 3.2.2 or 3.2.3, the Contractor shall make Claims as provided in Article 15.

**§ 3.3 SUPERVISION AND CONSTRUCTION PROCEDURES**

**§ 3.3.1** The Contractor shall supervise and direct the Work, using the Contractor's best skill and attention. The Contractor 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 Contract Documents give other specific instructions concerning these matters. If the Contract Documents give specific instructions concerning construction means, methods, techniques, sequences or procedures, the Contractor shall evaluate the jobsite safety thereof and, except as stated below, shall be fully and solely responsible for the jobsite safety of such means, methods, techniques, sequences or procedures. If the Contractor determines that such means, methods, techniques, sequences or procedures may not be safe, the Contractor shall give timely written notice to the Owner and Architect and shall not proceed with that portion of the Work without further written instructions from the Architect. If the Contractor is then instructed to proceed with the required means, methods, techniques, sequences or procedures without acceptance of changes proposed by the Contractor, the Owner shall be solely responsible for any loss or damage arising solely from those Owner-required means, methods, techniques, sequences or procedures.

**§ 3.3.2** The Contractor shall be responsible to the Owner for acts and omissions of the Contractor's employees, Subcontractors and their agents and employees, and other persons or entities performing portions of the Work for, or on behalf of, the Contractor or any of its Subcontractors. The Owner shall be responsible to the Contractor for acts and omissions of the Owner's employees, subcontractors and their agents and employees, including, without limitation the Architect, and other persons or entities performing portions of the Work for, or on behalf of, the Owner or any of its

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Subcontractors.

**§ 3.3.3** The Contractor shall be responsible for inspection of portions of Work already performed to determine that such portions are in proper condition to receive subsequent Work.

### **§ 3.4 LABOR AND MATERIALS**

**§ 3.4.1** Unless otherwise provided in the Contract Documents, the Contractor 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.

**§ 3.4.2** Except in the case of minor changes in the Work authorized by the Architect in accordance with Sections 3.12.8 or 7.4, the Contractor may make substitutions only with the consent of the Owner, after evaluation by the Architect and in accordance with a Change Order or Construction Change Directive.

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

### **§ 3.5 WARRANTY**

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

### **§ 3.6 TAXES**

The Contractor shall not pay sales, consumer use and similar taxes for the Work provided by the Contractor. . Owner agrees that Contractor shall be exempt from all sales/use taxes on permanent materials for this Project imposed in the City of Lone Tree, including, without limitation, the taxing authorities of Owner, Douglas County, RTD, and the State of Colorado. In the event Construction Manager is not exempt, Owner agrees to reimburse such costs.

### **§ 3.7 PERMITS, FEES, NOTICES AND COMPLIANCE WITH LAWS**

**§ 3.7.1** Unless otherwise provided in the Contract Documents, the Contractor shall secure and pay for the building permit as well as for other permits, fees, licenses, and inspections by government agencies necessary for proper execution and completion of the Work that are customarily secured after execution of the Contract and legally required at the time bids are received or negotiations concluded.

**§ 3.7.2** The Contractor 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.

**§ 3.7.3** If the Contractor performs Work knowing it to be contrary to applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, the Contractor shall assume appropriate responsibility for such Work and shall bear the costs attributable to correction.

**§ 3.7.4 Concealed or Unknown Conditions.** If the Contractor encounters conditions at the site that are (1) subsurface or otherwise concealed physical conditions that differ materially from those indicated in the Contract 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 Contract Documents, the Contractor shall promptly provide notice to the Owner and the Architect before conditions are disturbed and in no event later than 21 days after first observance of the conditions. The Architect will promptly investigate such conditions and, if the Architect determines that the differ materially and cause an increase or decrease in the Contractor's cost of, or time required for,

performance of any part of the Work, will recommend an equitable adjustment in the Contract Sum or Contract Time, or both. If the Architect determines that the conditions at the site are not materially different from those indicated in the Contract Documents and that no change in the terms of the Contract is justified, the Architect shall promptly notify the Owner and Contractor in writing, stating the reasons. If either party disputes the Architect's determination or recommendation, that party may proceed as provided in Article 15.

**§ 3.7.5** If, in the course of the Work, the Contractor encounters human remains or recognizes the existence of burial markers, archaeological sites or wetlands not indicated in the Contract Documents, the Contractor shall immediately suspend any operations that would affect them and shall notify the Owner and Architect. Upon receipt of such notice, the Owner shall promptly take any action necessary to obtain governmental authorization required to resume the operations. The Contractor 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 15.

**§ 3.8 ALLOWANCES**

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

**§ 3.8.2** Unless otherwise provided in the Contract Documents.

.1 Allowances shall cover the cost to the Contractor of materials and equipment delivered at the site and all required taxes, less applicable trade discounts:

.2 Contractor'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 3.8.2.1 and (2) changes in Contractor's costs under Section 3.8.2.2.

**§ 3.8.3** Materials and equipment under an allowance shall be selected by the Owner with reasonable promptness.

**§ 3.9 SUPERINTENDENT**

**§ 3.9.1** The Contractor shall employ a competent superintendent and necessary assistants who shall be in attendance at the Project site during performance of the Work. The superintendent shall represent the Contractor, and communications given to the superintendent shall be as binding as if given to the Contractor.

**§ 3.9.2** Contractor, as soon as practicable after award of the Contract, shall furnish in writing to the Owner through the Architect the name and qualifications of a proposed superintendent. The Architect may reply within 14 days to the Contractor in writing stating (1) whether the Owner or the Architect has reasonable objection to the proposed superintendent or (2) that the Architect requires additional time to review. Failure of the Architect to reply within the 14 day period shall constitute notice of no reasonable objection.

**§ 3.9.3** The Contractor shall not employ a proposed superintendent to whom the Owner or Architect has made reasonable and timely objection. The Contractor shall not change the superintendent without the Owner's consent, which shall not unreasonably be withheld or delayed.

**§ 3.10 CONTRACTOR'S CONSTRUCTION SCHEDULES**

**§ 3.10.1** The Contractor, promptly after being awarded the Contract, shall prepare and submit for the Owner's and Architect's information a Contractor's construction schedule for the Work. The schedule shall not exceed time limits current under the Contract 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 Contract Documents, and shall provide for expeditious and practicable execution of the Work.

**§ 3.10.2** The Contractor shall prepare a submittal schedule, promptly after being awarded the Contract and thereafter as necessary to maintain a current submittal schedule, and shall submit the schedule(s) for the Architect's approval. The Architect's approval shall not unreasonably be delayed or withheld. The submittal schedule shall (1) be

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coordinated with the Contractor's construction schedule, and (2) allow the Architect reasonable time to review submittals. If the Contractor fails to submit a submittal schedule, the Contractor shall not be entitled to any increase in Contract Sum or extension of Contract Time based on the time required for review of submittals.

**§ 3.10.3** The Contractor shall perform the Work in general accordance with the most recent schedules submitted to the Owner and Architect.

**§ 3.11 DOCUMENTS AND SAMPLES AT THE SITE**

The Contractor shall maintain at the site for the Owner one copy of the Drawings, Specifications, Addenda, Change Orders and other Modifications, in good order and marked currently to indicate field changes and selections made during construction, and one copy of approved Shop Drawings, Product Data, Samples and similar required submittals. These shall be available to the Architect and shall be delivered to the Architect for submittal to the Owner upon completion of the Work as a record of the Work as constructed.

**§ 3.12 SHOP DRAWINGS, PRODUCT DATA AND SAMPLES**

**§ 3.12.1** Shop Drawings are drawings, diagrams, schedules and other data specially prepared for the Work by the Contractor or a Subcontractor, Sub-subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Work.

**§ 3.12.2** Product Data are illustrations, standard schedules, performance charts, instructions, brochures, diagrams and other information furnished by the Contractor to illustrate materials or equipment for some portion of the Work.

**§ 3.12.3** Samples are physical examples that illustrate materials, equipment or workmanship and establish standards by which the Work will be judged.

**§ 3.12.4** Shop Drawings, Product Data, Samples and similar submittals are not Contract Documents. Their purpose is to demonstrate the way by which the Contractor proposes to conform to the information given and the design concept expressed in the Contract Documents for those portions of the Work for which the Contract Documents require submittals. Review by the Architect is subject to the limitations of Section 4.2.7. Informational submittals upon which the Architect is not expected to take responsive action may be so identified in the Contract Documents. Submittals that are not required by the Contract Documents may be returned by the Architect without action.

**§ 3.12.5** The Contractor shall review for compliance with the Contract Documents, approve and submit to the Architect Shop Drawings, Product Data, Samples and similar submittals required by the Contract Documents in accordance with the submittal schedule approved by the Architect or, in the absence of an approved submittal schedule, with reasonable promptness and in such sequence as to cause no delay in the Work or in the activities of the Owner or of separate contractors.

**§ 3.12.6** By submitting Shop Drawings, Product Data, Samples and similar submittals, the Contractor represents to the Owner and Architect that the Contractor 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 Contract Documents.

**§ 3.12.7** The Contractor shall perform no portion of the Work for which the Contract Documents require submittal and review of Shop Drawings, Product Data, Samples or similar submittals until the respective submittal has been approved by the Architect.

**§ 3.12.8** The Work shall be in accordance with approved submittals except that the Contractor shall not be relieved of responsibility for deviations from requirements of the Contract Documents by the Architect's approval of Shop Drawings, Product Data, Samples or similar submittals unless the Contractor has specifically informed the Architect in writing of such deviation at the time of submittal and (1) the Architect has given written approval to the specific deviation as a minor change in the Work, or (2) a Change Order or Construction Change Directive has been issued authorizing the deviation. The Contractor shall not be relieved of responsibility for errors or omissions in Shop Drawings, Product Data, Samples or similar submittals by the Architect's approval thereof.

**§ 3.12.9** The Contractor shall direct specific attention, in writing or on resubmitted Shop Drawings, Product Data, Samples or similar submittals, to revisions other than those requested by the Architect on previous submittals. In the

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absence of such written notice, the Architect's approval of a resubmission shall not apply to such revisions.

**§ 3.12.10** The Contractor shall not be required to provide professional services that constitute the practice of architecture or engineering unless such services are specifically required by the Contract Documents for a portion of the Work or unless the Contractor needs to provide such services in order to carry out the Contractor's responsibilities for construction means, methods, techniques, sequences and procedures. The Contractor shall not be required to provide professional services in violation of applicable law. If professional design services or certifications by a design professional related to systems, materials or equipment are specifically required of the Contractor by the Contract Documents, the Owner and the Architect will specify all performance and design criteria that such services must satisfy. The Contractor shall cause such services or certifications to be provided by a properly licensed design professional, whose signature and seal shall appear on all drawings, calculations, specifications, certifications, Shop Drawings and other submittals prepared by such professional. Shop Drawings and other submittals related to the Work designed or certified by such professional, if prepared by others, shall bear such professional's written approval when submitted to the Architect. The Owner and the Architect shall be entitled to rely upon the adequacy, accuracy and completeness of the services, certifications and approvals performed or provided by such design professionals, provided the Owner and Architect have specified to the Contractor all performance and design criteria that such services must satisfy. Pursuant to this Section 3.12.10, the Architect will review, approve or take other appropriate action on submittals only for the limited purpose of checking for conformance with information given and the design concept expressed in the Contract Documents. The Contractor shall not be responsible for the adequacy of the performance and design criteria specified in the Contract Documents.

**§ 3.13 USE OF SITE**

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

**§ 3.14 CUTTING AND PATCHING**

**§ 3.14.1** The Contractor shall be responsible for cutting, fitting or patching required to complete the Work or to make its parts fit together properly. All areas requiring cutting, fitting and patching shall be restored to the condition existing prior to the cutting, fitting and patching, unless otherwise required by the Contract Documents.

**§ 3.14.2** The Contractor shall not damage or endanger a portion of the Work or fully or partially completed construction of the Owner or separate contractors by cutting, patching or otherwise altering such construction, or by excavation. The Contractor shall not cut or otherwise alter such 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 Contractor shall not unreasonably withhold from the Owner or a separate contractor the Contractor's consent to cutting or otherwise altering the Work.

**§ 3.15 CLEANING UP**

**§ 3.15.1** The Contractor 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 Contractor shall remove waste materials, rubbish, the Contractor's tools, construction equipment, machinery and surplus materials from and about the Project.

**§ 3.15.2** If the Contractor fails to clean up as provided in the Contract Documents, the Owner may do so and Owner shall be entitled to reimbursement from the Contractor.

**§ 3.16 ACCESS TO WORK**

The Contractor shall provide the Owner and Architect access to the Work in preparation and progress wherever located.

**§ 3.17 ROYALTIES, PATENTS AND COPYRIGHTS**

The Contractor shall pay all royalties and license fees. The Contractor shall defend suits or claims for infringement of copyrights and patent rights and shall hold the Owner and Architect 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 Contract Documents, or where the copyright violations are contained in Drawings. Specifications or other documents prepared by the Owner or Architect. However, if the Contractor has reason to believe that the required design, process or product is an infringement of a copyright or a patent, the Contractor shall be responsible for such loss unless such

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information is promptly furnished to the Architect.

### **§ 3.18 INDEMNIFICATION**

**§ 3.18.1** To the fullest extent permitted by law the Contractor shall indemnify and hold harmless the Owner, Architect, Architect's consultants, and agents 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, 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), but only to the extent caused by the negligent acts or omissions of the Contractor, a Subcontractor, 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 3.18.

**§ 3.18.2** In claims against any person or entity indemnified under this Section 3.18 by an employee of another party or its Subcontractor, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, the indemnification obligation under Section 3.18.1 shall not be limited by a limitation on amount or type of damages, compensation or benefits payable by or for the Contractor or a Subcontractor under workers' compensation acts, disability benefit acts or other employee benefit acts.

## **ARTICLE 4 ARCHITECT**

### **§ 4.1 GENERAL**

**§ 4.1.1** The Owner shall retain an architect lawfully licensed to practice architecture or an entity lawfully practicing architecture in the jurisdiction where the Project is located. That person or entity is identified as the Architect in the Agreement and is referred to throughout the Contract Documents as if singular in number.

**§ 4.1.2** Duties, responsibilities and limitations of authority of the Architect as set forth in the Contract Documents shall not be restricted, modified or extended without written consent of the Owner, Contractor and Architect. Consent shall not be unreasonably withheld.

**§ 4.1.3** If the employment of the Architect is terminated, the Owner shall employ a successor architect as to whom the Contractor has no reasonable objection and whose status under the Contract Documents shall be that of the Architect.

### **§ 4.2 ADMINISTRATION OF THE CONTRACT**

**§ 4.2.1** The Architect will provide administration of the Contract as described in the Contract Documents and will be an Owner's representative during construction until the date the Architect issues the final Certificate for Payment. The Architect will have authority to act on behalf of the Owner only to the extent provided in the Contract Documents.

**§ 4.2.2** The Architect will visit the site at intervals appropriate to the stage of construction, or as otherwise agreed with the Owner, to become generally familiar with the progress and quality of the portion of the Work completed, and to determine in general if the Work observed is being performed in a manner indicating that the Work, when fully completed, will be in accordance with the Contract Documents. However, the Architect will not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work. The Architect will not have control over, charge of, or responsibility for, the construction means, methods, techniques, sequences or procedures, or for the safety precautions and programs in connection with the Work, since these are solely the Contractor's rights and responsibilities under the Contract Documents, except as provided in Section 3.3.1.

**§ 4.2.3** On the basis of the site visits, the Architect will keep the Owner reasonably informed about the progress and quality of the portion of the Work completed, and report to the Owner (1) known deviations from the Contract Documents and from the most recent construction schedule submitted by the Contractor, and (2) defects and deficiencies observed in the Work. The Architect will not be responsible for the Contractor's failure to perform the Work in accordance with the requirements of the Contract Documents. The Architect will not have control over or charge of and will not be responsible for acts or omissions of the Contractor, Subcontractors, or their agents or employees, or any other persons or entities performing portions of the Work. Owner and/or Architect shall timely inform Contractor of any defective or nonconforming work upon observation thereof so as to enable all parties to mitigate and resolve potential issues and costs as they arise.

**§ 4.2.4 COMMUNICATIONS FACILITATING CONTRACT ADMINISTRATION**

Except as otherwise provided in the Contract Documents or when direct communications have been specially authorized, the Owner and Contractor shall endeavor to communicate with each other through the Architect about matters arising out of or relating to the Contract Communications by and with the Architect's consultants shall be through the Architect. Communications by and with Subcontractors and material suppliers shall be through the Contractor. Communications by and with separate contractors shall be through the Owner.

**§ 4.2.5** Based on the Architect's evaluations of the Contractor's Applications for Payment, the Architect will review and certify the amounts due the Contractor and will issue Certificates for Payment in such amounts.

**§ 4.2.6** The Architect has authority to reject Work that does not conform to the Contract Documents. Whenever the Architect considers it necessary or advisable, the Architect will have authority to require inspection or testing of the Work in accordance with Sections 13.5.2 and 13.5.3, whether or not such Work is fabricated, installed or completed. However, neither this authority of the Architect 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 Architect to the Contractor, Subcontractors, material and equipment suppliers, their agents or employees, or other persons or entities performing portions of the Work. Upon Contractor's request, Owner and Architect shall inspect any portion of the Work identified by Contractor for conformance with the Contract Documents and determine same to be free from defect, and approve or reject same.

**§ 4.2.7** The Architect will review and approve, or take other appropriate action upon, the Contractor's submittals such as Shop Drawings, Product Data and Samples, but only for the limited purpose of checking for conformance with information given and the design concept expressed in the Contract Documents. The Architect's action will be taken in accordance with the submittal schedule approved by the Architect or, in the absence of an approved submittal schedule, with reasonable promptness while allowing sufficient time in the Architect's professional judgment to permit adequate review. Review of such 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, all of which remain the responsibility of the Contractor as required by the Contract Documents. The Architect's review of the Contractor's submittals shall not relieve the Contractor of the obligations under Sections 3.3.3.5 and 3.12. The Architect's review shall not constitute approval of safety precautions or, unless otherwise specifically stated by the Architect, of any construction means, methods, techniques, sequences or procedures. The Architect's approval of a specific item shall not indicate approval of an assembly of which the item is a component.

**§ 4.2.8** The Architect will prepare Change Orders and Construction Change Directives, and may authorize minor changes in the Work as provided in Section 7.4. The Architect will investigate and make determinations and recommendations regarding concealed and unknown conditions as provided in Section 3.7.4.

**§ 4.2.9** The Architect will conduct inspections to determine the date or dates of Substantial Completion and the date of final completion, issue Certificates of Substantial Completion pursuant to Section 9.8; receive and forward to the Owner, for the Owner's review and records, written warranties and related documents required by the Contract and assembled by the Contractor pursuant to Section 9.10; and issue a final Certificate for Payment pursuant to Section 9.10.

**§ 4.2.10** If the Owner and Architect agree, the Architect will provide one or more project representatives to assist in carrying out the Architect's responsibilities at the site. The duties, responsibilities and limitations of authority of such project representatives shall be as set forth in an exhibit to be incorporated in the Contract Documents.

**§ 4.2.11** The Architect will interpret and decide matters concerning performance under, and requirements of, the Contract Documents on written request of either the Owner or Contractor. The Architect's response to such requests will be made in writing within any time limits agreed upon or otherwise with reasonable promptness.

**§ 4.2.12** Interpretations and decisions of the Architect will be consistent with the Contract Documents and will be in writing or in the form of drawings. When making such interpretations and decisions, the Architect will endeavor to secure faithful performance by both Owner and Contractor, will not show partiality to either and will not be liable for results of interpretations or decisions rendered in good faith.

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§ 4.2.13 The Architect's decisions on matters relating to aesthetic effect will be final if consistent with the intent expressed in the Contract Documents.

§ 4.2.14 The Architect will review and respond to requests for information about the Contract Documents. The Architect's response to such requests will be made in writing within any time limits agreed upon or otherwise with reasonable promptness. If appropriate, the Architect will prepare and issue supplemental Drawings and Specifications in response to the requests for information.

**ARTICLE 5 SUBCONTRACTORS**

**§ 5.1 DEFINITIONS**

§ 5.1.1 A Subcontractor is a person or entity who has a direct contract with the Contractor to perform a portion of the Work at the site. The term "Subcontractor" is referred to throughout the Contract Documents as if singular in number and means a Subcontractor or an authorized representative of the Subcontractor. The term "Subcontractor" does not include a separate contractor or subcontractors of a separate contractor.

§ 5.1.2 A Sub-subcontractor is a person or entity who has a direct or indirect contract with a Subcontractor to perform a portion of the Work at the site. The term "Sub-subcontractor" is referred to throughout the Contract Documents as if singular in number and means a Sub-subcontractor or an authorized representative of the Sub-subcontractor.

**§ 5.2 AWARD OF SUBCONTRACTS AND OTHER CONTRACTS FOR PORTIONS OF THE WORK**

§ 5.2.1 Unless otherwise stated in the Contract Documents or the bidding requirements, the Contractor, as soon as practicable after award of the Contract, shall furnish in writing to the Owner through the Architect 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 Architect may reply within 14 days to the Contractor in writing stating (1) whether the Owner or the Architect has reasonable objection to any such proposed person or entity or (2) that the Architect requires additional time for review. Failure of the Owner or Architect to reply within the 14-day period shall constitute notice of no reasonable objection.

§ 5.2.2 The Contractor shall not contract with a proposed person or entity to whom the Owner or Architect has made reasonable and timely objection. The Contractor shall not be required to contract with anyone to whom the Contractor has made reasonable objection.

§ 5.2.3 If the Owner or Architect has reasonable objection to a person or entity proposed by the Contractor, the Contractor shall propose another to whom the Owner or Architect has no reasonable objection. If the proposed but rejected Subcontractor 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 Subcontractor's Work. However, no increase in the Contract Sum or Contract Time shall be allowed for such change unless the Contractor has acted promptly and responsively in submitting names as required.

§ 5.2.4 The Contractor shall not substitute a Subcontractor, person or entity previously selected if the Owner or Architect makes reasonable objection to such substitution.

**§ 5.3 SUBCONTRACTUAL RELATIONS**

By appropriate agreement, written where legally required for validity, the Contractor shall require each Subcontractor, to the extent of the Work to be performed by the Subcontractor, to be bound to the Contractor by terms of the Contract Documents, and to assume toward the Contractor all the obligations and responsibilities, including the responsibility for safety of the Subcontractor's Work, which the Contractor, by these Documents, assumes toward the Owner and Architect. Each subcontract agreement shall preserve and protect the rights of the Owner and Architect under the Contract Documents with respect to the Work to be performed by the Subcontractor so that subcontracting thereof will not prejudice such rights, and shall allow to the Subcontractor, unless specifically provided otherwise in the subcontract agreement, the benefit of all rights, remedies and redress against the Contractor that the Contractor, by the Contract Documents, has against the Owner. Where appropriate, the Contractor shall require each Subcontractor to enter into similar agreements with Sub-subcontractors. The Contractor shall make available to each proposed Subcontractor, prior to the execution of the subcontract agreement, copies of the Contract Documents to which the Subcontractor will be bound, and, upon written request of the Subcontractor, identify to the Subcontractor terms and conditions of the proposed subcontract agreement that

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may be at variance with the Contract Documents. Subcontractors will similarly make copies of applicable portions of such documents available to their respective proposed Sub-subcontractors.

**§ 5.4 CONTINGENT ASSIGNMENT OF SUBCONTRACTS**

**§ 5.4.1** Each subcontract agreement for a portion of the Work is assigned by the Contractor to the Owner, provided that

- .1 assignment is effective only after termination of the Contract by the Owner for cause pursuant to Section 14.2 and only for those subcontract agreements that the Owner accepts by notifying the Subcontractor and Contractor in writing; 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 a subcontract agreement, the Owner assumes the Contractor's rights and obligations under the subcontract.

**§ 5.4.2** Upon such assignment, if the Work has been suspended for more than 30 days, the Subcontractor's compensation shall be equitably adjusted for increases in cost resulting from the suspension.

**§ 5.4.3** Upon such assignment to the Owner under this Section 5.4, the Owner may further assign the subcontract to a successor contractor or other entity. If the Owner assigns the subcontract to a successor contractor or other entity, the Owner shall nevertheless remain legally responsible for all of the successor contractor's obligations under the subcontract.

**ARTICLE 6 CONSTRUCTION BY OWNER OR BY SEPARATE CONTRACTORS**

**§ 6.1 OWNER'S RIGHT TO PERFORM CONSTRUCTION AND TO AWARD SEPARATE CONTRACTS**

**§ 6.1.1** The Owner reserves the right to perform construction or operations related to the Project and not part of the Work 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 Conditions of the Contract identical or substantially similar to these including those portions related to insurance and waiver of subrogation. If the Contractor claims that delay or additional cost is involved because of such action by the Owner, the Contractor shall make such Claim as provided in Article 15.

**§ 6.1.2** When separate contracts are awarded for different portions of the Project or other construction or operations on the site, the term "Contractor" in the Contract Documents in each case shall mean the Contractor who executes each separate Owner-Contractor Agreement.

**§ 6.1.3** 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 Contractor, who shall cooperate with them. The Contractor shall participate with other separate contractors and the Owner in reviewing their construction schedules. The Contractor 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 Contractor, separate contractors and the Owner until subsequently revised.

**§ 6.1.4** Unless otherwise provided in the Contract Documents, when the Owner performs construction or operations related to the Project with the Owner's own forces, the Owner shall be deemed to be subject to the same obligations and to have the same rights that apply to the Contractor under the Conditions of the Contract, including, without excluding others, those stated in Article 3, this Article 6 and Articles 10, 11 and 12.

**§ 6.2 MUTUAL RESPONSIBIUTY**

**§ 6.2.1** The Contractor 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 Contractor's construction and operations with theirs as required by the Contract Documents.

**§ 6.2.2** If part of the Contractor's Work depends for proper execution or results upon construction or operations by the Owner or a separate contractor, the Contractor shall, prior to proceeding with that portion of the Work, promptly report to the Architect apparent discrepancies or defects in such other construction that would render it unsuitable for such proper execution and results. Failure of the Contractor so 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 Contractor's Work, except as to defects not then reasonably discoverable.

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§ 6.2.3 The Contractor shall reimburse the Owner for costs the Owner incurs that are payable to a separate contractor because of the Contractor's delays or defective construction. The Owner shall be responsible to the Contractor for costs the Contractor incurs because of a separate contractor's delays, damage to the Work or defective construction.

§ 6.2.4 The Contractor shall promptly remedy damage the Contractor wrongfully causes to completed or partially completed construction or to property of the Owner or separate contractors as provided in Section 10.25.

§ 6.2.5 The Owner and each separate contractor shall have the same responsibilities for cutting and patching, as are described for the Contractor in Section 3.14.

**§ 6.3 OWNER'S RIGHT TO CLEAN UP**

If a dispute arises among the Contractor, 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 the Architect will allocate the cost among those responsible but only after issuing written notice to Contractor and Contractor's failure to correct within five (5) days of receipt thereof.

**ARTICLE 7 CHANGES IN THE WORK**

**§ 7.1 GENERAL**

§ 7.1.1 Changes in the Work may be accomplished after execution of the Contract, and without invalidating the Contract, by Change Order, Construction Change Directive or order for a minor change in the Work, subject to the limitations stated in this Article 7 and elsewhere in the Contract Documents.

§ 7.1.2 A Change Order shall be based upon agreement among the Owner, Contractor and Architect; Construction Change Directive requires agreement by the Owner and Architect and may or may not be agreed to by the Contractor; an order for a minor change in the Work may be issued by the Architect alone.

§ 7.1.3 Changes in the Work shall be performed under applicable provisions of the Contract Documents, and the Contractor shall proceed promptly, unless otherwise provided in the Change Order, Construction Change Directive or order for a minor change in the Work.

**§ 7.2 CHANGE ORDERS**

§ 7.2.1 A Change Order is a written instrument prepared by the Architect and signed by the Owner, Contractor and Architect 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; and
- .3 The extent of the adjustment, if any, in the Contract Time.

**§ 7.3 CONSTRUCTION CHANGE DIRECTIVES**

§ 7.3.1 A Construction Change Directive is a written order prepared by the Architect and signed by the Owner and Architect, directing a change in the Work prior to agreement on adjustment, if any, in the Contract Sum or Contract Time, or both. The Owner may by Construction 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 and Contract Time being adjusted accordingly.

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

§ 7.3.3 If the Construction Change Directive provides for an adjustment to the Contract Sum, 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 Contract 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 7.3.7.

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

**§ 7.3.5** Upon receipt of a Construction Change Directive, the Contractor shall promptly proceed with the change in the Work involved and advise the Architect of the Contractor's agreement or disagreement with the method, if any, provided in the Construction Change Directive for determining the proposed adjustment in the Contract Sum or Contract Time.

**§ 7.3.6** A Construction Change Directive signed by the Contractor indicates the Contractor's agreement therewith, including adjustment in Contract Sum and Contract Time or the method for determining them. Such agreement shall be effective immediately and shall be recorded as a Change Order.

**§ 7.3.7** If the Contractor does not respond promptly or disagrees with the method for adjustment in the Contract Sum, the Architect 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 in the Contract Sum, 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 7.3.3.3, the Contractor shall keep and present, in such form as the Architect may prescribe, an itemized accounting together with appropriate supporting data. Unless otherwise provided in the Contract Documents, costs for the purposes of this Section 7.3.7 shall be limited to the following:

- .1 Costs of labor, including social security, old age and unemployment insurance, fringe benefits required by agreement or custom, and workers compensation insurance;
- .2 Costs of materials, supplies and equipment, including cost of transportation, whether incorporated or consumed;
- .3 Rental costs of machinery and equipment, exclusive of hand tools, whether rented from the Contractor or others;
- .4 Costs of premiums for all bonds and insurance, permit fees, and sales, use or similar taxes related to the Work;
- .5 13% for supervision and field personnel; and
- .6 3% Contractor's Fee on the total of the amounts identified above.

**§ 7.3.8** The amount of credit to be allowed by the Contractor to the Owner for a deletion or change that results in a net decrease in the Contract Sum shall be actual net cost as confirmed by the Architect. 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.

**§ 7.3.9** Pending final determination of the total cost of a Construction Change Directive to the Owner, the Contractor may request payment for Work completed under the Construction Change Directive in Applications for Payment. The Architect will make an interim determination for purposes of monthly certification for payment for those costs and certify for payment the amount that the Architect determines in the Architect's professional judgment, to be reasonably justified. The Architect's interim determination of cost shall adjust the Contract Sum on the same basis as a Change Order, subject to the right of either party to disagree and assert a Claim in accordance with Article 15.

**§ 7.3.10** When the Owner and Contractor agree with a determination made by the Architect concerning the adjustments in the Contract Sum and Contract Time, or otherwise reach agreement upon the adjustments, such agreement shall be effective immediately and the Architect will prepare a Change Order. Change Orders may be issued for all or any part of a Construction Change Directive.

**§ 7. MINOR CHANGES IN THE WORK**

The Architect has authority to order minor changes in the Work not involving adjustment in the Contract Sum or extension of the Contract Time and not inconsistent with the intent of the Contract Documents. Such changes will be effected by written order signed by the Architect and shall be binding on the Owner and Contractor.

**ARTICLE 8 TIME**

**§ 8.1 DEFINITIONS**

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§ 8.1.1 Unless otherwise provided, Contract Time is the period of time, including authorized adjustments, allotted in the Contract Documents for Substantial Completion of the Work.

§ 8.1.2 The date of commencement of the Work is the date established in the Agreement.

§ 8.1.3 The date of Substantial Completion is the date certified by the Architect in accordance with Section 9.8.

§ 8.1.4 The term "day" as used in the Contract Documents shall mean calendar day unless otherwise specifically defined.

**§ 8.2 PROGRESS AND COMPLETION**

§ 8.2.1 Time limits stated in the Contract Documents are of the essence of the Contract. By executing the Agreement the Contractor confirms that the Contract Time is a reasonable period for performing the Work.

§ 8.2.2 The Contractor shall not knowingly, except by agreement or instruction of the Owner in writing, prematurely commence operations on the site or elsewhere prior to the effective date of insurance required by Article 11 to be furnished by the Contractor and Owner. The date of commencement of the Work shall not be changed by the effective date of such insurance. § 8.2.3 The Contractor shall proceed expeditiously with adequate forces and shall achieve Substantial Completion within the Contract Time.

**§ 8.3 DELAYS AND EXTENSIONS OF TIME**

§ 8.3.1 If the Contractor is delayed at any time in the commencement or progress of the Work by an act or neglect of the Owner or Architect, or of an employee of either, or of a separate contractor employed by the Owner; or by changes ordered in the Work: or by failure to provide access to the Work, in whole or in part; adverse weather; or by labor disputes, fire, unusual delay in deliveries, unavoidable casualties or other causes beyond the Contractor's control; or by delay authorized by the Owner pending mediation and arbitration; or by other causes that the Architect determines may justify delay, then the Contract Time shall be extended by Change Order for such reasonable time as the Architect may determine.

§ 8.3.2 Claims relating to time shall be made in accordance with applicable provisions of Article 15.

§ 8.3.3 This Section 8.3 does not preclude recovery of damages for delay by either party under other provisions of the Contract Documents.

**ARTICLE 9 PAYMENTS AND COMPLETION**

**§ 9.1 CONTRACT SUM**

The Contract Sum is stated in the Agreement and, including authorized adjustments, is the total amount payable by the Owner to the Contractor for performance of the Work under the Contract Documents, excluding payment for Preconstruction Phase services which will be paid under a separate agreement.

**§ 9.2 SCHEDULE OF VALUES**

Where the Contract is based on a stipulated sum or Guaranteed Maximum Price, the Contractor shall submit to the Architect, before the first Application for Payment, 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 Architect may require. This schedule, unless objected to by the Architect, shall be used as a basis for reviewing the Contractor'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 Contractor shall submit to the Architect an itemized Application for Payment prepared in accordance with the schedule of values, if required under Section 9.2, for completed portions of the Work. Such application shall be notarized, if required, and supported by such data substantiating the Contractor's right to payment as the Owner or Architect may require, such as copies of requisitions from Subcontractors and material suppliers, and shall reflect retainage if provided for in the Contract Documents.

§ 9.3.1.1 As provided in Section 7.3.9, such applications may include requests for payment on account of change in

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the Work that have been properly authorized by Construction Change Directives, or by interim determinations of the Architect, 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 Contractor does not intend to pay a Subcontractor or material supplier, unless such Work has been performed by others whom the Contractor intends to pay.

**§ 9.3.2** Unless otherwise provided in the Contract Documents, payments shall be made on account of 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 Contractor 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 Contractor warrants that title to all Work covered by an Application for Payment will pass to the Owner no later than the time of payment. The Contractor 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 Contractor's knowledge, information and belief, be free and clear of liens, claims, security interests or encumbrances in favor of the Contractor, Subcontractors, material suppliers, or other persons or entities making a claim by reason of having provided labor, materials and equipment relating to the Work.

**§ 9.4 CERTIFICATES FOR PAYMENT**

**§ 9.4.1** The Architect will, within seven days after receipt of the Contractor's Application for Payment, either issue to the Owner a Certificate for Payment, with a copy to the Contractor, for such amount as the Architect determines is properly due, or notify the Contractor and Owner in writing of the Architect's reasons for withholding certification in whole or in part as provided in Section 9.5.1.

**§ 9.4.2** The issuance of a Certificate for Payment will constitute a representation by the Architect to the Owner, based on the Architect's evaluation of the Work and the data comprising the Application for Payment, that, to the best of the Architect's knowledge, information and belief, the Work has progressed to the point indicated and that the quality of the Work is in accordance with the Contract Documents. The foregoing representations are subject to an evaluation of the Work for conformance with the Contract Documents upon Substantial Completion, to results of subsequent tests and inspections, to correction of minor deviations from the Contract Documents prior to completion and to specific qualifications expressed by the Architect. The issuance of a Certificate for Payment will further constitute a representation that the Contractor is entitled to payment in the amount certified. However, the issuance of a Certificate for Payment will not be a representation that the Architect has (1) made exhaustive or continuous on-site inspections to check the quality or quantity of the Work, (2) reviewed construction means, methods, techniques, sequences or procedures, (3) reviewed copies of requisitions received from Subcontractors and material suppliers and other data requested by the Owner to substantiate the Contractor's right to payment, or (4) made examination to ascertain how or for what purpose the Contractor has used money previously paid on account of the Contract Sum.

**§ 9.5 DECISIONS TO WITHHOLD CERTIFICATION**

**§ 9.5.1** The Architect may withhold a Certificate for Payment in whole or in part, to the extent reasonably necessary to protect the Owner, if in the Architect's opinion the representations to the Owner required by Section 9.4.2 cannot be made. If the Architect is unable to certify payment in the amount of the Application, the Architect will notify the Contractor and Owner as provided in Section 9.4.1. If the Contractor and Architect cannot agree on a revised amount, the Architect will promptly issue a Certificate for Payment for the amount for which the Architect is able to make such representations to the Owner together with a written explanation of the justification for withholding and clearly state the conditions the Contractor must meet to receive payment. The Architect 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 in the Architect's opinion to protect the Owner from loss for which the Contractor is responsible, including loss resulting from acts and omissions described in Section 3.3.2, because of

- .1 defective Work not remedied;
- .2 third party claims filed or reasonable evidence indicating probable filing of such claims unless security

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- acceptable to the Owner is provided by the Contractor;
- .3 failure of the Contractor to make payments properly to Subcontractors or for 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, and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay; or
- .7 repeated failure to carry out the Work in accordance with the Contract 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 Architect withholds certification for payment under Section 9.5.1.3, the Owner may, at its sole option, issue joint checks to the Contractor and to any Subcontractor or material or equipment suppliers to whom the Contractor failed to make payment for Work properly performed or material or equipment suitably delivered. If the Owner makes payments by joint check, the Owner shall notify the Architect and the Architect will reflect such payment on the next Certificate for Payment.

**§ 9.6 PROGRESS PAYMENTS**

**§ 9.6.1** After the Architect has issued a Certificate for Payment, the Owner shall make payment in the manner and within the time provided in the Contract Documents, and shall so notify the Architect.

**§ 9.6.2** The Contractor shall pay each Subcontractor no later than seven days after receipt of payment from the Owner the amount to which the Subcontractor is entitled, reflecting percentages actually retained from payments to the Contractor on account of the Subcontractor's portion of the Work. The Contractor shall, by appropriate agreement with each Subcontractor, require each Subcontractor to make payments to Sub-subcontractors in a similar manner.

**§ 9.6.3** The Architect will, on request, furnish to a Subcontractor, if practicable, information regarding percentages of completion or amounts applied for by the Contractor and action taken thereon by the Architect and Owner on account of portions of the Work done by such Subcontractor.

**§ 9.6.4** The Owner has the right to request written evidence from the Contractor that the Contractor has properly paid Subcontractors and material and equipment suppliers amounts paid by the Owner to the Contractor for subcontracted Work. If the Contractor fails to furnish such evidence within seven days, the Owner shall have the right to contact Subcontractors to ascertain whether they have been properly paid. Neither the Owner nor Architect shall have an obligation to pay or to see to the payment of money to a Subcontractor, except as may otherwise be required by law.

**§ 9.6.5** Contractor 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 Contract Documents.

**§ 9.6.7** Unless the Contractor provides the Owner with a payment bond in the full penal sum of the Contract Sum, payments received by the Contractor for Work properly performed by Subcontractors and suppliers shall be held by the Contractor for those Subcontractors or suppliers who performed Work or furnished materials, or both, under contract with the Contractor 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 Contractor, shall create any fiduciary liability or tort liability on the part of the Contractor for breach of trust or shall entitle any person or entity to an award of punitive damages against the Contractor for breach of the requirements of this provision.

**§ 97 FAILURE OF PAYMENT**

If the Architect does not issue a Certificate for Payment, through no fault of the Contractor, within seven days after receipt of the Contractor's Application for Payment, or if the Owner does not pay the Contractor within seven days after the date established in the Contract Documents the amount certified by the Architect or awarded by binding dispute resolution, then the Contractor may, upon seven additional days' written notice to the Owner and Architect, stop the Work until payment of the amount owing has been received. The Contract Time shall be extended appropriately and the

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Contract Sum shall be increased by the amount of the Contractor's reasonable costs of shut-down, delay and start-up, plus interest as provided for in the Contract 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 Contract Documents so that the Owner can occupy or utilize the Work for its intended use.

**§ 9.8.2** When the Contractor considers that the Work, or a portion thereof which the Owner agrees to accept separately, is substantially complete, the Contractor shall prepare and submit to the Architect 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 Contractor to complete all Work in accordance with the Contract Documents.

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

**§ 9.8.4** When the Work or designated portion thereof is substantially complete, the Architect will prepare a Certificate of Substantial Completion that shall establish the date of Substantial Completion, shall establish responsibilities of the Owner and Contractor for security, maintenance, heat, utilities, damage to the Work and insurance, and shall fix the time within which the Contractor shall finish all items on the list accompanying the Certificate. Warranties required by the Contract 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.

**§ 9.8.5** The Certificate of Substantial Completion shall be submitted to the Owner and Contractor for their written acceptance of responsibilities assigned to them in such Certificate. Upon such acceptance and consent of surety, if any, the Owner shall make payment of retainage applying to such Work or designated portion thereof. Such payment shall be adjusted for Work that is incomplete or not in accordance with the requirements of the Contract Documents.

**§ 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 Contractor, provided such occupancy or use is consented to by the insurer as required under Section 11.3.1.5 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 Contractor 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 Contract Documents. When the Contractor considers a portion substantially complete, the Contractor shall prepare and submit a list to the Architect as provided under Section 9.8.2. Consent of the Contractor 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 Contractor or, if no agreement is reached, by decision of the Architect.

**§ 9.9.2** Immediately prior to such partial occupancy or use, the Owner, Contractor and Architect 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 Contract Documents.

**§ 9.10 FINAL COMPLETION AND FINAL PAYMENT**

**§ 9.10.1** Upon receipt of the Contractor's written notice that the Work is ready for final inspection and acceptance and upon receipt of a final Application for Payment the Architect will promptly make such inspection and, when the Architect finds the Work acceptable under the Contract Documents and the Contract fully performed, the Architect will promptly issue a final Certificate for Payment stating that to the best of the Architect's knowledge, information and belief, and on the basis of

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the Architect's on-site visits and inspections, the Work has been completed in accordance with terms and conditions of the Contract Documents and that the entire balance found to be due the Contractor and noted in the final Certificate is due and payable. The Architect's final Certificate for Payment will constitute a further representation that conditions listed in Section 9.10.2 as precedent to the Contractor's being entitled to final payment have been fulfilled.

**§ 9.10.2** Neither final payment nor any remaining retained percentage shall become due until the Contractor submits to the Architect (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 Contract Documents to remain in force after final payment is currently in effect and will not be canceled or allowed to expire until at least 30 days' prior written notice has been given to the Owner, (3) a written statement that the Contractor knows of no substantial reason that the insurance will not be renewable to cover the period required by the Contract Documents, (4) consent of surety, if any, to final payment and (5), if required by the Owner, other data establishing payment or satisfaction of obligations, such as receipts, 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 a Subcontractor refuses to furnish a release or waiver required by the Owner, the Contractor may furnish a bond satisfactory to the Owner to indemnify the Owner against such lien. If such lien remains unsatisfied after payments are made, the Contractor shall refund to the Owner all money that the Owner may be compelled to pay in discharging such lien, 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 Contractor or by issuance of Change Orders affecting final completion, and the Architect so confirms, the Owner shall, upon application by the Contractor and certification by the Architect, 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 Contract 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 Contractor to the Architect prior to certification of such 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 Contract Documents; or  
.3       terms of special warranties required by the Contract Documents.

**§ 9.10.5** Acceptance of final payment by the Contractor, a Subcontractor or material supplier shall constitute a waiver of claims by that payee except those previously made in writing and identified by that payee as unsettled at the time of final Application for Payment.

**ARTICLE 10 PROTECTION OF PERSONS AND PROPERTY**

**§ 10.1 SAFETY PRECAUTIONS AND PROGRAMS**

The Contractor 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 Contractor shall take reasonable precautions for safety of, and shall provide 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 Contractor or the Contractor's Subcontractors or Sub-subcontractors; and
- .3       other property at the site or adjacent thereto, such as trees, shrubs, lawns, walks, pavements, roadways, structures and utilities not designated for removal, relocation or replacement in the course of construction.

**§ 10.2.2** The Contractor 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.

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**§ 10.2.3** The Contractor shall 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 notifying owners and users of adjacent sites and utilities.

**§ 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 Contractor shall exercise utmost care and carry on such activities under supervision of properly qualified personnel.

**§ 10.2.5** The Contractor shall promptly remedy damage and loss (other than damage or loss insured under property insurance required by the Contract Documents) to property referred to in Sections 10.2.1.2 and 10.2.1.3 caused in whole or in part by the Contractor, a Subcontractor, a Sub-subcontractor, or anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable and for which the Contractor 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 Architect or anyone directly or indirectly employed by either of them, or by anyone for whose acts either of them may be liable, and not attributable to the fault or negligence of the Contractor. The foregoing obligations of the Contractor are in addition to the Contractor's obligations under Section 3.1.8.

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

**§ 10.2.7** The Contractor 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 either party suffers injury or damage to person or property because of an act or omission of the other party, or of others for whose acts such party is legally responsible. Mitten notice of such 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 Contractor is responsible for compliance with any requirements included in the Contract Documents regarding hazardous materials. If the Contractor encounters a hazardous material or substance not addressed in the Contract 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 Contractor, the Contractor shall, upon recognizing the condition, immediately stop Work in the affected area and report the condition to the Owner and Architect in writing.

**§ 10.3.2** Upon receipt of the Contractor'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 Contractor 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 Contract Documents, the Owner shall furnish in writing to the Contractor and Architect 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 Contractor and the Architect will promptly reply to the Owner in writing stating whether or not either has reasonable objection to the persons or entities proposed by the Owner. If either the Contractor or Architect has an objection to a person or entity proposed by the Owner, the Owner shall propose another to whom the Contractor and the Architect have 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 Contractor. By Change Order, the Contract Time shall be extended appropriately and the Contract Sum shall be increased in the amount of the Contractor'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 Contractor, Subcontractors, Architect, Architect's consultants and agents 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

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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 Contractor brings to the site unless such materials or substances are required by the Contract Documents. The Owner shall be responsible for materials or substances required by the Contract Documents, except to the extent of the Contractor's fault or negligence in the use and handling of such materials or substances.

§ 10.3.5 The Contractor shall indemnify the Owner for the cost and expense the Owner incurs (1) for remediation of a material or substance the Contractor brings to the site and negligently handles, or (2) where the Contractor 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 Contractor, the Contractor 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 Contract Documents, the Owner shall indemnify the Contractor for all cost and expense thereby incurred.

**§ 10.4 EMERGENCIES**

In an emergency affecting safety of persons or property, the Contractor shall act, at the Contractor's discretion, to prevent threatened damage, injury or loss. Additional compensation or extension of time claimed by the Contractor on account of an emergency shall be determined as provided in Article 15 and Article 7.

**ARTICLE 11 INSURANCE AND BONDS**

**§ 11.1 CONTRACTOR'S LIABILITY INSURANCE**

§ 11.1.1 The Contractor shall purchase from and maintain in a company or companies lawfully authorized to do business in the jurisdiction in which the Project is located such insurance as will protect the Contractor from claims set forth below which may arise out of or result from the Contractor's operations and completed operations under the Contract and for which the Contractor may be legally liable, whether such operations be by the Contractor or by a Subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

- .1 Claims under workers' compensation disability benefit and other similar employee benefit acts that are applicable to the Work to be performed;
- .2 Claims for damages because of bodily injury, occupational sickness or disease, or death of the Contractor's employees;
- .3 Claims for damages because of bodily injury, sickness or disease, or death of any person other than the Contractor's employees;
- .4 Claims for damages insured by usual personal injury liability coverage;
- .5 Claims for damages, other than to the Work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom;
- .6 Claims for damages because of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle;
- .7 Claims for bodily injury or property damage arising out of completed operations; and
- .8 Claims involving contractual liability insurance applicable to the Contractor's obligations under Section 3.18.

§ 11.1.2 The insurance required by Section 11.1.1 shall be written for not less than limits of liability specified in the Contract Documents or required by law, whichever coverage is greater. Coverages, whether written on an occurrence or claims-made basis, shall be maintained without interruption from the date of commencement of the Work until the date of final payment and termination of any coverage required to be maintained after final payment, and, with respect to the Contractor's completed operations coverage, until the expiration of the period for correction of Work or for such other period for maintenance of completed operations coverage as specified in the Contract Documents.

§ 11.1.3 Certificates of insurance acceptable to the Owner shall be filed with the Owner prior to commencement of the Work and thereafter upon renewal or replacement of each required policy of insurance. These certificates and the insurance policies required by this Section 11.1 shall contain a provision that coverages afforded under the policies

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will not be canceled or allowed to expire until at least 30 days' prior written notice has been given to the Owner. 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 and thereafter upon renewal or replacement of such coverage until the expiration of the time required by Section 11.1.2. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by the Contractor with reasonable promptness.

**§ 11.1.4** The Contractor shall cause the commercial liability coverage required by the Contract Documents to include (1) the Owner, the Architect and the Architect's consultants as additional insureds for claims caused to the proportionate extent caused by the Contractor's negligent acts or omissions during the Contractor's operations; and (2) the Owner as an additional insured for claims caused to the proportionate extent caused by the Contractor's negligent acts or omissions during the Contractor's completed operations.

**§ 11.2 OWNER'S LIABILITY INSURANCE**

The Owner shall be responsible for purchasing and maintaining the Owner's usual liability insurance.

**§ 11.3 PROPERTY INSURANCE**

**§ 11.3.1** Unless otherwise provided, the Owner shall purchase and maintain, in a company or companies lawfully authorized to do business in the jurisdiction in which 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 value of subsequent Contract Modifications and cost of materials supplied or installed by others, comprising total value for the entire Project at the site on a replacement cost basis without optional deductibles. Such property insurance shall be maintained, unless otherwise provided in the Contract Documents or otherwise agreed in writing by all persons and entities who are beneficiaries of such insurance, until final payment has been made as provided in Section 9.10 or until no person or entity other than the Owner has an insurable interest in the property required by this Section 11.3 to be covered, whichever is later. This insurance shall include interests of the Owner, the Contractor, Subcontractors and Sub-subcontractors in the Project.

**§ 11.3.1.1** Property insurance shall be on an "all-risk" or equivalent policy form and 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 Architect's and Contractor's services and expenses required as a result of such insured loss.

**§ 11.3.1.2** If the Owner does not intend to purchase such property insurance required by the Contract and with all of the coverages in the amount described above, the Owner shall so inform the Contractor in writing prior to commencement of the Work. The Contractor may then effect insurance that will protect the interests of the Contractor, Subcontractors and Sub-subcontractors in the Work, and by appropriate Change Order the cost thereof shall be charged to the Owner. If the Contractor is damaged by the failure or neglect of the Owner to purchase or maintain insurance as described above, without so notifying the Contractor in writing, then the Owner shall bear all reasonable costs properly attributable thereto.

**§ 11.3.1.3** If the property insurance requires deductibles, the Owner shall pay costs not covered because of such deductibles.

**§ 11.3.1.4** This property insurance shall cover portions of the Work stored off the site, and also portions of the Work in transit.

**§ 11.3.1.5** Partial occupancy or use in accordance with Section 9.9 shall not commence until the insurance company or companies providing property insurance have consented to such partial occupancy or use by endorsement or otherwise. The Owner and the Contractor 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.

**§ 11.3.2 BOILER AND MACHINERY INSURANCE**

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The Owner shall purchase and maintain boiler and machinery insurance required by the Contract Documents or by law, which shall specifically cover such insured objects during installation and until final acceptance by the Owner, this insurance shall include interests of the Owner, Contractor, Subcontractors and Sub-subcontractors in the Work, and the Owner and Contractor shall be named insureds.

**§ 11.3.3 LOSS OF USE INSURANCE**

The Owner, at the Owner's option, may purchase and maintain such insurance as will 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 Contractor for loss of use of the Owner's property, including consequential losses due to fire or other hazards however caused.

**§ 11.3.4** If the Contractor requests in writing that insurance for risks other than those described herein or other special causes of loss be included in the property insurance policy, the Owner shall, if possible, include such insurance, and the cost thereof shall be charged to the Contractor by appropriate Change Order.

**§ 11.3.5** 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 11.3.7 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.

**§ 11.3.6** Before an exposure to loss may occur, the Owner shall file with the Contractor a copy of each policy that includes insurance coverages required by this Section 11.3. Each policy shall contain all generally applicable conditions, definitions, exclusions and endorsements related to this Project. Each policy shall contain a provision that the policy will not be canceled or allowed to expire, and that its limits will not be reduced, until at least 30 days' prior written notice has been given to the Contractor.

**§ 11.3.7 WAIVERS OF SUBROGATION**

The Owner and Contractor waive all rights against (1) each other and any of their subcontractors, sub-subcontractors, agents and employees, each of the other, and (2) the Architect, Architect's consultants, separate contractors described in Article 6, 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 this Section 11.3 or other property insurance applicable to the Work, except such rights as they have to proceeds of such insurance held by the Owner as fiduciary. The Owner or Contractor, as appropriate, shall require of the Architect, Architect's consultants, separate contractors described in Article 6, 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 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.

**§ 11.3.8** A loss insured under the Owner's property insurance shall be adjusted by the Owner as fiduciary and made payable to the Owner as fiduciary for the insureds, as their interests may appear, subject to requirements of any applicable mortgagee clause and of Section 11.3.10. The Contractor shall pay Subcontractors their just shares of insurance proceeds received by the Contractor, and by appropriate agreements, written where legally required for validity, shall require Subcontractors to make payments to their Sub-subcontractors in similar manner.

**§ 11.3.9** If required in writing by a party in interest, the Owner as fiduciary shall, upon occurrence of an insured loss, give bond for proper performance of the Owner's duties. The cost of required bonds shall be charged against proceeds received as fiduciary. The Owner shall deposit in a separate account proceeds so received, which the Owner 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 Contractor. 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 Contractor after notification of a Change in the Work in accordance with Article 7.

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**§ 11.3.10** The Owner 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 loss to the Owner's exercise of this power; if such objection is made, the dispute shall be resolved in the manner selected by the Owner and Contractor as the method of binding dispute resolution in the Agreement. If the Owner and Contractor have selected arbitration as the method of binding dispute resolution, the Owner 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.

**§ 11.4 PERFORMANCE BOND AND PAYMENT BOND**

**§ 11.4.1** The Owner shall have the right to require the Contractor to furnish bonds covering faithful performance of the Contract and payment of obligations arising thereunder as stipulated in bidding requirement or specifically required in the Contract Documents on the date of execution of the Contract.

**§ 11.4.2** Upon the request of any person or entity appearing to be a potential beneficiary of bonds covering payment of obligations arising under the Contract, the Contractor shall promptly furnish a copy of the bonds or shall authorize a copy to be furnished.

**ARTICLE 12 UNCOVERING AND CORRECTION OF WORK**

**§ 12.1 UNCOVERING OF WORK**

**§ 12.1.1** If a portion of the Work is covered contrary to the Architect's request or to requirements specifically expressed in the Contract Documents, it must, if requested in writing by the Architect, be uncovered for the Architect's examination and be replaced at the Contractor's expense without change in the Contract Time.

**§ 12.1.2** If a portion of the Work has been covered that the Architect has not specifically requested to examine prior to its being covered, the Architect may request to see such Work and it shall be uncovered by the Contractor. If such Work is in accordance with the Contract Documents, costs of uncovering and replacement shall, by appropriate Change Order, be at the Owner's expense. If such Work is not in accordance with the Contract Documents, such costs and the cost of correction shall be at the Contractor's expense 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.

**§ 12.2 CORRECTION OF WORK**

**§ 12.2.1 BEFORE OR AFTER SUBSTANTIAL COMPLETION**

The Contractor shall promptly correct Work rejected by the Architect or failing to conform to the requirements of the Contract 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 the Architect's services and expenses made necessary thereby, shall be at the Contractor's expense.

**§ 12.2.2 AFTER SUBSTANTIAL COMPLETION**

**§ 12.2.2.1** In addition to the Contractor's obligations under Section 3.5, 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 Contract Documents, any of the Work is found to be not in accordance with the requirements of the Contract Documents, the Contractor shall correct it promptly after receipt of written notice from the Owner to do so unless the Owner has previously given the Contractor 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 Work, if the Owner fails to notify the Contractor and give the Contractor an opportunity to make the correction, the Owner waives the rights to require correction by the Contractor and to make a claim for breach of warranty. If the Contractor fails to correct nonconforming Work within a reasonable time during that period after receipt of notice from the Owner or Architect, the Owner may correct it in accordance with Section 2.4.

**§ 12.2.2.2** 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.

**§ 12.2.2.3** The one-year period for correction of Work shall not be extended by corrective Work performed by the Contractor pursuant to this Section 12.2.

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§ 12.2.3 The Contractor shall remove from the site portions of the Work that are not in accordance with the requirements of the Contract Documents and are neither corrected by the Contractor nor accepted by the Owner.

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

§ 12.2.5 Nothing contained in this Section 12.2 shall be construed to establish a period of limitation with respect to other obligations the Contractor has under the Contract Documents. Establishment of the one-year period for correction of Work as described in Section 12.2.2 relates only to the specific obligation of the Contractor to correct the Work, and has no relationship to the time within which the obligation to comply with the Contract Documents may be sought to be enforced, nor to the time within which proceedings may be commenced to establish the Contractor's liability with respect to the Contractor's obligations other than specifically to correct the Work.

**§ 12.3 ACCEPTANCE OF NONCONFORMING WORK**

If the Owner prefers to accept Work that is not in accordance with the requirements of the Contract 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 13 MISCELLANEOUS PROVISIONS**

**§ 13.1 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 15.4.

**§ 13.2 SUCCESSORS AND ASSIGNS**

§ 13.2.1 The Owner and Contractor respectively bind themselves, their partners, successors, assigns and legal representatives to covenants, agreements and obligations contained in the Contract Documents. Except as provided in Section 13.2.2, 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

§ 13.2.2 The Owner may, without consent of the Contractor, assign the Contract to a lender providing construction financing for the Project, if the lender assumes the Owner's rights and obligations under the Contract Documents. The Contractor shall execute all consents reasonably required to facilitate such assignment.

**§ 13.3 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.

**§ 13.4 RIGHTS AND REMEDIES**

§ 13.4.1 Duties and obligations imposed by the Contract 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.

§ 13.4.2 No action or failure to act by the Owner, Architect or Contractor 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 there under, except as may be specifically agreed in writing.

**§ 13.5 TESTS AND INSPECTIONS**

§ 13.5.1 Tests, inspections and approvals of portions of the Work shall be made as required by the Contract Documents and by applicable laws, statutes, ordinances, codes, rules and regulations or lawful orders of public authorities. Unless otherwise provided, the Contractor 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 Contractor shall give the Architect

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timely notice of when and where tests and inspections are to be made so that the Architect 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 Contractor.

**§ 13.5.2** If the Architect, Owner or public authorities having jurisdiction determine that portions of the Work require additional testing, inspection or approval not included under Section 13.5.1, the Architect will, upon written authorization from the Owner, instruct the Contractor to make arrangements for such additional testing, inspection or approval by an entity acceptable to the Owner, and the Contractor shall give timely notice to the Architect of when and where tests and inspections are to be made so that the Architect may be present for such procedures. Such costs, except as provided in Section 13.5.3, shall be at the Owner's expense.

**§ 13.5.3** If such procedures for testing, inspection or approval under Sections 13.5.1 and 13.5.2 reveal failure of the portions of the Work to comply with requirements established by the Contract Documents, all costs made necessary by such failure including those of repeated procedures and compensation for the Architect's services and expenses shall be at the Contractor's expense.

**§ 13.5.4** Required certificates of testing, inspection or approval shall, unless otherwise required by the Contract Documents, be secured by the Contractor and promptly delivered to the Architect.

**§ 13.5.5** If the Architect is to observe tests, inspections or approvals required by the Contract Documents, the Architect will do so promptly and, where practicable, at the normal place of testing.

**§ 13.5.6** Tests or inspections conducted pursuant to the Contract Documents shall be made promptly to avoid unreasonable delay in the Work.

**§ 136 INTEREST**

Payments due and unpaid under the Contract Documents shall bear interest from the date payment is due at such rate as the parties may agree upon in writing or, in the absence thereof, at the legal rate prevailing, from time to time at the place where the Project is located.

**§ 137 TIME LIMITS ON CLAIMS**

The Owner and Contractor 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 final dispute resolution method selected in the Agreement 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 Contractor waive all claims and causes of action not commenced in accordance with this Section 13.7.

**ARTICLE 14 TERMINATION OR SUSPENSION OF THE CONTRACT**

**§ 14.1 TERMINATION BY THE CONTRACTOR**

**§ 14.1.1** The Contractor may terminate the Contract if the Work is stopped for a period of 30 consecutive days through no act or fault of the Contractor or a Subcontractor, Sub-subcontractor or their agents or employees or any other persons or entities performing portions of the Work under direct or indirect contract with the Contractor, 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 Architect has not issued a Certificate for Payment and has not notified the Contractor of the reason for withholding certification as provided in Section 9.4.1, or because the Owner has not made payment on a Certificate for Payment within the time stated in the Contract Documents;
- .4 The Owner has failed to furnish to the Contractor promptly, upon the Contractor's request, reasonable evidence as required by Section 2.2.1.

**§ 14.1.2** The Contractor may terminate the Contract if, through no act or fault of the Contractor or a Subcontractor, Sub-subcontractor or their agents or employees or any other persons or entities performing portions of the Work under direct or indirect contract with the Contractor, repeated suspensions, delays or interruptions of the entire Work by the Owner as

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described in Section 14.3 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.

**§ 14.1.3** If one of the reasons described in Section 14.1.1 or 14.1.2 exists, the Contractor may, upon seven days' written notice to the Owner and Architect, terminate the Contract and recover from the Owner payment for Work executed, including reasonable overhead and profit, costs incurred by reason of such termination, and damages.

**§ 14.1.4** If the Work is stopped for a period of 60 consecutive days through no act or fault of the Contractor or a Subcontractor or their agents or employees or any other persons performing portions of the Work under contract with the Contractor because the Owner has repeatedly failed to fulfill the Owner's obligations under the Contract Documents with respect to matters important to the progress of the Work, the Contractor may, upon seven additional days' written notice to the Owner and the Architect, terminate the Contract and recover from the Owner as provided in Section 14.1.3.

## **§ 14.2 TERMINATION BY THE OWNER FOR CAUSE**

**§14.2.1** The Owner may terminate the Contract if the Contractor

- .1 repeatedly refuses or fails to supply enough properly skilled workers or proper materials;
- .2 fails to make payment to Subcontractors for materials or labor in accordance with the respective agreements between the Contractor and the Subcontractors;
- .3 repeatedly disregards applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of a public authority; or
- .4 otherwise is guilty of substantial breach of a provision of the Contract Documents.

**§ 14.2.2** When any of the above reasons exist, the Owner, upon certification by the Initial Decision Maker that sufficient cause exists to justify such action, may without prejudice to any other rights or remedies of the Owner and after giving the Contractor and the Contractor's surety, if any, seven days' written notice, terminate employment of the Contractor and may, subject to any prior rights of the surety:

- .1 Accept assignment of subcontracts pursuant to Section 5.4; and
- .2 Finish the Work by whatever reasonable method the Owner may deem expedient, allowing the Contractor to observe the completion of the Work;
- .3 Upon written request of the Contractor, the Owner shall furnish to the Contractor a detailed accounting of the costs incurred by the Owner in finishing the Work.

**§ 14.2.3** When the Owner terminates the Contract for one of the reasons stated in Section 14.2.1, the Contractor shall not be entitled to receive further payment until the Work is finished.

**§ 14.2.4** If the unpaid balance of the Contract Sum exceeds costs of finishing the Work, including compensation for the Architect's services and expenses made necessary thereby, and other damages incurred by the Owner and not expressly waived, such excess shall be paid to the Contractor. If such costs and damages exceed the unpaid balance, the Contractor shall pay the difference to the Owner. This obligation for payment shall survive termination of the Contract.

## **§ 14.3 SUSPENSION BY THE OWNER FOR CONVENIENCE**

**§ 14.3.1** The Owner may, without cause, order the Contractor in writing to suspend, delay or interrupt the Work in whole or in part for such period of time as the Owner may determine.

**§ 14.3.2** 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 14.3.1. 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 Contractor is responsible; or
- .2 that an equitable adjustment is made or denied under another provision of the Contract.

## **§ 14.4 TERMINATION BY THE OWNER FOR CONVENIENCE**

**§ 14.4.1** The Owner may, at any time, terminate the Contract for the Owner's convenience and without cause.

§ 14.4.2 Upon receipt of written notice from the Owner of such termination for the Owner's convenience, the Contractor 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 subcontracts and purchase orders and enter into no further subcontracts and purchase orders.

§ 14.4.3 In case of such termination for the Owner's convenience, the Contractor shall be entitled to receive payment for Work executed and costs incurred by reason of such termination, along with three percent (3%) on the total of Work not executed.

**ARTICLE 15 CLAIMS AND DISPUTES**

**§ 15.1 CLAIMS**

**§ 15.1.1 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 Contractor arising out of or relating to the Contract. The responsibility to substantiate Claims shall rest with the party making the Claim.

**§ 15.1.2 NOTICE OF CLAIMS**

Claims by either the Owner or Contractor must be initiated by written notice to the other party and to the Initial Decision Maker with a copy sent to the Architect, if the Architect is not serving as the Initial Decision Maker. Claims by either party must be initiated 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.

**§ 15.1.3 CONTINUING CONTRACT PERFORMANCE**

Pending final resolution of a Claim, except as otherwise agreed in writing or as provided in Section 9.7 and Article 14, the Contractor shall proceed diligently with performance of the Contract and the Owner shall continue to make payments in accordance with the Contract Documents. The Architect will prepare Change Orders and issue Certificates for Payment in accordance with the decisions of the Initial Decision Maker.

**§ 15.1.4 CLAIMS FOR ADDITIONAL COST**

If the Contractor wishes to make a Claim for an increase in the Contract Sum, written notice as provided herein shall be given before proceeding to execute the Work. Prior notice is not required for Claims relating to an emergency endangering life or property arising under Section 10.4 or claims for work not exceeding \$5,000.00.

**§ 15.1.5 CLAIMS FOR ADDITIONAL TIME**

§ 15.1.5.1 If the Contractor wishes to make a Claim for an increase in the Contract Time, written notice as provided herein shall be given. The Contractor'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.

§ 15.1.5.2 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.

**§ 15.1.6 CLAIMS FOR CONSEQUENTIAL DAMAGES**

The Contractor 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 Contractor for principal office expenses including the compensation of personnel stationed there, for losses of financing, business and reputation, and for loss of profit except

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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 14. Nothing contained in this Section 15.1.6 shall be deemed to preclude an award of liquidated damages, when applicable, in accordance with the requirements of the Contract Documents.

## **§ 15.2 INITIAL DECISION**

**§ 15.2.1** Claims, excluding those arising under Sections 10.3, 10.4, 11.39, and 11.10, shall be referred to the Initial Decision Maker for initial decision. The Owner will serve as the Initial Decision Maker, unless otherwise indicated in the Agreement. Except for those Claims excluded by this Section 15.2.1, an initial decision shall be required as a condition precedent to mediation of any Claim arising prior to the date final payment is due, unless 30 days have passed after the Claim has been referred to the Initial Decision Maker with no decision having been rendered. Unless the Initial Decision Maker and all affected parties agree, the Initial Decision Maker will not decide disputes between the Contractor and persons or entities other than the Owner.

**§15.2.2** The Initial Decision Maker will review Claims and within ten days of the receipt of a Claim take one or more of the following actions: (1) request additional supporting data from the claimant or a response with supporting data from the other party, (2) reject the Claim in whole or in part, (3) approve the Claim, (4) suggest a compromise, or (5) advise the parties that the Initial Decision Maker is unable to resolve the Claim if the Initial Decision Maker lacks sufficient information to evaluate the merits of the Claim or if the Initial Decision Maker concludes that, in the Initial Decision Maker's sole discretion, it would be inappropriate for the Initial Decision Maker to resolve the Claim.

**§ 15.2.3** In evaluating Claims, the Initial Decision Maker may, but shall not be obligated to, consult with or seek information from either party or from persons with special knowledge or expertise who may assist the Initial Decision Maker in rendering a decision. The Initial Decision Maker may request the Owner to authorize retention of such persons at the Owner's expense.

**§ 15.2.4** If the Initial Decision Maker requests a party to provide a response to a Claim or to furnish additional supporting data, such party shall respond, within ten days after receipt of such request and shall either (1) provide a response on the requested supporting data, (2) advise the Initial Decision Maker when the response or supporting data will be furnished or (3) advise the Initial Decision Maker that no supporting data will be furnished. Upon receipt of the response or supporting data, if any, the Initial Decision Maker will either reject or approve the Claim in whole or in part.

**§ 15.2.5** The Initial Decision Maker will render an initial decision approving or rejecting the Claim, or indicating that the Initial Decision Maker is unable to resolve the Claim. This initial decision shall (1) be in writing; (2) state the reasons therefor; and (3) notify the parties and the Architect, if the Architect is not serving as the Initial Decision Maker, of any change in the Contract Sum or Contract Time or both. The initial decision shall be subject to mediation and, if the parties fail to resolve their dispute through mediation, to binding dispute resolution.

**§ 15.2.6** Either party may file for mediation of an initial decision at any time, subject to the terms of Section 15.2.6.1.

**§ 15.2.7** In the event of a Claim against the Contractor, 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 Contractor's default, the Owner may, but is not obligated to, notify the surety and request the surety's assistance in resolving the controversy.

**§ 15.2.8** 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.

## **§ 15.3 MEDIATION**

**§ 15.3.1** 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 15.1.6 shall be subject to mediation as a condition precedent to binding dispute resolution.

**§ 15.3.2** The parties shall make every attempt to resolve their differences in an amicable manner. Unless otherwise mutually agreed in writing by the Owner and the Contractor, all claims disputes, and controversies arising out of or relating to this Agreement or the breach thereof shall be resolved as follows:

A. Owner and Contractor shall, upon either party’s written request, sent certified mail, attempt to resolve the dispute by mediation. The parties agree to appoint a mutually acceptable Judicial Arbitrator Group (“JAG”) staff member, within ten (10) days after a Claim or written request for mediation is received by the recipient party. The mediation will be conducted in accordance with JAG mediation rules effective at such time. The parties shall share equally in the costs of the mediator’s fees and expenses. Such costs shall not be a cost of the Work.

B. In the event the dispute is not resolved by such mediation within forty-five (45) days after the date of the written request for mediation is received by the recipient party, the dispute shall be resolved in the state District Court located in the County of Douglas, State of Colorado, which the parties agree shall have exclusive jurisdiction and venue over all Disputes. The parties agree that this Agreement shall be governed, interpreted, and enforced in accordance with the laws of the State of Colorado. In the event of litigation arising out of or in connection with this Agreement between the parties hereto, the prevailing party shall be entitled to recover reasonable attorney’s fees and expenses incurred in the prosecution or defense thereof.

C. All mediation proceedings shall be held in Douglas County, Colorado, or such other place as the Owner and the Contractor may jointly designate in writing.

**SUPPLEMENTAL PROVISIONS:**

16. The Owner, as a City and political subdivision of the State of Colorado, has appropriated funds sufficient to cover the costs of the Project. The Owner does not intend hereby to create a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever. No provision of this Agreement shall be construed or interpreted as a delegation of governmental powers by the City, or as creating a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the City or statutory debt limitation, including, without limitation, Article X, Section 20 or Article XI, Section 6 of the Constitution of the State of Colorado. No provision of this Agreement shall be construed to pledge or to create a lien on any class or source of City funds.

17. Construction Manager hereby states that it does not knowingly employ or contract with illegal aliens and that Construction Manager has participated in or has attempted to participate in the E-Verify Program or the Colorado Department of Labor and Employment Program (as defined in §8-17.5-101, C.R.S.) in order to verify that it does not employ any illegal aliens. Construction Manager affirmatively makes the following declarations:

A. Construction Manager shall not knowingly employ or contract with an illegal alien who will perform work under the public contract for services contemplated herein and will participate in the E-Verify Program or Colorado Department of Labor and Employment Program in order to confirm the employment eligibility of all employees who are newly hired for employment to perform work under the public contract for services contemplated herein.

B. Construction Manager shall not knowingly enter into a contract with a Subcontractor that fails to certify to Construction Manager that the Subcontractor shall not knowingly employ or contract with an illegal alien to perform the services contemplated herein.

C. Construction Manager has confirmed the employment eligibility of all employees who are newly hired for employment to perform work under the public contract for services through participation in either the E-Verify Program or the Colorado Department of Labor and Employment Program.

D. Construction Manager is prohibited from using either the E-Verify Program or the Colorado Department of Labor and Employment Program procedures to undertake pre-employment screening of job applicants while this Agreement is being performed.

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E. If Construction Manager obtains actual knowledge that a Subcontractor performing the services under this Agreement knowingly employs or contracts with an illegal alien, Construction Manager shall be required to:

- i. Notify the Subcontractor and the Owner within three (3) days that Construction Manager has actual knowledge that the Subcontractor is employing or contracting with an illegal alien.
- ii. Terminate the contract with the Subcontractor if within three (3) days of receiving the notice required above the Subcontractor does not stop employing or contracting with the illegal alien; except that Construction Manager shall not terminate the contract with the Subcontractor if during such three (3) days the Subcontractor provides information to establish that the Subcontractor has not knowingly employed or contracted with an illegal alien.

F. Construction Manager shall comply with any reasonable request by the Colorado Department of Labor and Employment made in the course of an investigation that such Department is undertaking pursuant to the authority established in §8-17.5-102, C.R.S.

G. If Construction Manager violates a provision of the Agreement pursuant to §8-17.5-102, C.R.S., the Owner may terminate the Agreement. If the Agreement is so terminated, Construction Manager shall be liable for actual and consequential damages to the Owner.

# AIA Document A133™-2009

## ***Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price***

made as of the \_\_\_\_\_ day of June in the year 2016  
(In words, indicate day, month and year.)

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

City of Lone Tree  
9220 Kimmer Dr., Suite 100  
Lone Tree, Colorado 80124  
Attn: Seth Hoffman, City Manager

and the Construction Manager:  
(Name, legal status and address)

Hamon Infrastructure, Inc.  
5670 Franklin Street  
Denver, Colorado 80216

for the following Project:  
(Name and address or location)

City of Lone Tree Pedestrian Bridge

The Architect:  
(Name, legal status and address)

Fentress Architects  
421 Broadway  
Denver, CO 80203

The Owner's Designated Representative:  
(Name, address and other information)

Seth Hoffman  
City Manager  
9220 Kimmer Dr., Suite 100  
Lone Tree, Colorado 80124

The Construction Manager's Designated Representative:  
(Name, address and other information)

Thomas O. Evered  
Hamon Infrastructure, Inc.  
5670 Franklin Street  
Denver, Colorado 80216

ct's Designated Representative:  
*(Name, address and other information)*

Kelly Dunn  
Fentress Architects  
421 Broadway  
Denver, CO 80203

The Owner and Construction Manager agree as follows.

## ICLES

- 1 GENERAL PROVISIONS
- 2 CONSTRUCTION MANAGER'S RESPONSIBILITIES
- 3 OWNER'S RESPONSIBILITIES
- 4 COMPENSATION AND PAYMENTS FOR PRECONSTRUCTION PHASE SERVICES
- 5 COMPENSATION FOR CONSTRUCTION PHASE SERVICES
- 8 COST OF THE WORK FOR CONSTRUCTION PHASE
- 7 PAYMENTS FOR CONSTRUCTION PHASE SERVICES
- 8 INSURANCE AND BONDS
- 9 DISPUTE RESOLUTION
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### AGREEMENT ARTICLE 1

#### GENERAL PROVISIONS

##### § 1.1 The Contract Documents

The Contract Documents consist of this Agreement, Conditions of the Contract (General, Supplementary and other Conditions), Drawings, Specifications, Addenda issued prior to the execution of this Agreement, other documents listed in this Agreement, and Modifications issued after execution of this Agreement, all of which form the Contract and are as fully a part of the Contract as if attached to this Agreement or repeated herein. Upon the Owner's acceptance of the Construction Manager's Guaranteed Maximum Price proposal, the Contract Documents will also include the documents described in Section 2.2.3 and identified in the Guaranteed Maximum Price Amendment and revisions prepared by the Architect and furnished by the Owner as described in Section 2.2.8. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements either written or oral. If anything in the other Contract Documents, other than a Modification, is inconsistent with this Agreement, this Agreement shall govern.

##### § 1.2 Relationship of the Parties

The Construction Manager accepts the relationship of trust and confidence established by this Agreement and covenants with the Owner to cooperate with the Architect and exercise the Construction Manager's skill and judgment in furthering the interests of the Owner: to furnish efficient construction administration, management services and supervision; to furnish at all times an adequate supply of workers and materials; and to perform the Work in an expeditious and economical manner consistent with the Owner's interests. The Owner agrees to furnish or approve, in a timely manner, information required by the Construction Manager and to make payments to the Construction Manager in accordance with the requirements of the Contract Documents.

##### § 1.3 General Conditions

For the Preconstruction Phase, AIA Document A201™–2007, General Conditions of the Contract for Construction shall apply only as specifically provided in this Agreement. For the Construction Phase, the general conditions of the contract shall be as set forth in A201–2007, which document is incorporated herein by reference. The term "Contractor" as used in A201–2007 shall mean the Construction Manager.

#### ARTICLE 2 CONSTRUCTION MANAGER'S RESPONSIBILITIES

The Construction Manager's Preconstruction Phase responsibilities are set forth in Sections 2.1 and 2.2. The

set forth in Section 2.3. The Owner and Construction Manager may agree, in consultation with the Architect, for the Construction Phase to commence prior to completion of the Preconstruction Phase, in which case, both phases will proceed concurrently. The Construction Manager shall identify a representative authorized to act on behalf of the Construction Manager with respect to the Project.

**§ 2.1 Preconstruction Phase**

**§ 2.1.1** The Construction Manager shall provide a preliminary evaluation of the Owner's program, schedule and construction budget requirements, each in terms of the other.

**§ 2.1.2 Consultation**

The Construction Manager shall schedule and conduct meetings with the Architect and Owner to discuss such matters as procedures, progress, coordination, and scheduling of the Work. The Construction Manager shall advise the Owner and the Architect on proposed site use and improvements, selection of materials, and building systems and equipment. The Construction Manager shall also provide recommendations consistent with the Project requirements to the Owner and Architect 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.

**§ 2.1.3** When Project requirements in Section 3.1.1 have been sufficiently identified, the Construction Manager shall prepare and periodically update a Project schedule for the Architect's review and the Owner's acceptance. The Construction Manager shall obtain the Architect's approval for the portion of the Project schedule relating to the performance of the Architect's services. The Project schedule shall coordinate and integrate the Construction Manager's services, the Architect's services, other Owner consultants' services, and the Owner's responsibilities and identify items that could affect the Project's timely completion. The updated Project schedule shall include the following: submission of the Guaranteed Maximum Price proposal; components of the Work; times of commencement and completion required of each Subcontractor; ordering and delivery of products, including those that must be ordered well in advance of construction; and the occupancy requirements of the Owner.

**§ 2.1.4 Phased Construction**

The Construction Manager shall provide recommendations with regard to accelerated or fast-track scheduling, procurement, or phased construction. The Construction Manager shall take into consideration cost reductions, cost information, constructability, provisions for temporary facilities and procurement and construction scheduling issues.

**§ 2.1.5 Preliminary Cost Estimates**

**§ 2.1.5.1** Based on the preliminary design and other design criteria prepared by the Architect, the Construction Manager shall prepare preliminary estimates of the Cost of the Work or the cost of program requirements using area, volume or similar conceptual estimating techniques for the Architect's review and Owner's approval. If the Architect or Construction Manager suggests alternative materials and systems, the Construction Manager shall provide cost evaluations of those alternative materials and systems.

**§ 2.1.5.2** As the Architect progresses with the preparation of the Schematic Design, Design Development and Construction Documents, the Construction Manager shall prepare and update, at appropriate intervals agreed to by the Owner, Construction Manager and Architect, estimates of the Cost of the Work of increasing detail and refinement and allowing for the further development of the design until such time as the Owner and Construction Manager agree on a Guaranteed Maximum Price for the Work. Such estimates shall be provided for the Architect's review and the Owner's approval. The Construction Manager shall inform the Owner and Architect when estimates of the Cost of the Work exceed the latest approved Project budget and make recommendations for corrective action.

**§ 2.1.6 Subcontractors and Suppliers**

The Construction Manager shall develop bidders' interest in the Project.

**§ 2.1.7** The Construction Manager shall prepare, for the Architect's review and the Owner's acceptance, a procurement schedule for items that must be ordered well in advance of construction. The Construction Manager shall expedite and coordinate the ordering and delivery of materials that must be ordered well in advance of construction. If the Owner agrees to procure any items prior to the establishment of the Guaranteed Maximum Price, the Owner shall

ction Manager. Upon the establishment of the Guaranteed Maximum Price, the Owner shall assign all contracts for these items to the Construction Manager and the Construction Manager shall thereafter accept responsibility for them.

#### **§ 2.1.8 Extent of Responsibility**

The Construction Manager shall exercise reasonable care in preparing schedules and estimates. The Construction Manager, however, does not warrant or guarantee estimates and schedules except as may be included as part of the Guaranteed Maximum Price. The Construction Manager is not required to ascertain that the Drawings and Specifications are in accordance with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, but the Construction Manager shall promptly report to the Architect and Owner any nonconformity discovered by or made known to the Construction Manager as a request for information in such form as the Architect may require.

#### **§ 2.1.9 Notices and Compliance with Laws**

The Construction Manager shall comply with applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities applicable to its performance under this Contract, and with equal employment opportunity programs, and other programs as may be required by governmental and quasi-governmental authorities for inclusion in the Contract Documents.

#### **§ 2.2 Guaranteed Maximum Price Proposal and Contract Time**

**§ 2.2.1** At a time to be mutually agreed upon by the Owner and the Construction Manager and in consultation with the Architect, the Construction Manager shall prepare a Guaranteed Maximum Price proposal for the Owner's review and acceptance. The Guaranteed Maximum Price in the proposal shall be the sum of the Construction Manager's estimate of the Cost of the Work, including contingencies described in Section 2.2.4, and the Construction Manager's Fee.

**§ 2.2.2** To the extent that the Drawings and Specifications are anticipated to require further development by the Architect, the Construction Manager shall provide in the Guaranteed Maximum Price for such further development consistent with the Contract Documents and reasonably inferable therefrom. Such further development does not include such things as changes in scope, systems, kinds and quality of materials, finished or equipment, all of which, if required, shall be incorporated by Change Order.

**§ 2.2.3** The Construction Manager shall include with the Guaranteed Maximum Price Proposal a written statement of its basis, which shall include the following:

- .1 A list of the Drawings and Specifications, including all Addenda thereto, and the Conditions of the Contract;
- .2 A list of the clarifications and assumptions made by the Construction Manager in the preparation of the Guaranteed Maximum Price proposal, including assumptions under Section 2.2.2, to supplement the information provided by the Owner and contained in the Drawings and Specifications;
- .3 A statement of the proposed Guaranteed Maximum Price, including a statement of the estimated Cost of the Work organized by trade categories or systems, allowances, contingency, and the Construction Manager's Fee;
- .4 The anticipated date of Substantial Completion upon which the proposed Guaranteed Maximum Price is based; and
- .5 A date by which the Owner must accept the Guaranteed Maximum Price.

**§ 2.2.4** In preparing the Construction Manager's Guaranteed Maximum Price proposal, the Construction Manager shall include its contingency for the Construction Manager's exclusive use to cover those costs considered reimbursable as the Cost of the Work but not included in a Change Order.

**§ 2.2.5** The Construction Manager shall meet with the Owner and Architect to review the Guaranteed Maximum Price proposal. In the event that the Owner and Architect discover any inconsistencies or inaccuracies in the information presented, they shall promptly notify the Construction Manager, who shall make appropriate adjustments to the Guaranteed Maximum Price proposal, its basis, or both.

**§ 2.2.6** If the Owner notifies the Construction Manager that the Owner has accepted the Guaranteed Maximum Price proposal in writing before the date specified in the Guaranteed Maximum Price

fective without further acceptance from the Construction Manager. Following acceptance of a Guaranteed Maximum Price, the Owner and Construction Manager shall execute the Guaranteed Maximum Price Amendment amending this Agreement, a copy of which the Owner shall provide to the Architect. The Guaranteed Maximum Price Amendment shall set forth the agreed upon Guaranteed Maximum Price with the information and assumptions upon which it is based.

§ 2.2.7 The Construction Manager shall not incur any cost to be reimbursed as part of the Cost of the Work in excess of \$5,000.00 prior to the commencement of the Construction Phase, unless the Owner provides prior written authorization for such costs.

§ 2.2.8 The Owner shall authorize the Architect to provide the revisions to the Drawings and Specifications to incorporate the agreed-upon assumptions and clarifications contained in the Guaranteed Maximum Price Amendment.

The Owner shall promptly furnish those revised Drawings and Specifications to the Construction Manager as they are revised. The Construction Manager shall notify the Owner and Architect of any inconsistencies between the Guaranteed Maximum Price Amendment and the revised Drawings and Specifications.

§ 2.2.9 The Construction Manager shall not include in the Guaranteed Maximum Price all sales, consumer, use and similar taxes for the Work provided by the Construction Manager that are legally enacted, whether or not yet effective, at the time the Guaranteed Maximum Price Amendment is executed. Owner agrees that Contractor shall be exempt from all sales/use taxes on permanent materials for this Project imposed in the City of Lone Tree, including, without limitation, Owner, Douglas County, RTD, and the State of Colorado. In the event Construction Manager is not exempt, Owner agrees to reimburse such costs.

## § 2.3 Construction Phase

### § 2.3.1 General

§ 2.3.1.1 For purposes of Section 8.1.2 of A201 – 2007, the date of commencement of the Work shall mean the date of commencement of the Construction Phase.

§ 2.3.1.2 The Construction Phase shall commence upon the Owner's acceptance of the Construction Manager's Guaranteed Maximum Price proposal or the Owner's issuance of a Notice to Proceed, whichever occurs earlier, unless the parties agree otherwise.

### § 2.3.2 Administration

§ 2.3.2.1 Those portions of the Work that the Construction Manager does not customarily perform with the Construction Manager's own personnel shall be performed under subcontracts or by other appropriate agreements

with the Construction Manager. The Owner may designate specific persons from whom, or entities from which, the Construction Manager shall obtain bids. The Construction Manager shall obtain bids from Subcontractors and from suppliers of materials or equipment fabricated especially for the Work and shall deliver such bids to the Architect. The Owner shall then determine, with the advice of the Construction Manager and the Architect, which bids will be accepted. The Construction Manager shall not be required to contract with anyone to whom the Construction Manager has reasonable objection.

§ 2.3.2.2 If the Guaranteed Maximum Price has been established and when a specific bidder (1) is recommended to the Owner by the Construction Manager, (2) is qualified to perform that portion of the Work, and (3) has submitted a bid that conforms to the requirements of the Contract Documents without reservations or exceptions, but the Owner requires that another bid be accepted, then the Construction Manager may require that a Change Order be issued to adjust the Contract Time and the Guaranteed Maximum Price by the difference between the bid of the person or entity recommended to the Owner by the Construction Manager and the amount and time requirement of the subcontract or other agreement actually signed with the person or entity designated by the Owner.

§ 2.3.2.3 Subcontracts or other agreements shall conform to the applicable payment provisions of this Agreement,

or consent of the Owner. If the Subcontract is awarded on a cost-plus a fee basis, the Construction Manager shall provide in the Subcontract for the Owner to receive the same audit rights with regard to the Subcontractor as the Owner receives with regard to the Construction Manager in Section 6.11 below.

§ 2.3.2.4 If the Construction Manager recommends a specific bidder that may be considered a "related party" according to Section 6.10, then the Construction Manager shall promptly notify the Owner in writing of such relationship and notify the Owner of the specific nature of the contemplated transaction, according to Section 6.10.2.

§ 2.3.2.5 The Construction Manager shall schedule and conduct meetings to discuss such matters as procedures, progress, coordination, scheduling, and status of the Work. The Construction Manager shall prepare and promptly distribute minutes to the Owner and Architect.

§ 2.3.2.6 Upon the execution of the Guaranteed Maximum Price Amendment, the Construction Manager shall prepare and submit to the Owner and Architect a construction schedule for the Work and submittal schedule in accordance with Section 3.10 of A201–2007.

§ 2.3.2.7 The Construction Manager shall record the progress of the Project. On a monthly basis, or otherwise as agreed to by the Owner, the Construction Manager shall submit written progress reports to the Owner and Architect, showing percentages of completion and other information required by the Owner. The Construction Manager shall also keep, and make available to the Owner and Architect, a daily log containing a record for each day of weather, portions of the Work in progress, number of workers on site, identification of equipment on site, problems that might affect progress of the work, accidents, injuries, and other information required by the Owner.

§ 2.3.2.8 The Construction Manager shall develop a system of cost control for the Work, including regular monitoring of actual costs for activities in progress and estimates for uncompleted tasks and proposed changes. The Construction Manager shall identify variances between actual and estimated costs and report the variances to the Owner and Architect and shall provide this information in its monthly reports to the Owner and Architect, in accordance with Section 2.3.2.7 above.

#### § 2.4 Professional Services

Section 3.12.10 of A201–2007 shall apply to both the Preconstruction and Construction Phases.

#### § 2.5 Hazardous Materials

Section 10.3 of A201–2007 shall apply to both the Preconstruction and Construction Phases.

### ARTICLE 3 OWNER'S RESPONSIBILITIES

#### § 3.1 Information and Services Required of the Owner

§ 3.1.1 The Owner shall provide information with reasonable promptness, regarding requirements for and limitations on the Project, including a written program which shall set forth the Owner's objectives, constraints, and criteria, including schedule, space requirements and relationships, flexibility, and expandability, special equipment, systems, sustainability and site requirements.

§ 3.1.2 Prior to the execution of the Guaranteed Maximum Price Amendment, the Construction Manager 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 Contract. Thereafter, the Construction Manager may only request such evidence if (1) the Owner fails to make payments to the Construction Manager as the Contract Documents require, (2) a change in the Work materially changes the Contract Sum, or (3) the Construction Manager 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

r shall establish and periodically update the Owner's budget for the Project, including (1) the budget for the Cost of the Work as defined in Section 6.1.1, (2) the Owner's other costs, and (3) reasonable contingencies related to all of these costs. If the Owner significantly increases or decreases the Owner's budget for the Cost of the Work, the Owner shall notify the Construction Manager and Architect. The Owner and the Architect, in consultation with the Construction Manager, shall thereafter agree to a corresponding change in the Project's scope and quality.

**§ 3.1.4 Structural and Environmental Tests, Surveys and Reports.** During the Preconstruction Phase, the Owner shall furnish the following information or services with reasonable promptness. The Owner shall also furnish any other information or services under the Owner's control and relevant to the Construction Manager's performance of the Work with reasonable promptness after receiving the Construction Manager's written request for such information or services. The Construction Manager shall be entitled to rely on the accuracy of information and services furnished by the Owner but shall exercise proper precautions relating to the safe performance of the Work.

**§ 3.1.4.1** The Owner shall furnish tests, inspections and reports required by law and as otherwise agreed to by the parties, such as structural, mechanical, and chemical tests, tests for air and water pollution, and tests for hazardous materials.

**§ 3.1.4.2** The Owner shall furnish surveys describing physical characteristics, legal limitations and utility locations for the site of the Project, and a legal description of the site. The surveys and legal information shall include, as applicable, grades and lines of streets, alleys, pavements and adjoining property and structures; designated wetlands; adjacent drainage; rights-of-way, restrictions, easements, encroachments, zoning, deed restrictions, boundaries and contours of the site; locations, dimensions and necessary data with respect to existing buildings, other improvements and trees; and information concerning available utility services and lines, both public and private, above and below grade, including inverts and depths. All the information on the survey shall be referenced to a Project benchmark.

**§ 3.1.4.3** The Owner, when such services are requested, shall furnish services of geotechnical engineers, which may include but are not limited to test borings, test pits, determinations of soil bearing values, percolation tests, evaluations of hazardous materials, seismic evaluation, ground corrosion tests and resistivity tests, including necessary operations for anticipating subsoil conditions, with written reports and appropriate recommendations.

**§ 3.1.4.4** During the Construction Phase, the Owner shall furnish information or services required of the Owner by the Contract Documents with reasonable promptness. The Owner shall also furnish any other information or services under the Owner's control and relevant to the Construction Manager's performance of the Work with reasonable promptness after receiving the Construction Manager's written request for such information or services.

### **§ 3.2 Owner's Designated Representative**

The Owner shall identify a representative authorized to act on behalf of the Owner with respect to the Project. The Owner's representative shall render decisions promptly and furnish information expeditiously, so as to avoid unreasonable delay in the services or Work of the Construction Manager. Except as otherwise provided in Section 4.2.1 of A201-2007, the Architect does not have such authority. The term "Owner" means the Owner or the Owner's authorized representative.

**§ 3.2.1 Legal Requirements.** The Owner shall furnish all legal, insurance and accounting services, including auditing services, that may be reasonably necessary at any time for the Project to meet the Owner's needs and interests.

### **§ 3.3 Architect**

The Owner shall retain an Architect to provide services, duties and responsibilities as described in AIA Document B103™-2007, Standard Form of Agreement Between Owner and Architect, including any additional services requested by the Construction Manager that are necessary for the Preconstruction and Construction Phase services under this Agreement. The Owner shall provide the Construction Manager a copy of the executed agreement between the Owner and the Architect, and any further modifications to the agreement.

**ERVICES**

**§ 4.1 Compensation**

§ 4.1.1 For the Construction Manager's Preconstruction Phase services, the Owner shall compensate the Construction Manager as follows:

§ 4.1.2 For the Construction Manager's Preconstruction Phase services described in Sections 2.1 and 2.2:

*(Insert amount of, or basis for, compensation and include a list of reimbursable cost items, as applicable.)*

Owner has agreed to pay Construction Manager \$85,460.00 for five (5) months of Preconstruction Phase services as memorialized in letter agreements dated December 28, 2015 and April 1, 2016 in addition to \$17,092.00 for Preconstruction Services for July 2016 due to the extension of the Preconstruction Phase, as described in a letter agreement dated June 10, 2016. As of the date of this Agreement, Owner has paid \$51,000.00 for Preconstruction Services.

§ 4.1.3 If the Preconstruction Phase services covered by this Agreement have not been completed within (5 ) months of the date of this Agreement, through no fault of the Construction Manager, the Construction Manager's compensation for Preconstruction Phase services shall be equitably adjusted.

§ 4.1.4 Compensation based on Direct Personnel Expense includes the direct salaries of the Construction Manager's personnel providing Preconstruction Phase services on the Project and the Construction Manager's costs for the mandatory and customary contributions and benefits related thereto, such as employment taxes and other statutory employee benefits, insurance, sick leave, holidays, vacation, employee retirement plans and similar contributions.

**§ 4.2 Payments**

§ 4.2.1 Unless otherwise agreed, payments for services shall be made monthly in proportion to services performed.

§ 4.2.2 Payments are due and payable upon presentation of the Construction Manager's invoice. Amounts unpaid (25) 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 Construction Manager.

12% per annum

**ARTICLE 5 COMPENSATION FOR CONSTRUCTION PHASE SERVICES**

§ 5.1 For the Construction Manager's performance of the Work as described in Section 2.3, the Owner shall pay the Construction Manager the Contract Sum in current funds. The Contract Sum is the Cost of the Work as defined in Section 6.1.1 plus the Construction Manager's Fee.

§ 5.1.1 The Construction Manager's Fee:

*(State a lump sum, percentage of Cost of the Work or other provision for determining the Construction Manager's Fee.)*

The Construction Manager's Fee of 3.00% applied to both direct and indirect construction expenses will be converted to a fixed fee at the time the GMP is agreed upon.

§ 5.1.2 The method of adjustment of the Construction Manager's Fee for changes in the Work:

3.00% will be applied to all changes in the Work and added to the Construction Manager's Fee.

§ 5.1.3 Limitations, if any, on a Subcontractor's overhead and profit for increases in the cost of its portion of the Work:

Major subcontractors may charge a contractor's fee. Contractor proposes the following limitations to minor subcontractors:

- Labor – 15%
- Material – 10%
- Equipment – Owned – 10%
- Equipment – Leased – 10%
- Lower Tier Subcontractors – 5%

Construction Manager will limit its compensation for overhead expenses to 13% for any increases in the scope of

nstruction Manager-owned equipment shall not exceed percent ( %) of the standard rate paid at the place of the Project.

Hamon will provide the Owner a schedule of equipment and rates for the Contractor-owned equipment, a copy of which is attached hereto as Exhibit "A". Owner agrees to pay these rates for this Project.

**§ 5.1.5** Unit prices, if any:

*(Identify and state the unit price: state the quantity limitations, if any, to which the unit price will be applicable.)*

Item	Units and Limitations	Price per Unit(\$0.00)
None at this time.		

**§ 5.2 Guaranteed Maximum Price**

**§ 5.2.1** The Construction Manager guarantees that the Contract Sum shall not exceed the Guaranteed Maximum Price set forth in the Guaranteed Maximum Price Amendment, as it is amended from time to time. To the extent the Cost of the Work exceeds the Guaranteed Maximum Price, the Construction Manager shall bear such costs in excess of the Guaranteed Maximum Price without reimbursement or additional compensation from the Owner but only after the CM/GC and the City's Contingency Funds are depleted in their entirety. The City's Contingency Fund shall be used to pay for the cost of any enhancements or additions to the scope of the Project.

*(Insert specific provisions if the Construction Manager is to participate in any savings.)*

Construction Manager and Owner shall equally share any unexpended amounts in the CM/GC contingency fund at the end of the Project. Contractor shall maintain a Contingency Log during the Project.

**§ 5.2.2** The Guaranteed Maximum Price is subject to additions and deductions by Change Order as provided in the

Contract Documents and the Date of Substantial Completion shall be subject to adjustment as provided in the Contract Documents.

**§ 5.3 Changes in the Work**

**§ 5.3.1** The Owner may, without invalidating the Contract, order changes in the Work within the general scope of the Contract consisting of additions, deletions or other revisions. The Owner shall issue such changes in writing. The Architect may make minor changes in the Work as provided in Section 7.4 of AIA Document A201-2007. General Conditions of the Contract for Construction. The Construction Manager shall be entitled to an equitable adjustment in the Contract Time as a result of changes in the Work.

§ 5.3.2 Adjustments to the Guaranteed Maximum Price on account of changes in the Work subsequent to the execution of the Guaranteed Maximum Price Amendment may be determined by any of the methods listed in Section 7.3.3 of AIA Document A201–2007. General Conditions of the Contract for Construction.

§ 5.3.3 In calculating adjustments to subcontracts (except those awarded with the Owner's prior consent on the basis of cost plus a fee), the terms "cost" and "fee" as used in Section 7.3.3.3 of AIA Document A201–2007 and the term "costs" as used in Section 7.3.7 of AIA Document A201–2007 shall have the meanings assigned to them in AIA Document A201–2007 and shall not be modified by Sections 5.1 and 5.2, Sections 6.1 through 6.7, and Section 6.8 of this Agreement. Adjustments to subcontracts awarded with the Owner's prior consent on the basis of cost plus a fee shall be calculated in accordance with the terms of those subcontracts.

§ 5.3.4 In calculating adjustments to the Guaranteed Maximum Price, the terms "cost" and "costs" as used in the above-referenced provisions of AIA Document A201–2007 shall mean the Cost of the Work as defined in Sections 6.1 to 6.7 of this Agreement and the term "fee" shall mean the Construction Manager's Fee as defined in Section 5.1 of this Agreement.

§ 5.3.5 If no specific provision is made in Section 5.1.2 for adjustment of the Construction Manager's Fee in the case of changes in the Work, or if the extent of such changes is such, in the aggregate, that application of the adjustment provisions of Section 5.1.2 will cause substantial inequity to the Owner or Construction Manager, the Construction Manager's Fee shall be equitably adjusted on the same basis that was used to establish the Fee for the original Work, and the Guaranteed Maximum Price shall be adjusted accordingly.

## **ARTICLE 6 COST OF THE WORK FOR CONSTRUCTION PHASE**

### **§ 6.1 Costs to Be Reimbursed**

§ 6.1.1 The term Cost of the Work shall mean costs necessarily incurred by the Construction Manager in the proper performance of the Work. Such costs shall be at rates not higher than the standard paid at the place of the Project except with prior consent of the Owner. The Cost of the Work shall include only the items set forth in Sections 6.1 through 6.7.

§ 6.1.2 Where any cost is subject to the Owner's prior approval, the Construction Manager shall obtain this approval prior to incurring the cost. The parties shall endeavor to identify any such costs prior to executing Guaranteed Maximum Price Amendment.

### **§ 6.2 Labor Costs**

§ 6.2.1 Wages of construction workers directly employed by the Construction Manager to perform the construction of the Work at the site or, with the Owner's prior approval, at off-site workshops.

§ 6.2.2 Wages or salaries of the Construction Manager's supervisory and administrative personnel when stationed at the site with the Owner's prior approval.

*(If it is intended that the wages or salaries of certain personnel stationed at the Construction Manager's principal or other offices shall be included in the Cost of the Work, identify in Section 11.5, the personnel to be included, whether for all or only part of their time, and the rates at which their time will be charged to the Work.) Please see Section 11.5 for additional provisions.*

§ 6.2.3 Wages and salaries of the Construction Manager's supervisory or administrative personnel engaged at factories, workshops or on the road, in expediting the production or transportation of materials or equipment required for the Work, but only for that portion of their time required for the Work.

§ 6.2.4 Costs paid or incurred by the Construction Manager for taxes, insurance, contributions, assessments and benefits required by law or collective bargaining agreements and, for personnel not covered by such agreements, customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, provided such costs are based on wages and salaries included in the Cost of the Work under Sections 6.2.1 through 6.2.3.

§ 6.2.5 Bonuses, profit sharing, incentive compensation and any other discretionary payments paid to anyone hired by the Construction Manager or paid to any Subcontractor or vendor, with the Owner's prior approval.



**§ 6.3 Subcontract Costs**

Payments made by the Construction Manager to Subcontractors in accordance with the requirements of the subcontracts.

**§ 6.4 Costs of Materials and Equipment Incorporated In the Completed Construction**

**§ 6.4.1** Costs, including transportation and storage, of materials and equipment incorporated or to be incorporated in the completed construction.

**§ 6.4.2** Costs of materials described in the preceding Section 6.4.1 in excess of those actually installed to allow for reasonable waste and spoilage. Unused excess materials, if any, shall become the Owner's property at the completion of the Work or, at the Owner's option, shall be sold by the Construction Manager. Any amounts realized from such sales shall be credited to the Owner as a deduction from the Cost of the Work.

**§ 6.5 Costs of Other Materials and Equipment, Temporary Facilities and Related Items**

**§ 6.5.1** Costs of transportation, storage, installation, maintenance, dismantling and removal of materials, supplies, temporary facilities, machinery, equipment and hand tools not customarily owned by construction workers that are provided by the Construction Manager at the site and fully consumed in the performance of the Work, Costs of materials, supplies, temporary facilities, machinery, equipment and tools that are not fully consumed shall be based on the cost or value of the item at the time it is first used on the Project site less the value of the item when it is no longer used at the Project site. Costs for items not fully consumed by the Construction Manager shall mean fair market value.

**§ 6.5.2** Rental charges for temporary facilities, machinery, equipment and hand tools not customarily owned by construction workers that are provided by the Construction Manager at the site and costs of transportation, installation, minor repairs, dismantling and removal. The total rental cost of any Construction Manager-owned item may not exceed the purchase price of any comparable item. Rates of Construction Manager-owned equipment and quantities of equipment shall be subject to the Owner's prior approval.

**§ 6.5.3** Costs of removal of debris from the site of the Work and its proper and legal disposal.

**§ 6.5.4** Costs of document reproductions, facsimile transmissions and long-distance telephone calls, postage and parcel delivery charges, telephone service at the site and reasonable petty cash expenses of the site office.

**§ 6.5.5** That portion of the reasonable expenses of the Construction Manager's supervisory or administrative personnel incurred while traveling in discharge of duties connected with the Work.

**§ 6.5.6** Costs of materials and equipment suitably stored off the site at a mutually acceptable location, subject to the Owner's prior approval.

**§ 6.6 Miscellaneous Costs**

**§ 6.6.1** Premiums for that portion of insurance and bonds required by the Contract Documents that can be directly attributed to this Contract. Self-insurance for either full or partial amounts of the coverages required by the Contract Documents, with the Owner's prior approval.

**§ 6.6.2** Sales, use or similarities imposed by a governmental authority that are related to the Work and for which the Construction Manager is liable.

**§ 6.6.3** Fees and assessments for the building permit and for other permits, licenses and inspections for which the Construction Manager is required by the Contract Documents to pay.

**§ 6.6.4** Fees of laboratories for tests required by the Contract Documents, except those related to defective or nonconforming Work for which reimbursement is excluded by Section 135.3 of AIA Document A201-2007 or by other provisions of the Contract Documents, and which do not fall within the scope of

Section 6.7.3.

§ 6.8.5 Royalties and license fees paid for the use of a particular design, process or product required by the Contract Documents; the cost of defending suits or claims for infringement of patent rights arising from such requirement of the Contract Documents; and payments made in accordance with legal judgments against the Construction Manager resulting from such suits or claims and payments of settlements made with the Owner's consent. However, such costs of legal defenses, judgments and settlements shall not be included in the calculation of the Construction Manager's Fee or subject to the Guaranteed Maximum Price. If such royalties, fees and costs are excluded by the last sentence of Section 3.17 of AIA Document A201-2007 or other provisions of the Contract Documents, then they shall not be included in the Cost of the Work.

§ 6.6.6 Costs for electronic equipment and software, directly related to the Work with the Owner's prior approval.

§ 6.6.7 Deposits lost for causes other than the Construction Manager's negligence or failure to fulfill a specific responsibility in the Contract Documents.

§ 6.6.8 Legal, mediation and arbitration costs, including attorneys' fees, other than those arising from disputes between the Owner and Construction Manager, reasonably incurred by the Construction Manager after the execution of this Agreement in the performance of the Work and with the Owner's prior approval, which shall not be unreasonably withheld.

§ 6.6.9 Subject to the Owner's prior approval, expenses incurred in accordance with the Construction Manager's standard written personnel policy for relocation and temporary living allowances of the Construction Manager's personnel required for the Work.

**§ 6.7 Other Costs and Emergencies**

§ 6.7.1 Other costs incurred in the performance of the Work if, and to the extent, approved in advance in writing by the Owner.

§ 6.7.2 Costs incurred in taking action to prevent threatened damage, injury or loss in case of an emergency affecting the safety of persons and property, as provided in Section 10.4 of AIA Document A201-2007.

§ 6.7.3 Costs of repairing or correcting damaged or nonconforming Work executed by the Construction Manager, Subcontractors or suppliers, provided that such damaged or nonconforming Work was not caused by negligence or failure to fulfill a specific responsibility of the Construction Manager and only to the extent that the cost of repair or correction is not recovered by the Construction Manager from insurance, sureties, Subcontractors, suppliers, or others.

§ 6.7.4 The costs described in Sections 6.1 through 6.7 shall be included in the Cost of the Work, notwithstanding any provision of AIA Document A201-2007 or other Conditions of the Contract which may require the Construction Manager to pay such costs, unless such costs are excluded by the provisions of Section 6.8.

**§ 6.8 Costs Not To Be Reimbursed**

§ 6.8.1 The Cost of the Work shall not include the items listed below:

- 1 Salaries and other compensation of the Construction Manager's personnel stationed at the Construction Manager's principal office or offices other than the site office, except as specifically provided in Section 6.2, or as may be provided in Article II;
- 2 Expenses of the Construction Manager's principal office and offices other than the site office;

- 3 Overhead and general expenses, except as may be expressly included in Sections 6.1 to 6.7;
- 4 The Construction Manager's capital expenses, including interest on the Construction Manager's capital employed for the Work;
- 5 Except as provided in Section 6.7.3 of this Agreement, costs due to the negligence or failure of the Construction Manager, Subcontractors and suppliers or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable to fulfill a specific responsibility of the Contract;
- 6 Any cost not specifically and expressly described in Sections 6.1 to 6.7;
- 7 Costs, other than costs included in Change Orders approved by the Owner, that would cause the Guaranteed Maximum Price to be exceeded; and
- 8 Costs for services incurred during the Preconstruction Phase.

**§ 6.9 Discounts, Rebates and Refunds**

§ 6.9.1 Cash discounts obtained on payments made by the Construction Manager shall accrue to the Owner if (1) before making the payment, the Construction Manager included them in an Application for Payment and received payment from the Owner, or (2) the Owner has deposited funds with the Construction Manager with which to make payments; otherwise, cash discounts shall accrue to the Construction Manager. Trade discounts, rebates, refunds and ~~amounts received from sales of surplus materials and equipment shall accrue to the Owner, and the Construction~~ Manager shall make provisions so that they can be obtained.

§ 6.9.2 Amounts that accrue to the Owner in accordance with the provisions of Section 6.9.1 shall be credited to the Owner as a deduction from the Cost of the Work.

**§ 6.10 Related Party Transactions**

§ 6.10.1 For purposes of Section 6.10, the term "related party" shall mean a parent, subsidiary, affiliate or other entity having common ownership or management with the Construction Manager; any entity in which any stockholder in, or management employee of, the Construction Manager owns any interest in excess of ten percent in the aggregate; or any person or entity which has the right to control the business or affairs of the Construction Manager. The term "related party" includes any member of the immediate family of any person identified above.

§ 6.10.2 If any of the costs to be reimbursed arise from a transaction between the Construction Manager and a related party, the Construction Manager shall notify the Owner of the specific nature of the contemplated transaction, including the identity of the related party and the anticipated cost to be incurred, before any such transaction is consummated or cost incurred. If the Owner, after such notification, authorizes the proposed transaction, then the cost incurred shall be included as a cost to be reimbursed, and the Construction Manager shall procure the Work, equipment, goods or service from the related party, as a Subcontractor according to the terms of Sections 2.3.2.1, 2.3.2.2 and 2.3.2.3. If the Owner fails to authorize the transaction, the Construction Manager shall procure the Work, equipment, goods or service from some person or entity other than a related party according to the terms of Sections 2.3.2.1, 2.3.2.2 and 2.3.2.3.

**§ 6.11 Accounting Records**

The Construction Manager shall keep full and detailed records and accounts related to the cost of the Work and exercise such controls as may be necessary for proper financial management under this Contract and to substantiate all costs incurred. The accounting and control systems shall be satisfactory to the Owner. The Owner and the Owner's auditors shall, during regular business hours and upon reasonable notice, be afforded access to, and shall be permitted to audit and copy, the Construction Manager's records and accounts, including complete documentation supporting accounting entries, books, correspondence, instructions, drawings, receipts, subcontracts, Subcontractor's proposals, purchase orders, vouchers, memoranda and other data relating to this Contract. The Construction Manager shall preserve these records for a period of three years after final payment, or for such longer period as may be required by law.

**ARTICLE 7 PAYMENTS FOR CONSTRUCTION PHASE SERVICES**

**§ 7.1 Progress Payments**

§ 7.1.1 Based upon Applications for Payment submitted to the Architect by the Construction Manager and Certificates for Payment issued by the Architect, the Owner shall make progress payments on account of the Contract Sum to the Construction Manager as provided below and elsewhere in the Contract Documents.

§ 7.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows:

§ 7.1.3 Provided that an Application for Payment is received by the Architect not later than the last day of a month, the Owner shall make payment of the certified amount to the Construction Manager not later than the 25<sup>th</sup> day of the month. If an Application for Payment is received by the Architect after the application date fixed above, payment shall be made by the Owner not later than twenty-five (25) days after the Architect receives the Application for Payment.  
(Federal, state or local laws may require payment within a certain period of time.)

§ 7.1.4 With each Application for Payment, the Construction Manager shall submit payrolls, petty cash accounts, receipted invoices or invoices with check vouchers attached, and any other evidence required by the Owner or Architect to demonstrate that cash disbursements already made by the Construction Manager on account of the Cost of the Work equal or exceed progress payments already received by the Construction Manager, less that portion of those payments attributable to the Construction Manager's Fee, plus payrolls for the period covered by the present Application for Payment. ~~§ 7.1.5 Each Application for Payment shall be based on the most recent schedule of values submitted by the Construction Manager in accordance with the Contract Documents. The~~ schedule of values shall allocate the entire Guaranteed Maximum Price among the various portions of the Work, except that the Construction Manager's Fee shall be shown as a single separate item. The schedule of values shall be prepared in such form and supported by such data to substantiate its accuracy as the Architect may require. This schedule, unless objected to by the Architect, shall be used as a basis for reviewing the Construction Manager's Applications for Payment.

§ 7.1.6 Applications for Payment shall show the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment. The percentage of completion shall be the lesser of (1) the percentage of that portion of the Work which has actually been completed, or (2) the percentage obtained by dividing the expense that has actually been incurred by the Construction Manager on account of that portion of the Work for which the Construction Manager has made or intends to make actual payment prior to the next Application for Payment by (b) the share of the Guaranteed Maximum Price allocated to that portion of the Work in the schedule of values.

§ 7.1.7 Subject to other provisions of the Contract Documents, the amount of each progress payment shall be computed as follows:

- 1 Take that portion of the Guaranteed Maximum Price properly allocable to completed Work as determined by multiplying the percentage of completion of each portion of the Work by the share of the Guaranteed Maximum Price allocated to that portion of the Work in the schedule of values. Pending final determination of cost to the Owner of changes in the Work, amounts not in dispute shall be included as provided in Section 7.3.9 of AIA Document A201-2007;
- 2 Add that portion of the Guaranteed Maximum Price properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the Work, or if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing. No retainage shall be held against purchased materials;
- 3 Add the Construction Manager's Fee, less retainage of zero percent (0%). The Construction Manager's Fee shall be computed upon the Cost of the Work at the rate stated in Section 5.1 or, if the Construction Manager's Fee is stated as a fixed sum in that Section, shall be an amount that bears the same ratio to that fixed-sum fee as the Cost of the Work bears to a reasonable estimate of the probable Cost of the Work upon its completion;
- 4 Subtract retainage of ten percent (10%) from that portion of the Work that the Construction Manager self-performs. When fifty percent (50%) of the portion of the Work that

- Construction Manager self-performs is completed, the retainage shall be reduced to zero percent (0%) for the remainder of the Project;
- 5 Subtract the aggregate of previous payments made by the Owner;
- 6 Subtract the shortfall, if any, indicated by the Construction Manager in the documentation required by Section 7.1.4 to substantiate prior Applications for Payment, or resulting from errors subsequently discovered by the Owner's auditors in such documentation; and
- 7 Subtract amounts, if any, for which the Architect has withheld or nullified a Certificate for Payment as provided in Section 9.5 of AIA Document A201–2007.

§ 7.1.8 The Owner and Construction Manager shall agree upon (1) a mutually acceptable procedure for review and approval of payments to Subcontractors and (2) the percentage of retainage held on Subcontracts, and the Construction Manager shall execute subcontracts in accordance with those agreements.

§ 7.1.9 Except with the Owner's prior approval, the Construction Manager shall not make advance payments to suppliers for materials or equipment which have not been delivered and stored at the site.

§ 7.1.10 In taking action on the Construction Manager's Applications for Payment, the Architect shall be entitled to rely on the accuracy and completeness of the information furnished by the Construction Manager and shall not be deemed to represent that the Architect has made a detailed examination, audit or arithmetic verification of the documentation submitted in accordance with Section 7.1.4 or other supporting data: that the Architect has made exhaustive or continuous on-site inspections; or that the Architect has made examinations to ascertain how or for what purposes the Construction Manager has used amounts previously paid on account of the Contract. Such examinations, audits and verifications, if required by the Owner, will be performed by the Owner's auditors acting in the sole interest of the Owner.

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**§ 7.2 Final Payment**

§ 7.2.1 Final payment, constituting the entire unpaid balance of the Contract Sum, shall be made by the Owner to the Construction Manager when

- .1 the Construction Manager has fully performed the Contract except for the Construction Manager's Responsibility to correct Work as provided in Section 12.2.2 of AIA Document A201–2007, and to satisfy other requirements, if any, which extend beyond final payment;
- .2 the Construction Manager has submitted a final accounting for the Cost of the Work and a final Application for Payment; and
- .3 a final Certificate for Payment has been issued by the Architect.

The Owner's final payment to the Construction Manager shall be made no later than 30 days after the issuance of the Architect's final Certificate for Payment, or as follows:

§ 7.2.2 The Owner's auditors will review and report in writing on the Construction Manager's final accounting within 30 days after delivery of the final accounting to the Architect by the Construction Manager. Based upon such Cost of the Work as the Owner's auditors report to be substantiated by the Construction Manager's final accounting, and provided the other conditions of Section 7.2.1 have been met, the Architect will, within seven days after receipt of the written report of the Owner's auditors, either issue to the Owner a final Certificate for Payment with a copy to the Construction Manager, or notify the Construction Manager and Owner in writing of the Architect's reasons for withholding a certificate as provided in Section 9.5.1 of the AIA Document A201–2007. The time periods stated in this Section supersede those stated in Section 9.4.1 of the AIA Document A201–2007. The Architect is not responsible for verifying the accuracy of the Construction Manager's final accounting.

§ 7.2.3 If the Owner's auditors report the Cost of the Work as substantiated by the Construction Manager's final accounting to be less than claimed by the Construction Manager, the Construction Manager shall be entitled to request mediation of the disputed amount without seeking an initial decision pursuant to Section 15.2 of A201–2007. A request for mediation shall be made by the Construction Manager within 30 days after the Construction Manager's receipt of a copy of the Architect's final Certificate for Payment. Failure to request mediation within this 30-day period shall result in the substantiated amount reported by the Owner's auditors becoming binding on the

Construction Manager. Pending a final resolution of the disputed amount, the Owner shall pay the Construction Manager the amount certified in the Architect's final Certificate for Payment.

§ 7.2.4 If, subsequent to final payment and at the Owner's request, the Construction Manager incurs costs described in Section 6.1.1 and not excluded by Section 6.8 to correct defective or nonconforming Work, the Owner shall reimburse the Construction Manager such costs and the Construction Manager's Fee applicable thereto on the same basis as if such costs had been incurred prior to final payment, but not in excess of the Guaranteed Maximum Price. If the Construction Manager has participated in savings as provided in Section 5.2.1, the amount of such savings shall be recalculated and appropriate credit given to the Owner in determining the net amount to be paid by the Owner to the Construction Manager.

**ARTICLE 8 INSURANCE AND BONDS**

For all phases of the Project, the Construction Manager and the Owner shall purchase and maintain insurance, and the Construction Manager shall provide bonds as set forth in Article 11 of AIA Document A201-2007. *(State bonding requirements, if any, and limits of liability for insurance required in Article 11 of AIA Document A201-2007.)*

Type of Insurance or Bond	Limit of Liability or Bond Amount (\$0.00)
General Commercial Liability (including Completed Workers' Compensation Automobile Insurance Performance and Payment Bonds	\$1M occurrence/\$2M aggregate    Amount of GMP

**ARTICLE 9 DISPUTE RESOLUTION**

§ 9.1 Any Claim between the Owner and Construction Manager shall be resolved in accordance with the provisions set forth in this Article 9 and Article 15 of A201-2007. However, for Claims arising from or relating to the Construction Manager's Preconstruction Phase services, no decision by the Initial Decision Maker shall be required as a condition precedent to mediation or binding dispute resolution, and Section 9.3 of this Agreement shall not apply. § 9.2 For any Claim subject to, but not resolved by mediation pursuant to Section 15.3 of AIA Document A201-2007, the method of binding dispute resolution shall be as follows:

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

- Arbitration pursuant to Section 15.4 of AIA Document A201-2007
- Litigation in a court of competent jurisdiction
- Other: *(Specify)*

**§ 9.3 Initial Decision Maker**

The Owner will serve as the Initial Decision Maker pursuant to Section 15.2 of AIA Document A201-2007 for Claims arising from or relating to the Construction Manager's Construction Phase services, unless the parties appoint below another individual not a party to the Agreement, to serve as the Initial Decision Maker

*(If the parties mutually agree, insert the name, address and other contact information of the Initial Decision Maker, if other than the Architect.)*

**ARTICLE 10 TERMINATION OR SUSPENSION**

**§ 10.1 Termination Prior to Establishment of the Guaranteed Maximum Price**

§ 10.1.1 Prior to the execution of the Guaranteed Maximum Price Amendment, the Owner may terminate this

Agreement upon not less than seven days' written notice to the Construction Manager for the Owner's convenience and without cause, and the Construction Manager may terminate this Agreement, upon not less than seven days' written notice to the Owner, for the reasons set forth in Section 14.1.1 of A201–2007.

**§ 10.1.2** In the event of termination of this Agreement pursuant to Section 10.1.1, the Construction Manager shall be equitably compensated for Preconstruction Phase services performed prior to receipt of a notice of termination. In no event shall the Construction Manager's compensation under this Section exceed the compensation set forth in Section 4.1.

**§ 10.1.3** If the Owner terminates the Contract pursuant to Section 10.1.1 after the commencement of the Construction Phase but prior to the execution of the Guaranteed Maximum Price Amendment, the Owner shall pay to the Construction Manager an amount calculated as follows, which amount shall be in addition to any compensation paid to the Construction Manager under Section 10.1.2:

- .1 Take the Cost of the Work incurred by the Construction Manager to the date of termination;
- .2 Add the Construction Manager's Fee computed upon the Cost of the Work to the date of termination at the rate stated in Section 5.1 or, if the Construction Manager's Fee is stated as a fixed sum in that Section, an amount that bears the same ratio to that fixed-sum Fee as the Cost of the Work at the time of termination bears to a reasonable estimate of the probable Cost of the Work upon its completion; and
- .3 Subtract the aggregate of previous payments made by the Owner for Construction Phase services.

The Owner shall also pay the Construction Manager fair compensation either by purchase or rental at the election of the Owner, for any equipment owned by the Construction Manager which the Owner elects to retain and which is not otherwise included in the Cost of the Work under Section 10.1.3.1. To the extent that the Owner elects to take legal assignment of subcontracts and purchase orders (including rental agreements), the Construction Manager shall, as a condition of receiving the payments referred to in this Article 10, execute and deliver all such papers and take all such steps, including the legal assignment of such subcontracts and other contractual rights of the Construction Manager, as the Owner may require for the purpose of fully vesting in the Owner the rights and benefits of the Construction

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Manager under such subcontracts or purchase orders. All Subcontracts, purchase orders and rental agreements entered into by the Construction Manager will contain provisions allowing for assignment to the Owner as described above.

If the Owner accepts assignment of subcontracts, purchase orders or rental agreements as described above, the Owner will reimburse or indemnify the Construction Manager for all costs arising under the subcontract, purchase order or rental agreement, if those costs would have been reimbursable as Cost of the Work if the contract had not been terminated. If the Owner chooses not to accept assignment of any subcontract, purchase order or rental agreement that would have constituted a Cost of the Work had this agreement not been terminated, the Construction Manager will terminate the subcontract, purchase order or rental agreement and the Owner will pay the Construction Manager the costs necessarily incurred by the Construction Manager because of such termination.

**§ 10.2 Termination Subsequent to Establishing Guaranteed Maximum Price**

Following execution of the Guaranteed Maximum Price Amendment and subject to the provisions of Section 10.2.1 and 10.2.2 below, the Contract may be terminated as provided in Article 14 of AIA Document A201–2007.

**§ 10.2.1** If the Owner terminates the Contract after execution of the Guaranteed Maximum Price Amendment, the amount payable to the Construction Manager pursuant to Sections 14.2 and 14.4 of A201–2007 shall not exceed the amount the Construction Manager would otherwise have received pursuant to Sections 10.1.2 and 10.1.3 of this Agreement.

**§ 10.2.2** If the Construction Manager terminates the Contract after execution of the Guaranteed Maximum Price

Amendment, the amount payable to the Construction Manager under Section 14.1.3 of A201–2007 shall not exceed the amount the Construction Manager would otherwise have received under Sections 10.1.2 and 10.1.3 above, except that the Construction Manager's Fee shall be calculated as if the Work had been fully completed by the Construction Manager, utilizing as necessary a reasonable estimate of the Cost of the Work for Work not actually completed.

**§ 10.3 Suspension**

The Work may be suspended by the Owner as provided in Article 14 of AIA Document A201–2007. In such case, the Guaranteed Maximum Price and Contract Time shall be increased as provided in Section 14.3.2 of AIA Document A201–2007, except that the term "profit" shall be understood to mean the Construction Managers Fee as described in Sections 5.1 and 5.3.5 of this Agreement.

**ARTICLE 11 MISCELLANEOUS PROVISIONS**

**§ 11.1** Terms in this Agreement shall have the same meaning as those in A201–2007.

**§ 11.2 Ownership and Use of Documents**

Section 1.5 of A201–2007 shall apply to both the Preconstruction and Construction Phases.

**§ 11.3 Governing Law**

Section 13.1 of A201–2007 shall apply to both the Preconstruction and Construction Phases.

**§ 11.4 Assignment**

The Owner and Construction Manager, respectively, bind themselves, their agents, successors, assigns and legal representatives to this Agreement. Neither the Owner nor the Construction Manager shall assign this Agreement without the written consent of the other, except that the Owner may assign this Agreement to a lender providing financing for the Project if the lender agrees to assume the Owner's rights and obligations under this Agreement. Except as provided in Section 13.2.2 of A201–2007, 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.

**§ 11.5 Other provisions:**

**Extension of Preconstruction Deadlines.** On November 20, 2015, Owner issued its Request for Proposal (“RFP”) for the City of Lone Tree Pedestrian Bridge. On December 15, 2015, Construction Manager submitted its Proposal to Owner. Owner selected Construction Manager’s Proposal. Certain Milestone Dates identified in the RFP are hereby extended as follows:

Delivery of Final Construction Drawings	July 20, 2016
Delivery of GMP Proposal	August 17, 2016
Construction Start	September 1, 2016
Project Completions	TBD

Construction Manager has determined an Initial GMP for construction costs based on the Preliminary Drawings dated March 7, 2016 (the “Preliminary Drawings”) of \$5,220,000.00, as follows:

\$5,160,000.00	Costs derived based on the Preliminary Drawings
60,000.00	Costs of Steel Mill Order Package dated May 16, 2016 which reflects increase in steel prices from date of Proposal

The Initial GMP is preliminary only and based solely on the Preliminary Drawings dated March 7, 2016 as further identified on Exhibit B, attached hereto. Owner agrees to adjust the Initial GMP in the event Contract Documents issued after March 7, 2016 impose requirements, obligations, work or costs not specifically identified in the Preliminary Drawings which result in increased construction costs to Construction Manager or were not included in the Initial GMP.

**Advance Purchase of Materials.** Pursuant to §2.1.7., the Construction Manager has identified certain materials that require long lead times. Since the Final Construction Drawings will not be available until July 20,

2016 and Contractor's Final GMP Proposal is not due until August 17, 2016, material orders would likewise be delayed thus impacting project completion. The Owner has requested Construction Manager to procure these items prior to the establishment of the Final GMP. Construction Manager agrees to procure these items provided as follows: (i) Owner reviews and approves the supplier/subcontractor cost estimates; (ii) Owner reviews and approves the terms and conditions of the related purchase agreements and/or subcontracts; (iii) Owner advances all funds required by the supplier/subcontractor; (iv) Owner agrees to pay for all costs required by the supplier/subcontractor; (v) Owner agrees to indemnify and hold harmless Construction Manager for all amounts due to suppliers/subcontractors, for any and all reasons, including, without limitation, Owner and Construction Manager do not agree to a Final GMP, this Agreement is terminated, changes in the construction drawings require modifications to the materials ordered, or Owner decides not to proceed with the Project. Hamon agrees to administer the purchase agreement/subcontract. At this time, Construction Manager has agreed to procure the following materials for the Project in advance of an agreed Final GMP, as follows:

Steel package from King Fabricators at an estimated price of \$1,254,019.30

Bearings with an estimated amount of \$50,000.00\_

Construction Manager and Owner will review the steel design to identify any areas of possible savings for the Project.

**Wages and Salaries Included in the Cost of Work.** Pursuant to § 6.2.2, additional personnel whose wages and salaries shall be included in the Cost of Work are listed by category and wage rate on the attached Exhibit "C" in addition to Thomas O. Evered, General Manager, at the rate of \$100.00 per hour.

**ARTICLE 12 SCOPE OF THE AGREEMENT**

**§ 12.1** This Agreement represents the entire and integrated agreement between the Owner and the Construction Manager and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Owner and Construction Manager.

**§ 12.2 The following documents comprise the Agreement:**

- .1 AIA Document A133-2009, Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price
- .2 AIA Document A201-2007, General Condition of the Contract for Construction
- .3 Other documents:  
*(List other documents, if any, forming part of the Agreement.)*

Exhibit A –Equipment Rates

List of Pre-proposal documents

Exhibit B – List of Pre-proposal documents List of Wages and Salaries Included in Cost of Work

Exhibit C – List of Wages and Salaries Included in Cost of Work

This Agreement is entered into as of the day and year first written above.

\_\_\_\_\_  
OWNER *(Signature)*

\_\_\_\_\_  
CONSTRUCTION MANAGER *(Signature)*

\_\_\_\_\_  
Seth Hoffman, City Manager  
*(Printed name and title)*

\_\_\_\_\_  
Bruce Hamon, President  
*(Printed name and title)*

*Additions and Deletions Report for  
AIA® Document A133™-2009*

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**PAGE 1**

Sample

*Certification of Document's Authenticity*  
*AIA Document D401™- 2003*

I, \_\_\_\_\_, hereby certify to the best of my knowledge, information and belief, that I created the attached final document simultaneously with its associated Additions and Deletions Report and this certification at 10:12:13 on 12/12/2013 under Order No. 3660404968\_1 from AIA Contract Documents software and that in preparing the attached final document I made no changes to the original text of AIA® Document A133™ – 2009, Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price, as published by the AIA in its software, other than those additions and deletions shown in the associated Additions and Deletions Report.

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