



SOUTH METRO FIRE RESCUE
Special Board of Directors' Meeting
June 23, 2025
9195 East Mineral Avenue, Centennial, CO

I. SPECIAL BOARD MEETING – 6:00 P.M. – Board Room

A. MEETING CALL TO ORDER

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

D. APPROVAL OF THE AGENDA

E. CONFLICT OF INTEREST DISCLOSURE

F. PUBLIC COMMENT

Public Conduct at Meetings. Comments by members of the public shall be made only during the “Public Comment” portion of the meeting or a specified “Public Hearing,” and shall be limited to three minutes per individual and five minutes per group spokesperson unless additional opportunity is given at the Board’s discretion. Each member of the public wishing to speak shall identify themselves by name, address, and agenda item, if any, to be addressed. Disorderly conduct, harassment, or obstruction of or interference with meetings by physical action, verbal utterance, nuisance or any other means are prohibited. Such conduct may result in removal of person(s) responsible for such behavior from the meeting, a request for assistance from law enforcement, and criminal charges filed against such person(s).

G. CONSENT AGENDA ITEMS

Consent Agenda items are provided for study in the Board packets and introduced in the General Session for the Board’s review. They can be adopted by a single motion. All resolutions and proposed actions must be read by title prior to a vote on the motion. Any Consent Agenda items may be removed at the request of a Director and heard separately or tabled.

1. SMFR Resolution No. 2025-04 A Resolution Authorizing Condominium Conversion and Partial Conveyance of the Building Located at 9195 East Mineral Avenue and Appointing the Owner’s Association Director

H. ACTION ITEMS

1. 2024 Audit – Lisa Horn, Partner with Forvis Mazar’s

I. DISCUSSION/POTENTIAL ACTION ITEMS

1. Revenue Initiative Discussion: 2026 Budget
2. Board Vacancy Interviews

J. INFORMATION ITEMS

K. EXECUTIVE SESSION (UPON MOTION)

N/A

L. NEXT MEETING(S)

Regular Board of Directors' Meeting to be held on July 14, 2025, 6:00 p.m. at 9195 East Mineral Avenue, Centennial, CO.

Special Board of Directors' Meeting to be held on July 21, 2025, 6:00 p.m. at 9195 East Mineral Avenue, Centennial, CO.

M. ADJOURNMENT

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
2025-04
A RESOLUTION AUTHORIZING CONDOMINIUM CONVERSION AND
PARTIAL CONVEYANCE OF THE BUILDING LOCATED AT
9195 EAST MINERAL AVENUE AND APPOINTING THE OWNER'S
ASSOCIATION DIRECTOR**

WHEREAS, South Metro Fire Rescue Fire Protection District (“District”) is a quasi-municipal corporation and political subdivision of the State of Colorado and a duly organized and existing special district pursuant to Title 32, Article 1, Colorado Revised Statutes; and

WHEREAS, the District owns the improvements located at 9195 East Mineral Avenue, Centennial, CO 80112 (the “Building”); and

WHEREAS, pursuant to Part 10 of the Special District Act, the Board of Directors of the District (“Board”) is authorized to enter into contracts and agreements affecting the affairs of the special district and to dispose of and encumber real property; and

WHEREAS, the District and the State of Colorado (the “State”) entered into a Sublease and Option Agreement dated August 30, 2004 (the “2004 Agreement”), pursuant to which the State has an option to purchase a portion of the Building (the “Option”); and

WHEREAS, the State has indicated that it intends to formally exercise the Option; and

WHEREAS, exercise of the Option by the State will necessitate subdividing the Building into two units to be known as Office Unit #1, which contains approximately 65,096 square feet, located on the lower, first, second, and third levels of the Building, and Office Unit #2, which contains approximately 19,550 square feet, located on the second level of the Building, and allocation of parking to each Office Unit and as common parking; and

WHEREAS, such subdivision will require the District to undertake, at a minimum, the following actions: (1) record the small planned community map in substantially the form attached hereto as Exhibit A and; (2) encumber the Building with a declaration of covenants, conditions, restrictions, and easements (the “Declaration”) in substantially the form attached hereto as Exhibit B, which will allow the Building to be operated as a small planned community pursuant to the Colorado Common Interest Ownership Act; (3) convey title to Office Unit #2 to the State by deed; (4) convey title to certain general common elements, as further described in the Declaration to the Owner’s Association (as hereinafter defined) by deed; (5) file articles of incorporation for a nonprofit corporation that will operate and manage the Building in conjunction with the State (the “Owner’s

Association”) in substantially the form attached hereto as Exhibit C; and (6) appoint a representative of the District to the governing board of the Owner’s Association (nos. 1-6 are collectively referred to herein as, the “Transactions”); and

WHEREAS, the Board hereby finds and determines that the Transactions are necessary and appropriate in order to satisfy the District’s obligations under the 2004 Agreement, and satisfying such obligations is in the best interest of the District and its inhabitants and will serve and promote the public health, welfare and safety.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Metro Fire Rescue Fire Protection District as follows:

1. Incorporation of Recitals. The Recitals set forth above are incorporated into and shall constitute a part of this Resolution.

2. Authorization to Complete the Transactions. Provided the State exercises the Option in accordance with the Agreement, the Board hereby authorizes and approves the Transactions and any other actions related to subdividing the Building as required under the 2004 Agreement and/or to satisfy the District’s obligations with respect to the Option, as determined by the Fire Chief, and termination of the 2004 Agreement in conjunction with the Transactions.

3. Authority to Sign Documents. The Board hereby authorizes the Fire Chief or, in his absence, any member of the Board, to execute and deliver, in connection with the Transactions, any and all documents necessary to complete, or related to, the Transactions.

4. Appointment of Owner’s Association Director and Alternate. The Board hereby appoints the Chief Financial Officer of the District to serve as Director of the Owner’s Association on behalf of the District (“Owner’s Association Director”) and the Deputy Chief of Internal Services of the District to serve as the alternate Owner’s Association Director in the absence of the Owner’s Association Director, for the initial term and subsequent terms, until resignation of such Director or replacement of such Director by the Board. The Owner’s Association Director shall have authority to approve the initial Bylaws of the Association, in substantially the form attached hereto as Exhibit D, and undertake all duties expressly or impliedly required of the Director under the Association’s Bylaws, as amended from time to time.

5. Severability. If any part, section, subsection, sentence, clause or phrase of this Resolution is for any reason held to be invalid, such invalidity shall not affect the validity of the remaining provisions.

6. Effective Date. This Resolution shall take effect and be enforced immediately upon its approval by the Board.

ADOPTED this 23rd day of June, 2025.

SOUTH METRO FIRE RESCUE FIRE
PROTECTION DISTRICT

By _____
Jim Albee, Chairman

Attest:

Sue Roche, Secretary

EXHIBIT A

PROPOSED SMALL PLANNED COMMUNITY MAP

[Attached]

SMALL PLANNED COMMUNITY MAP

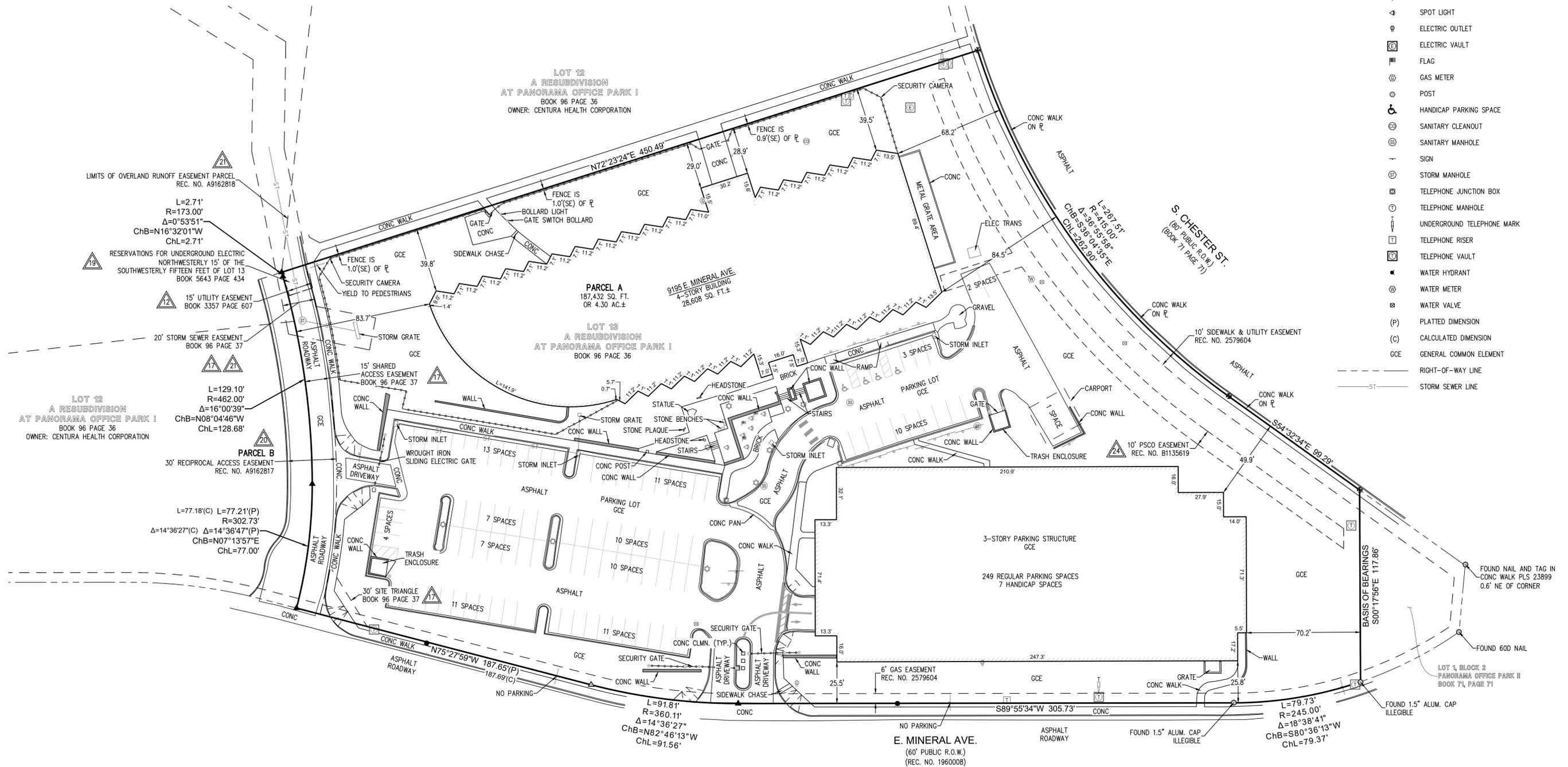
9195 EAST MINERAL AVENUE

SITUATED IN THE NORTHWEST 1/4 OF SECTION 34, TOWNSHIP 5 SOUTH, RANGE 67 WEST OF THE 6TH P.M.,
CITY OF CENTENNIAL, COUNTY OF ARAPAHOE, STATE OF COLORADO

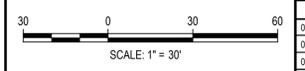


LEGEND

- ▲ SET MAG NAIL W/TAG
STAMPED PLS 38061
- FOUND MONUMENT AS DESCRIBED
- * FOUND CHISELED "+"
- △ FOUND 2" ALUM. CAP
STAMPED WESTERN STATES SURVEYING INC
LS 22088
- ☆ LIGHT POLE
- ⊙ SPOT LIGHT
- ⊕ ELECTRIC OUTLET
- ⊞ ELECTRIC VAULT
- ▩ FLAG
- ⊙ GAS METER
- POST
- ♿ HANDICAP PARKING SPACE
- ⊙ SANITARY CLEANOUT
- ⊙ SANITARY MANHOLE
- SIGN
- ⊙ STORM MANHOLE
- ⊞ TELEPHONE JUNCTION BOX
- ⊙ TELEPHONE MANHOLE
- ⊞ UNDERGROUND TELEPHONE MARK
- ⊞ TELEPHONE RISER
- ⊞ TELEPHONE VAULT
- ⊙ WATER HYDRANT
- ⊙ WATER METER
- ⊙ WATER VALVE
- (P) PLATTED DIMENSION
- (C) CALCULATED DIMENSION
- GCE GENERAL COMMON ELEMENT
- - - RIGHT-OF-WAY LINE
- ST — STORM SEWER LINE



NO CHANGES ARE TO BE MADE TO THIS DRAWING WITHOUT WRITTEN PERMISSION OF HARRIS KOCHER SMITH.
 FILEPATH: C:\USERS\HARRIS\WORKSPACE\HARRIS KOCHER SMITH\DESKTOP\CONDO 230412 DWG LAYOUT SITE PLAN 1915mm.dwg
 PLOTTED: THU 02/23/2023 10:28:24 AM BY: HARRIS KOCHER SMITH



| ISSUE DATE: 05-17-2023 | |
|------------------------|--|
| DATE | REVISION COMMENTS |
| 07-21-2023 | RENAME MAP, ADD SIG. BLOCK, DELINEATED SPACES, ADD FF EL |
| 08-15-2023 | ADDED BUILDING FINISHED FLOOR ELEVATIONS |
| 09-18-2023 | ATTORNEY COMMENTS, AWM COMMENTS |
| 10-04-2023 | ADDED UNIT AREAS NOTE |
| 6-04-2025 | REVISED DATE IN SIG. BLOCKS |

HKS HARRIS KOCHER SMITH

1120 Lincoln Street, Suite 1000
Denver, Colorado 80203
P: 303.623.6300 F: 303.623.6311
HarrisKocherSmith.com

9195 EAST MINERAL AVENUE

SITE

PROJECT #: 230412
SHEET NUMBER
2
2 OF 9

SMALL PLANNED COMMUNITY MAP

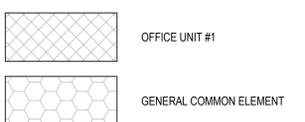
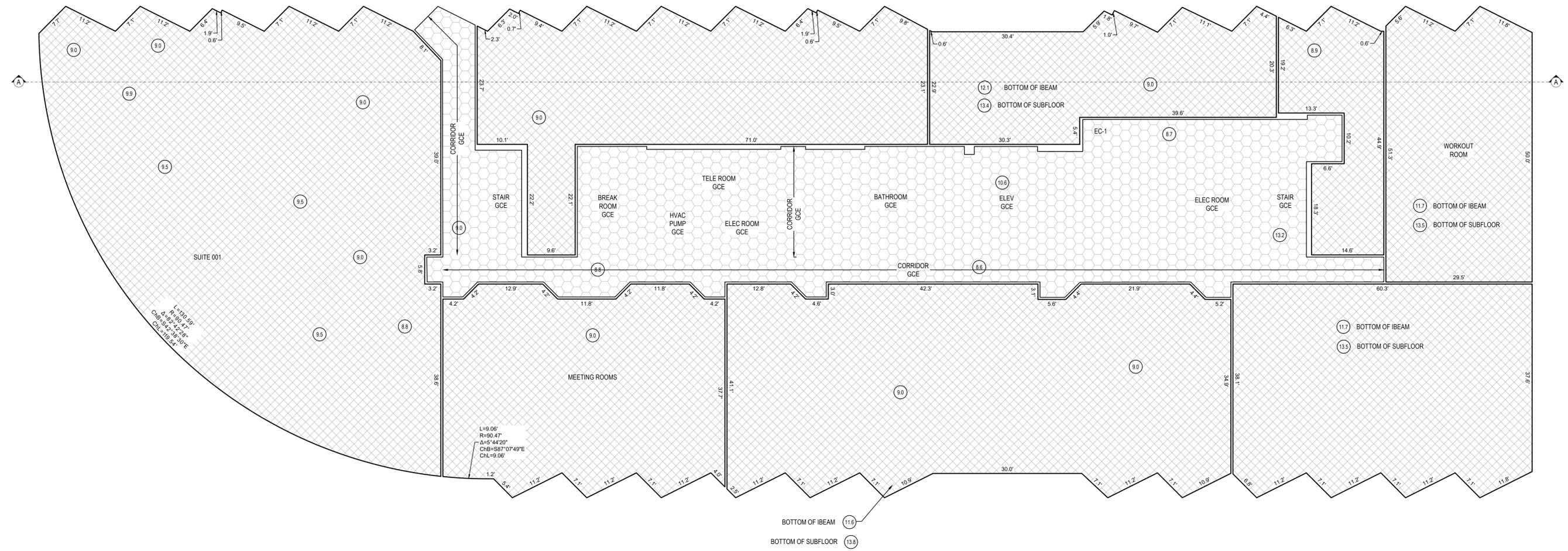
9195 EAST MINERAL AVENUE

SITUATED IN THE NORTHWEST 1/4 OF SECTION 34, TOWNSHIP 5 SOUTH, RANGE 67 WEST OF THE 6TH P.M.,
CITY OF CENTENNIAL, COUNTY OF ARAPAHOE, STATE OF COLORADO

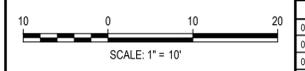


LEGEND

- GCE GENERAL COMMON ELEMENT
- (X) CEILING HEIGHT IN FEET
- X-X BUILDING CROSS SECTION - SEE SHEET 8



NO CHANGES ARE TO BE MADE TO THIS DRAWING WITHOUT WRITTEN PERMISSION OF HARRIS KOCHER SMITH.
FILEPATH: C:\USERS\HARRIS\WORKSPACE\HARRIS KOCHER SMITH\TOP\CONDO 230412\DWG_LAYOUT_LOWER.LEVEL_PLOTTED.rvt
PLOT DATE: 05/17/2023 10:58:56 AM
PLOT BY: HARRIS KOCHER SMITH



CHECKED BY: AWM
DRAWN BY: DJH

| DATE | REVISION COMMENTS |
|------------|--|
| 07-21-2023 | RENAME MAP, ADD SIG. BLOCK, DELINEATED SPACES, ADD FF EL |
| 08-15-2023 | ADDED BUILDING FINISHED FLOOR ELEVATIONS |
| 09-18-2023 | ATTORNEY COMMENTS, AWM COMMENTS |
| 10-04-2023 | ADDED UNIT AREAS NOTE |
| 5-04-2025 | REVISED DATE IN SIG. BLOCKS |

HKS HARRIS KOCHER SMITH
1120 Lincoln Street, Suite 1000
Denver, Colorado 80203
P: 303.623.6300 F: 303.623.6311
HarrisKocherSmith.com

9195 EAST MINERAL AVENUE

LOWER LEVEL

PROJECT #: 230412
SHEET NUMBER

3

3 OF 9

SMALL PLANNED COMMUNITY MAP

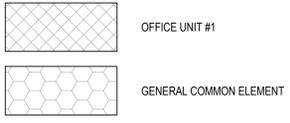
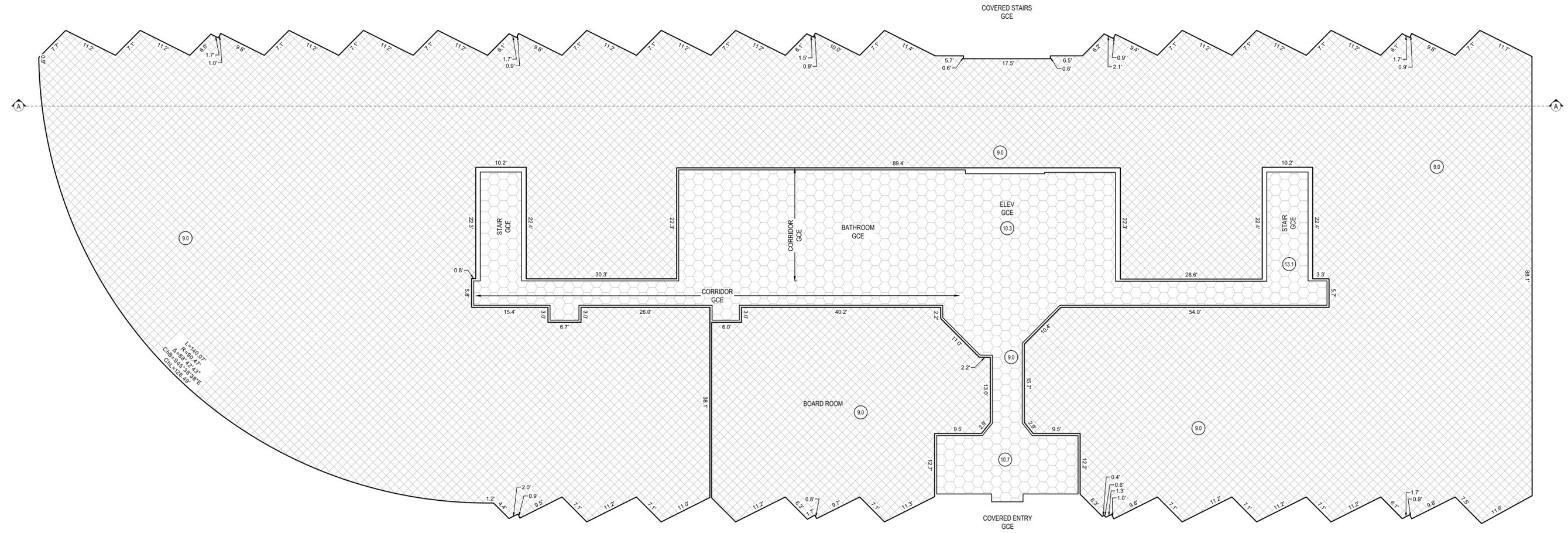
9195 EAST MINERAL AVENUE

SITUATED IN THE NORTHWEST 1/4 OF SECTION 34, TOWNSHIP 5 SOUTH, RANGE 67 WEST OF THE 6TH P.M.,
CITY OF CENTENNIAL, COUNTY OF ARAPAHOE, STATE OF COLORADO



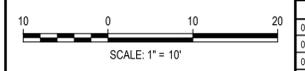
LEGEND

- GCE GENERAL COMMON ELEMENT
- (X) CEILING HEIGHT IN FEET
- X-X BUILDING CROSS SECTION - SEE SHEET 8



E-140107
 P-140107
 A-140107
 C-140107
 CH-140107

NO CHANGES ARE TO BE MADE TO THIS DRAWING WITHOUT WRITTEN PERMISSION OF HARRIS KOCHER SMITH.
 FILEPATH: C:\USERS\HARRIS\WORKSPACE\230412\DWG\230412.DWG LAYOUT: FIRST LEVEL
 PLOTTED: THU 05/17/2023 8:49:37A BY: HARRIS KOCHER SMITH



CHECKED BY: AWM
DRAWN BY: DJH

| DATE | REVISION COMMENTS |
|------------|--|
| 07-21-2023 | RENAME MAP, ADD SIG. BLOCK, DELINEATED SPACES, ADD FF EL |
| 08-15-2023 | ADDED BUILDING FINISHED FLOOR ELEVATIONS |
| 09-18-2023 | ATTORNEY COMMENTS, AWM COMMENTS |
| 10-04-2023 | ADDED UNIT AREAS NOTE |
| 5-04-2025 | REVISED DATE IN SIG. BLOCKS |

HKS HARRIS KOCHER SMITH
 1120 Lincoln Street, Suite 1000
 Denver, Colorado 80203
 P: 303.623.6300 F: 303.623.6311
 HarrisKocherSmith.com

9195 EAST MINERAL AVENUE

FIRST LEVEL

PROJECT #: 230412
SHEET NUMBER
4
4 OF 9

SMALL PLANNED COMMUNITY MAP

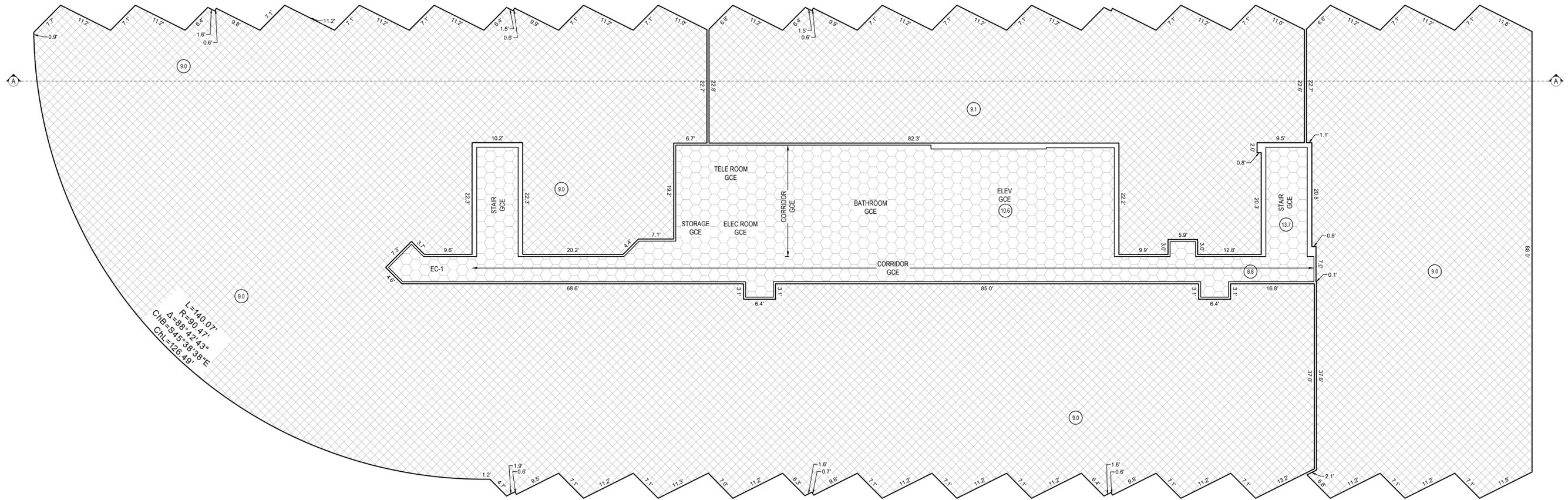
9195 EAST MINERAL AVENUE

SITUATED IN THE NORTHWEST 1/4 OF SECTION 34, TOWNSHIP 5 SOUTH, RANGE 67 WEST OF THE 6TH P.M.,
CITY OF CENTENNIAL, COUNTY OF ARAPAHOE, STATE OF COLORADO

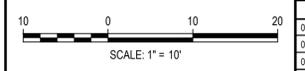


LEGEND

- GCE GENERAL COMMON ELEMENT
- (X) CEILING HEIGHT IN FEET
- X-X BUILDING CROSS SECTION - SEE SHEET 8



NO CHANGES ARE TO BE MADE TO THIS DRAWING WITHOUT WRITTEN PERMISSION OF HARRIS KOCHER SMITH.
 FILEPATH: C:\USERS\AMURPHY\DRIVE - HARRIS KOCHER SMITH\DESKTOP\CONDO 230412 DWG LAYOUT THIRD LEVEL - 10-15-2023.dwg
 PLOTTED: THU 10/20/23 5:49:37A BY: ARCON MURPHY



CHECKED BY: AWM
DRAWN BY: DJH

| ISSUE DATE: 05-17-2023 | |
|------------------------|--|
| DATE | REVISION COMMENTS |
| 07-21-2023 | RENAME MAP, ADD SIG. BLOCK, DELINEATED SPACES, ADD FF EL |
| 08-15-2023 | ADDED BUILDING FINISHED FLOOR ELEVATIONS |
| 09-18-2023 | ATTORNEY COMMENTS, AWM COMMENTS |
| 10-04-2023 | ADDED UNIT AREAS NOTE |
| 5-04-2025 | REVISED DATE IN SIG. BLOCKS |

HKS HARRIS KOCHER SMITH
 1120 Lincoln Street, Suite 1000
 Denver, Colorado 80203
 P: 303.623.6300 F: 303.623.6311
 HarrisKocherSmith.com

9195 EAST MINERAL AVENUE

THIRD LEVEL

| |
|-------------------|
| PROJECT #: 230412 |
| SHEET NUMBER |
| 6 |
| 6 OF 9 |

NO CHANGES ARE TO BE MADE TO THIS DRAWING WITHOUT WRITTEN PERMISSION OF HARRIS KOCHER SMITH.

SMALL PLANNED COMMUNITY MAP

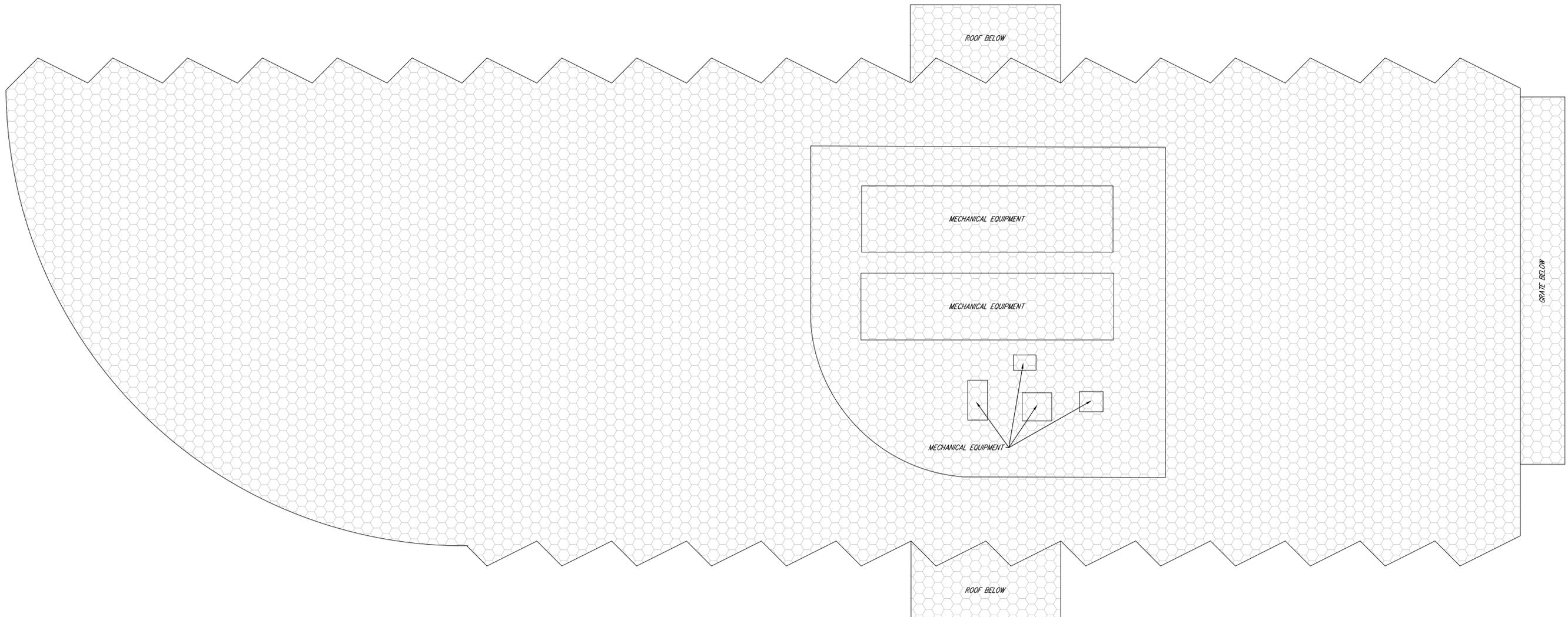
9195 EAST MINERAL AVENUE

SITUATED IN THE NORTHWEST 1/4 OF SECTION 34, TOWNSHIP 5 SOUTH, RANGE 67 WEST OF THE 6TH P.M.,
CITY OF CENTENNIAL, COUNTY OF ARAPAHOE, STATE OF COLORADO



LEGEND

GCE GENERAL COMMON ELEMENT

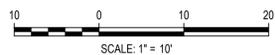


 GENERAL COMMON ELEMENT

FILEPATH: C:\USERS\HARRIS\WORKSPACE\HARRIS KOCHER SMITH\DESKTOP\COLORADO 230412 DWG_LAYOUT.ROOF.PLOT
PLOT FILE: C:\USERS\HARRIS\WORKSPACE\HARRIS KOCHER SMITH\DESKTOP\COLORADO 230412 DWG_LAYOUT.ROOF.PLOT
PLOT DATE: 05-17-2023 10:52:15 AM
PLOT BY: HARRIS KOCHER SMITH



Know what's below.
Call before you dig.



CHECKED BY: AWM
DRAWN BY: DJH

| ISSUE DATE: 05-17-2023 | |
|------------------------|---|
| DATE | REVISION COMMENTS |
| 07-21-2023 | RENAME MAP, ADD SIG. BLOCK, DELINEATED SPACES, ADD FF EL. |
| 08-15-2023 | ADDED BUILDING FINISHED FLOOR ELEVATIONS |
| 09-18-2023 | ATTORNEY COMMENTS, AWM COMMENTS |
| 10-04-2023 | ADDED UNIT AREAS NOTE |
| 5-04-2025 | REVISED DATE IN SIG. BLOCKS |
| | |
| | |

HKS HARRIS KOCHER SMITH
 1120 Lincoln Street, Suite 1000
 Denver, Colorado 80203
 P: 303.623.6300 F: 303.623.6311
 HarrisKocherSmith.com

9195 EAST MINERAL AVENUE

ROOF

PROJECT #: 230412
SHEET NUMBER

7

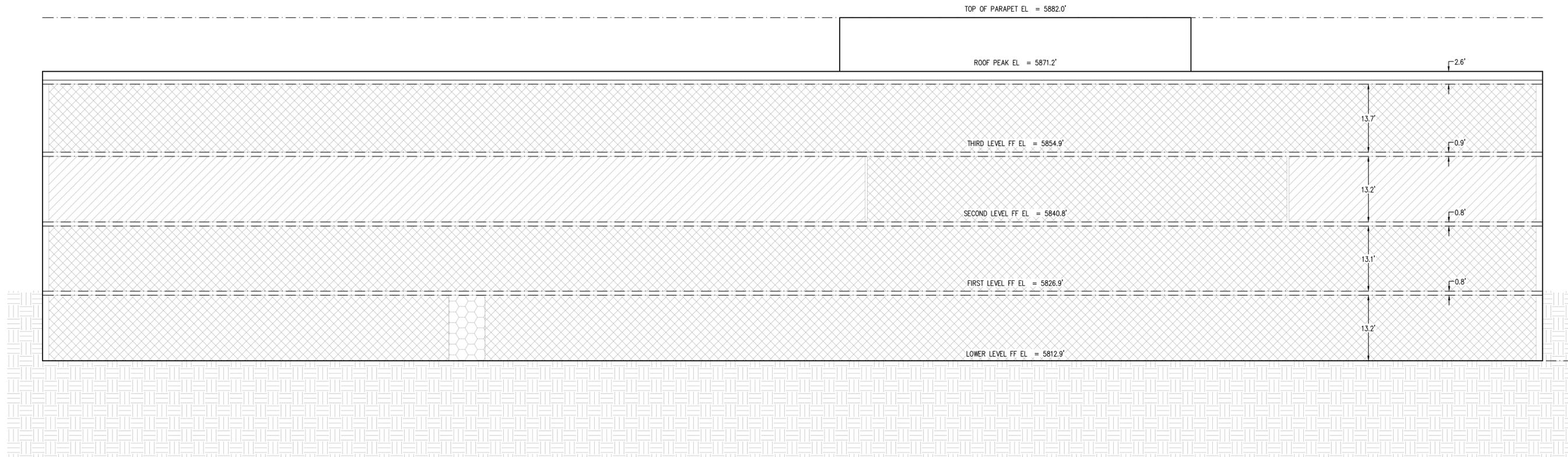
7 OF 9

NO CHANGES ARE TO BE MADE TO THIS DRAWING WITHOUT WRITTEN PERMISSION OF HARRIS KOCHER SMITH.

SMALL PLANNED COMMUNITY MAP

9195 EAST MINERAL AVENUE

SITUATED IN THE NORTHWEST 1/4 OF SECTION 34, TOWNSHIP 5 SOUTH, RANGE 67 WEST OF THE 6TH P.M.,
CITY OF CENTENNIAL, COUNTY OF ARAPAHOE, STATE OF COLORADO



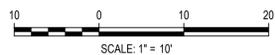
BUILDING ELEVATION DETAIL
AT CROSS SECTION A-A

- OFFICE UNIT #1
- OFFICE UNIT #2
- GENERAL COMMON ELEMENT

FILEPATH: C:\USERS\AMURPHY\WORKSPACE - HARRIS KOCHER SMITH\DESKTOP\CONDO 230412 DWG - LAYOUT_BLDG ELEV...
PLOTTED: THU 05/02/2025 10:49:56 AM BY: MARCONI MURPHY



Know what's below.
Call before you dig.



CHECKED BY: AWM
DRAWN BY: DJH

| ISSUE DATE: 05-17-2023 | |
|------------------------|--|
| DATE | REVISION COMMENTS |
| 07-21-2023 | RENAME MAP, ADD SIG. BLOCK, DELINEATED SPACES, ADD FF EL |
| 08-15-2023 | ADDED BUILDING FINISHED FLOOR ELEVATIONS |
| 09-18-2023 | ATTORNEY COMMENTS, AWM COMMENTS |
| 10-04-2023 | ADDED UNIT AREAS NOTE |
| 5-04-2025 | REVISED DATE IN SIG. BLOCKS |

1120 Lincoln Street, Suite 1000
Denver, Colorado 80203
P: 303.623.6300 F: 303.623.6311
HarrisKocherSmith.com

9195 EAST MINERAL AVENUE

BUILDING ELEVATIONS

PROJECT #: 230412
SHEET NUMBER

8

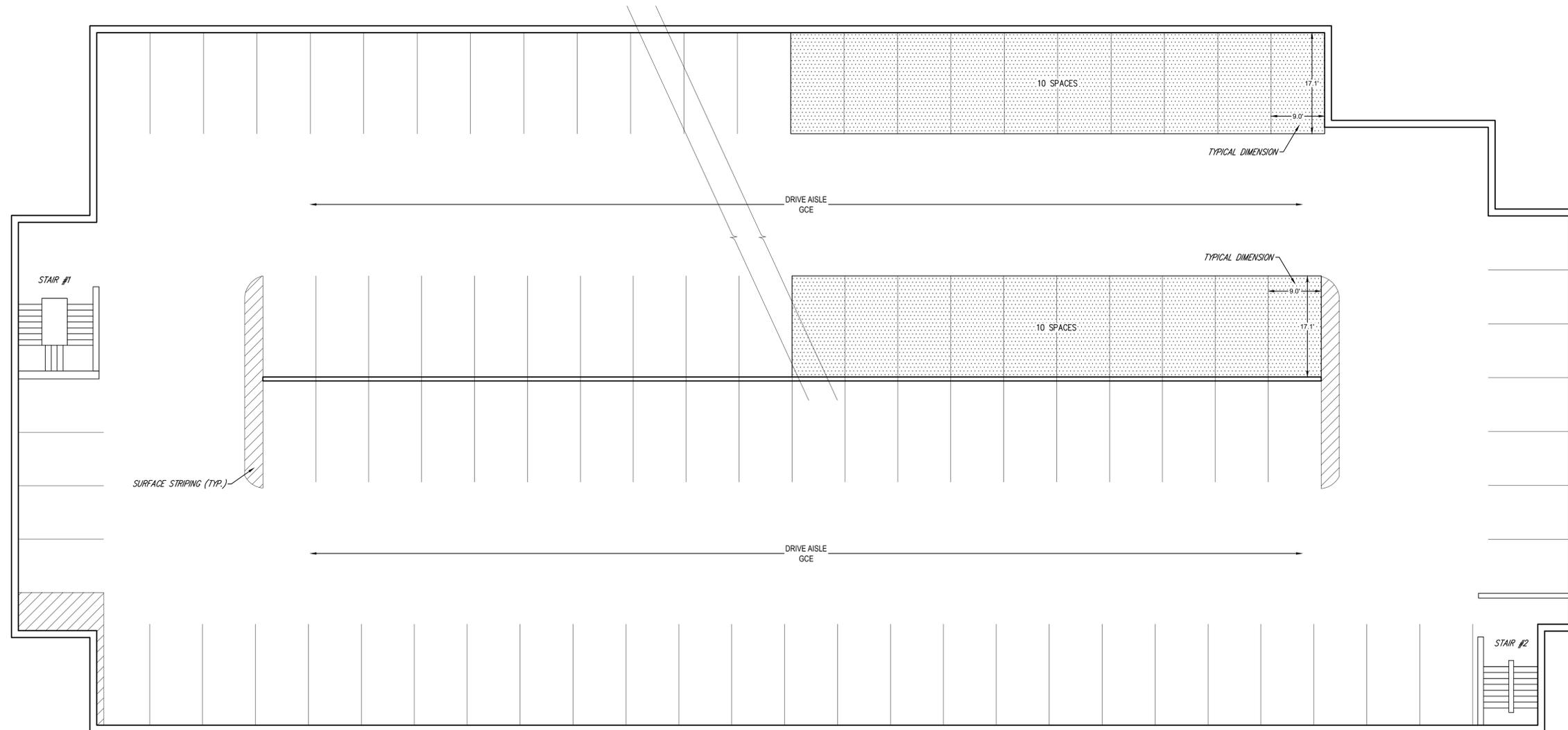
8 OF 9

NO CHANGES ARE TO BE MADE TO THIS DRAWING WITHOUT WRITTEN PERMISSION OF HARRIS KOCHER SMITH.

SMALL PLANNED COMMUNITY MAP

9195 EAST MINERAL AVENUE

SITUATED IN THE NORTHWEST 1/4 OF SECTION 34, TOWNSHIP 5 SOUTH, RANGE 67 WEST OF THE 6TH P.M.,
CITY OF CENTENNIAL, COUNTY OF ARAPAHOE, STATE OF COLORADO



PARKING GARAGE - SECOND LEVEL

PARKING DETAIL NOTES:

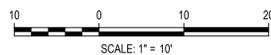
1. ALL PORTIONS OF THE PARKING GARAGE STRUCTURE THAT ARE NOT PARKING SPACES ARE GENERAL COMMON ELEMENTS.
2. ALL PARKING SPACES IN THE PARKING GARAGE ARE LIMITED COMMON ELEMENTS TO OFFICE UNIT #1 EXCEPT FOR THOSE DESIGNATED TO OFFICE UNIT #2 ON THIS SHEET.

LIMITED COMMON ELEMENT - OFFICE UNIT #2

FILE PATH: C:\USERS\AMR\PI\P\WORKSPACE - HARRIS KOCHER SMITH\DESKTOP\CONDO 230412 DWG - LAYOUT - PARK DETL...
PLOTTED: THU 05/25/23 5:30:14 A.M. BY: AARON LAURITZ



Know what's below.
Call before you dig.



CHECKED BY: AWM
DRAWN BY: DJH

ISSUE DATE: 05-17-2023

| DATE | REVISION COMMENTS |
|------------|---|
| 07-21-2023 | RENAME MAP, ADD SIG. BLOCK, DELINEATED SPACES, ADD FF EL. |
| 08-15-2023 | ADDED BUILDING FINISHED FLOOR ELEVATIONS |
| 09-18-2023 | ATTORNEY COMMENTS, AWM COMMENTS |
| 10-04-2023 | ADDED UNIT AREAS NOTE |
| 5-04-2025 | REVISED DATE IN SIG. BLOCKS |

HKS HARRIS KOCHER SMITH
1120 Lincoln Street, Suite 1000
Denver, Colorado 80203
P: 303.623.6300 F: 303.623.6311
HarrisKocherSmith.com

9195 EAST MINERAL AVENUE

PARKING GARAGE DETAIL

PROJECT #: 230412
SHEET NUMBER

9

9 OF 9

EXHIBIT B

PROPOSED DECLARATION

[Attached]

DECLARATION
FOR
9195 E. MINERAL AVENUE SMALL PLANNED COMMUNITY
(A COMMON INTEREST COMMUNITY)

After Recording Return To:
Bryan Cave Leighton Paisner LLP
Attn: Bruce Likoff, Esq.
1700 Lincoln Street, Suite 4100
Denver, CO 80203

USA.606868807.15/H20

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| ARTICLE 1 DEFINITIONS..... | 2 |
| 1.1 Definitions..... | 2 |
| ARTICLE 2 DIVISION OF PROPERTY AND IMPOSITION OF COVENANTS | 8 |
| 2.1 Declaration of Planned Community..... | 8 |
| 2.2 Small Planned Community; Exemption..... | 9 |
| 2.3 Division into Two Office Units; Transfer..... | 9 |
| 2.4 No Retained Development Rights | 9 |
| 2.5 Planned Community Map | 9 |
| 2.6 Amendments to Planned Community Map..... | 9 |
| 2.7 Transfer of General Common Elements to Association | 10 |
| 2.8 Parking..... | 10 |
| 2.9 Expense Liability for General Common Elements | 10 |
| 2.10 Rounding Convention | 10 |
| 2.11 Legal Descriptions | 10 |
| 2.12 Separate Tax Assessments | 11 |
| 2.13 General Common Elements | 12 |
| ARTICLE 3 THE ASSOCIATION; MEMBERSHIP AND VOTING RIGHTS..... | 12 |
| 3.1 Association Membership | 12 |
| 3.2 Voting Rights and Meetings | 13 |
| 3.3 Meeting to Approve Annual Budget..... | 13 |
| 3.4 Owners’ and Association’s Addresses and Method for Notices..... | 14 |
| 3.5 Transfer Information..... | 14 |
| 3.6 Association Meeting; Election of Directors..... | 15 |
| 3.7 Association Management Duties | 15 |
| 3.8 Association Powers..... | 16 |
| 3.9 Actions by Board of Directors | 17 |
| 3.10 Board of Directors Meetings..... | 17 |
| ARTICLE 4 ASSESSMENTS..... | 18 |
| 4.1 Assessments Generally; Budget..... | 18 |
| 4.2 General Common Element Assessments | 18 |
| 4.3 Apportionment of Increased Assessments | 18 |
| 4.4 Special Assessments | 19 |
| 4.5 Reimbursement Assessments..... | 19 |
| 4.6 Failure to Levy Assessment | 19 |
| 4.7 Assessment Delinquency; Remedies | 19 |
| 4.8 Covenant of Obligation for Assessments..... | 20 |
| 4.9 Lien for Assessments; Default Assessment | 20 |

| | | |
|---|---|----|
| 4.10 | Judgment for Nonpayment of Assessments | 21 |
| 4.11 | Purchaser's Liability for Assessments | 21 |
| 4.12 | Waiver of Homestead Exemption; Priority of Association's Lien for Assessments | 21 |
| 4.13 | Statement of Status of Assessments..... | 22 |
| 4.14 | Other Liens..... | 22 |
| 4.15 | Non-delinquent Owner's Purchase Option. | 22 |
| ARTICLE 5 MAINTENANCE RESPONSIBILITY | | 23 |
| 5.1 | Responsibility of the Owners to Own and Maintain..... | 23 |
| 5.2 | Owner's Negligence..... | 24 |
| 5.3 | Responsibility of the Association | 24 |
| ARTICLE 6 MECHANICS' LIENS FOR CONSTRUCTION WORK..... | | 24 |
| 6.1 | Mechanics' Liens | 24 |
| 6.2 | Enforcement by the Association | 24 |
| 6.3 | Warranties | 25 |
| ARTICLE 7 USE RESTRICTIONS..... | | 25 |
| 7.1 | Use of Office Units | 25 |
| 7.2 | Prohibition of Increases in Insurable Risks; Compliance with Applicable Laws | 25 |
| 7.3 | Structural Alterations and Exterior Appearance | 26 |
| 7.4 | Pets; Nuisance Restrictions | 26 |
| 7.5 | Limit on Timesharing | 26 |
| 7.6 | Restriction on Signs | 27 |
| 7.7 | Compliance with Environmental Laws; No Hazardous Materials | 27 |
| ARTICLE 8 EASEMENTS | | 30 |
| 8.1 | Permitted Encumbrances | 30 |
| 8.2 | Easement for Encroachments..... | 30 |
| 8.3 | Association Easement for Maintenance and Repair Work | 30 |
| 8.4 | Owners' Easement for Construction, Maintenance and Repair Work..... | 31 |
| 8.5 | Easement for Access | 31 |
| 8.6 | Cross-Easements for Support..... | 31 |
| 8.7 | Cross-Easements for Utilities | 31 |
| 8.8 | Easement for Emergency Personnel | 32 |
| 8.9 | Easements Generally..... | 32 |
| 8.10 | Additional Easements | 33 |
| 8.11 | Utilities..... | 33 |
| ARTICLE 9 INSURANCE AND INDEMNIFICATION | | 34 |
| 9.1 | Insurance Required During Construction, Restoration, or Repair Work..... | 34 |

| | | |
|--|---|----|
| 9.2 | Insurance Required to be Carried by the Association..... | 35 |
| 9.3 | Insurance Required to be Carried by Owners. | 39 |
| 9.4 | General Insurance Matters | 41 |
| 9.5 | Indemnification | 46 |
| ARTICLE 10 CASUALTY OR CONDEMNATION | | 47 |
| 10.1 | Rebuilding Required; Exceptions | 47 |
| 10.2 | Procedures for Settlement of Claims under Policies Maintained by the Association..... | 47 |
| 10.3 | Special Rules for Casualty or Condemnation affecting Common Elements | 53 |
| 10.4 | Termination of Planned Community resulting from Casualty or Condemnation | 54 |
| 10.5 | Remedies for Failure to Rebuild | 55 |
| 10.6 | Adjustment of Other Claims | 56 |
| 10.7 | Reservation of Rights..... | 56 |
| ARTICLE 11 MORTGAGEE PROTECTIONS | | 56 |
| 11.1 | Percentage of First Mortgagee Consent | 56 |
| 11.2 | Addresses for Mortgagees; Notice of Actions | 56 |
| 11.3 | Consent by Mortgagees Required..... | 57 |
| 11.4 | Notice of Objection; Deemed Consent | 58 |
| 11.5 | Mortgagee's Rights..... | 58 |
| 11.6 | Limitations on First Mortgagees' Rights | 59 |
| 11.7 | Distribution of Insurance or Condemnation Proceeds | 59 |
| 11.8 | Title Taken by First Mortgagee | 59 |
| ARTICLE 12 DURATION OF COVENANTS; AMENDMENT AND TERMINATION..... | | 60 |
| 12.1 | Term..... | 60 |
| 12.2 | Amendment of Declaration..... | 60 |
| 12.3 | Execution of Amendments; Expenses | 60 |
| 12.4 | Recording of Amendments | 60 |
| ARTICLE 13 MISCELLANEOUS | | 60 |
| 13.1 | Enforcement;..... | 60 |
| 13.2 | Association as Attorney-in-Fact | 61 |
| 13.3 | Non-waiver | 61 |
| 13.4 | Severability; Interpretation | 61 |
| 13.5 | Reasonableness. | 62 |
| 13.6 | Number and Gender | 62 |
| 13.7 | Captions | 62 |
| 13.8 | Conflicts in Legal Documents | 62 |
| 13.9 | Successors and Assigns of Declarant..... | 62 |
| 13.10 | Exhibits | 62 |
| 13.11 | Choice of Law..... | 62 |

13.12 Time of Essence..... 62

List of Exhibits

Dispute Resolution Rider

Exhibit A – Legal Description of Property subject to this Small Planned Community Declaration

Exhibit B – Assessment Allocations

Exhibit C – Permitted Encumbrances

Exhibit D – Notice Addresses

Exhibit E-1 – Allocation of Garage Parking Spaces to each Unit as Limited Common Elements

**DECLARATION
FOR
9195 E. MINERAL AVENUE SMALL PLANNED COMMUNITY
(A COMMON INTEREST COMMUNITY)**

THIS DECLARATION FOR 9195 E. MINERAL AVENUE SMALL PLANNED COMMUNITY (A COMMON INTEREST COMMUNITY) (this “Declaration”), dated as of the [_____] day of [_____], 2025, is made by South Metro Fire Rescue Fire Protection District, a quasi-municipal corporation, political subdivision of the State of Colorado, and organized as a special district pursuant to Title 32, Article 1, Colorado Revised Statutes (“Declarant”). Declarant is the owner of the real property located in the County of Arapahoe, Colorado, more particularly described on *Exhibit A* (the “Land”) together with any and all rights, alleys, ways, privileges, appurtenances and advantages, to the same belonging or in any way appertaining to the Land (together with the Land, the “Premises”).

Recitals

A. Declarant is the owner of a four-story office building located at 9195 E. Mineral Avenue, Centennial, Colorado with a surface parking area and a three level parking structure (collectively, the “Building”). Declarant has previously entered into a lease of a portion of the office space in the Building. Declarant desires to create on the Premises a common interest community under the Colorado Common Interest Ownership Act, specifically a small planned community (the “Project”), to facilitate the sale of a portion of the office space to the tenant under the existing lease. For such purpose, the Building (not including the parking structure) shall be subdivided into two separate small planned community Office Units for separate ownership (each such unit an “Office Unit” and, collectively, the “Office Units”) as more particularly described below; certain general common elements comprising residual Building and Premises elements that are not part of the Office Units (the “General Common Elements”) to be owned by the Association (as hereinafter defined); and certain parking spaces designated as limited common elements (the “Limited Common Elements”), all of which shall be governed by this Declaration.

B. The Office Units shall be comprised of (i) Office Unit #1, which contains approximately 65,096 square feet, located on the lower, first, second, and third levels of the Building; and (ii) Office Unit #2, which contains approximately 19,550 square feet, located on the second level of the Building.

C. Declarant desires to create on the Premises a small planned community pursuant to the Colorado Common Interest Ownership Act, Colorado Revised Statutes §38-33.3-101, et seq., as amended from time to time (“CCIOA”). This Declaration creates a “planned community” under CCIOA and does not create a “condominium” or “cooperative” as such terms are defined in CCIOA. This Declaration includes no reservation of any “development rights” as such term is defined in CCIOA. Nor does the common interest community include more than 20 units, as the term “unit” is used in CCIOA, as it contains only the two Office Units, to be transferred to and owned by Owners, as well as the Common Elements, to be owned by the Association. Accordingly, pursuant to § 38-33.3-116(2) of CCIOA, only §§ 38-33.3-105 through and including 38-33.3-107 of CCIOA applies to the Project. Declarant hereby elects that the remainder of CCIOA shall not apply to the Project.

NOW, THEREFORE, Declarant hereby declares that the Premises, together with any and all Improvements and Equipment (each as hereinafter defined) thereon or to be constructed thereon (collectively, the “Property”), shall be subject to the terms of this Declaration and shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions, and easements, all of which shall be declared and agreed to be for the protection of the value of the Property and for the benefit of any Person (as hereinafter defined) having any right, title or interest therein, and shall run with the land and bind any and all Persons acquiring any interest therein, their Occupants, grantees, legal representatives, successors and assigns.

ARTICLE 1 DEFINITIONS

1.1 **Definitions.** The following words, when used in this Declaration, shall have the meanings designated below unless the context expressly requires otherwise:

“Articles” means the articles filed with the Colorado Secretary of State for formation of the Association.

“Assessment” means, collectively, any and all assessments for General Common Expenses as set forth in Section 4.8, Special Assessments, Default Assessments, and Reimbursement Assessments as such terms are defined in Article 5.

“Assessment Allocation” shall mean the percentage allocation of Expense Liability responsibility of an Owner with respect to the Office Unit in which such Owner has an ownership interest calculated by dividing the Gross Floor Area of an Office Unit by the total amount of Gross Floor Area for all of the Office Units subject to a particular Assessment. The Assessment Allocation is as set forth on *Exhibit B* and described in the Assessment Allocation of each Office Unit Owner with respect to the General Common Elements. With respect to Parking Garage Expenses, the Assessment Allocation of each Office Unit shall be calculated by dividing the number of Parking Garage Spaces allocated to such Office Unit by the total number of Parking Garage Spaces.

“Association” means 9195 E. Mineral Avenue Owners’ Association, a Colorado nonprofit corporation, governed by the Articles and the Bylaws which, together with this Declaration and any Rules and Regulations as may be adopted and amended by the Board of Directors, shall govern the administration of the Project. The only members of the Association shall be the Owners of the Office Units.

“Association’s Obligations” means the Association obligations for management and maintenance of the Planned Community as set forth in Section 3.8.

“Board of Directors” or “Board” means the governing body of the Association, as provided in this Declaration and in the Articles and Bylaws of the Association.

“Budget” means an annual written itemized estimate of the expenses to be incurred by the Association in performing its functions under this Declaration, as prepared and approved pursuant to Section 4.1.

“Building” has the meaning given such term in Recital A.

“Bylaws” means the bylaws adopted by the Association to regulate the internal affairs of the Association, as they may be amended from time to time.

“CCIOA” has the meaning given such term in Recital C.

“Common Elements” means the General Common Elements and the Limited Common Elements, collectively.

“Costs of Enforcement” means all monetary fees, fines, late charges, interest, expenses, costs, including receiver’s and appraiser’s fees, and reasonable attorney fees and disbursements, incurred by the Association in connection with the collection of annual, special, and Default Assessments or in connection with the enforcement of the terms, conditions and obligations of the Planned Community Documents.

“Data Infrastructure” has the meaning given such term in Section 8.11(b)(vi).

“Distribution Interest” has the meaning given such term in Section 10.4(c).

“Declarant” has the meaning given in the Preamble to this Declaration. Declarant’s rights under this Declaration shall terminate as and when Declarant has transferred all of its right, title, and interest in and to the Project and all Office Units and Common Elements therein to the Owners and the Association, respectively.

“Declaration” means this Declaration and any supplements and amendments thereto, if any, approved as provided herein and recorded in the Land Records.

“Environmental Laws” shall mean any applicable present or future Federal, State or local law, Rule, ordinance, regulation, permit, license or binding determination of any applicable governmental authority relating to, imposing liability or standards concerning, or otherwise addressing the environmental, health or safety, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Superfund Amendments and Reauthorization Act of 1986, as amended, the Resource, Conservation and Recovery Act of 1976, as amended, the Clean Air Act, as amended, the Federal Water Pollution Control Act, as amended, the Oil Pollution Act of 1990, as amended, the Safe Drinking Water Act, as amended, the Hazardous Materials Transportation Act, as amended, the Toxic Substances Control Act, as amended, as each is from time to time amended and hereafter in effect.

“Equipment” means all apparatus, machinery, devices, fixtures, appurtenances, equipment and personal property now or hereafter located on or within any Office Unit or the Improvements constructed thereon and necessary or desirable for the proper operation and maintenance of the Office Unit or the Improvements constructed thereon (other than moveable equipment belonging to any management company servicing the Improvements), including but not limited to any and all awnings, shades, screens and blinds; asphalt, vinyl, composition and other floor, wall and ceiling coverings; partitions, doors and hardware; elevators, escalators, and hoists; heating, plumbing and ventilating apparatus; gas, electric, and steam fixtures; chutes, ducts, and tanks; oil burners, furnaces, heaters, incinerators, and boilers; air cooling and air conditioning equipment;

washroom, toilet, and lavatory fixtures and equipment; engines, pumps, dynamos, motors, generators, electrical wiring, and equipment; tools, building supplies, lobby decorations, and window washing hoists and equipment; garage equipment, security systems, and gardening and landscaping equipment; refrigerators, dishwashers, disposals, and other kitchen appliances and all additions thereto and replacements thereof, but specifically excluding personal property of tenants.

“Expense Liability” means the liability for the payment obligations hereunder including, without limitation, for payment or any and all Assessments allocated to and payable by the Owners of the Office Units pursuant to this Declaration.

“First Mortgage” means a Security Interest in an Office Unit which has priority over all other Security Interests in the Unit.

“First Mortgagee” means the holder of a First Mortgage.

“Force Majeure” means any (a) strike, lock-out or other labor troubles, (b) governmental restrictions or limitations, including, without limitation, any federal, state, or local declaration of emergency or “shelter in place” order restricting movement or construction activity, (c) failure or shortage of electrical power, gas, water, fuel oil, or other utility or service, (d) riot, war, insurrection, threat of or terrorist action or other national or local emergency, (e) accident, flood, fire or other casualty, (f) adverse weather conditions resulting in cessation of work on the Project for in excess of one (1) week, (g) other act of God, (h) inability to obtain a building permit or a certificate of occupancy, (i) pandemic, epidemic or other public health emergency, and any governmental orders related thereto or stoppages or delays resulting therefrom, or (j) other cause similar or dissimilar to any of the foregoing and beyond the reasonable control of the Person in question.

“General Common Elements” means any portion of the Building and the Premises that is not included within or otherwise forming a part of an Office Unit. For the avoidance of doubt, General Common Elements shall not include the Office Units or Limited Common Elements. Without limiting the foregoing, the following shall be deemed General Common Elements, whether or not specifically described herein or otherwise depicted on the Planned Community Map: (i) the real property comprising the Premises underneath the Project from the bottom of the Office Unit foundations to the center of the earth; (ii) any and all air rights above the Building roof areas comprising the Premises; (iii) the Parking Garage (including, without limitation, the stairways and elevator located within the Parking Garage) and the surface parking area; and (iv) the rights, privileges and benefits accruing to the owner of the Premises pursuant to the REA.

“General Common Expenses” means and includes any and all Expense Liability relating to the General Common Elements (including, without limitation, the REA), including all the expenses of ownership, lease, administration, operation, management and Repair Work not funded with reserves and other expenses declared payable by the Owners of the Office Units to the Association pursuant to the provisions of this Declaration, which Expense Liability shall be allocated in accordance with the Assessment Allocation and, as applicable, as estimated in and payable pursuant to the Budget from time to time.

“Gross Floor Area” means, as to each Office Unit, but excluding any Common Elements, the sum of the gross floor areas of such Office Unit as calculated and shown on the Planned Community Map.

“Hazardous Materials” means: (a) “hazardous substances” as defined by CERCLA; (b) “hazardous waste” as defined by RCRA; (c) any hazardous, dangerous or toxic chemical, waste, pollutant, contaminant or substance (“Pollutant”) within the meaning of any Environmental Law prohibiting, limiting or otherwise regulating the use, exposure, release, emission, discharge, generation, manufacture, sale, transport, handling, storage, treatment, reuse, presence, disposal or recycling of such Pollutant; (d) petroleum crude oil or fraction thereof; (e) any radioactive material, including any source, special nuclear or by-product material as defined in 42 USC, section 2011 et seq. and amendments thereto and reauthorizations thereof; (f) asbestos-containing materials in any form or condition; or (g) polychlorinated biphenyls in any form or condition, as to each substance above, in amounts subject to regulation.

“Horizontal Boundary” means a plane of elevation shown on the Planned Community Map in relation to a benchmark identified on the Planned Community Map that defines either a lower or an upper boundary of an Office Unit, and includes all floors, structural elements, roofs and all horizontal planes that are a part of or within an Office Unit, except that, for any Office Units which share a horizontal floor as a dividing wall between such Office Units, the shared horizontal plane shall be deemed to be split as between such Office Units, with each Owner owning an equal portion thereof allocated in accordance with the development and construction cost budget therefor as the same is reflected in the Assessment Allocation applicable to each such Office Unit.

“Improvements” means all improvements, appurtenances, and facilities (including all fixtures and architectural, structural, mechanical, electrical, HVAC, heating and plumbing improvements contained within them) relating to or located or to be constructed and located on the Premises now and in the future in which Office Units are located or to be located.

“Limited Common Elements” has the meaning given such term in Recital A above.

“Land” has the meaning given such term in the preamble above.

“Land Records” means the real estate records maintained by the Clerk and Recorder of Arapahoe County, Colorado.

“Lien Notice” has the meaning given such term in Section 4.9.

“Majority” shall mean 51% of the Owner members of the Association and, with respect to voting of such Owner members, 51% of the votes allocated to such Owners pursuant to the Assessment Allocation.

“Mortgage” means and includes any mortgage or deed of trust at any time encumbering any of the Office Units, and any other security interest therein existing at any time under any other form of security instrument or arrangement used from time to time in the locality of the Property (including but not limited to any such other form of security arrangement arising under any deed of trust, sale-and-leaseback documents, lease-and-leaseback documents, security deed or conditional deed, or any financing statement, security agreement or other documentation used

pursuant to the Uniform Commercial Code or any successor or similar statute), provided that such mortgage, deed of trust or other form of security instrument, and an instrument evidencing any such other form of security arrangement, has been recorded among the Land Records or in such other place as is, under applicable law, required for such instrument to give constructive notice of the matters set forth therein. For the purposes of this definition, the term “Mortgage” shall include a restatement of any Mortgage by a successor or assignee of a Mortgage, provided such restatement is on substantially the same terms and conditions as the Mortgage that is being restated (“Restatement”).

“Mortgagee” means the beneficiary under a Mortgage, and shall include any successor to/assignee of the original Mortgagee.

“Occupant(s)” means any Person authorized by the Owners and/or the Association to use, occupy, and enjoy the Project including, without limitation, all tenants, clients, customers and all other Persons authorized by the tenants to occupy or visit an Office Unit.

“Office Unit” and “Office Units” have the respective meaning given such term in Recital A. The Office Units are identified as Office Unit #1 and Office Unit #2 as further described in Recital B and as shown on the Planned Community Map.

“Owner(s)” means the Declarant for so long as it owns an Office Unit or any other Person having record title to an Office Unit (including as an Owner who holds title as a tenant in common with other Owners), excluding any Person having a Security Interest in an Office Unit unless such person has acquired record title to the Office Unit pursuant to foreclosure or any proceedings or conveyance in lieu of foreclosure.

“Parking Garage” means the three level parking structure located on the Land.

“Parking Garage Expenses” means (i) any and all costs, expenses and liabilities incurred in connection with the operation, maintenance, management, repair, replacement and protection of the Parking Garage, including, without limitation, costs, expenses and liabilities for managing, operating, maintaining, repairing, altering, improving, constructing and reconstructing the Parking Garage, including, without limitation, costs for all utilities and insurance; (ii) any tax on parking that is levied on both revenue generating and non-revenue generating Parking Garage Spaces; and (iii) reasonable reserves for any such costs, expenses and liabilities.

“Parking Garage Spaces” means the specific areas for vehicular parking located in the Parking Garage.

“Permitted Encumbrances” means any and all instruments and matters of record or in fact on the date hereof, and those instruments and matters listed in a schedule attached hereto as Exhibit C.

“Person” means an individual natural person or a corporation, partnership, limited liability company, trust or other legal entity capable of holding title to real property under Colorado law.

“Planned Community” means the subdivided portions of the Premises resulting from the recording of the Planned Community Documents in the Land Records and otherwise in accordance with CCIOA.

“Planned Community Documents” means the basic documents creating and governing the Planned Community, including this Declaration, the Articles and Bylaws of the Association, the Planned Community Map, and any procedures, Rules and Regulations, or policies relating to the Project adopted under such documents by the Association.

“Planned Community Map” means the map for the Planned Community that, taken as a whole, depicts the Planned Community in three dimensions (specifically including a site plan, Horizontal Boundaries, and Vertical Boundaries), is executed by the Declarant and is filed for record in the Land Records substantially concurrently with the recording of this Declaration in the Land Records and includes, without limitation, the depiction of the intended location of the Office Units, is incorporated herein and made a part of this Declaration by this reference.

“Premises” has the meaning given such term in the preamble above.

“Project” has the meaning given such term in Recital A.

“Property” means collectively, the Premises, the Improvements, and the Equipment.

“REA” means that certain Reciprocal Access Easement Agreement dated September 29, 1999, by and between PERA and MGA Development Associates, recorded October 6, 1999 at Reception No. A9162817.

“Reimbursement Assessments” has the meaning given such term in Section 4.5.

“Repair Work” means all maintenance, repair, and replacement work conducted at the Project, including costs of plans, specifications, supervision and other related costs.

“Restoration” means the repair, restoration, or rebuilding of any or all of the Improvements and/or Equipment after any damage thereto or destruction thereof, with such alterations or additions thereto as are made in accordance with the Planned Community Documents, together with any temporary repairs or improvements made to protect the Improvements and/or Equipment pending the completion of such work.

“Rules and Regulations” means any rules and regulations promulgated by the Board of Directors for the management, preservation, safety, control, and orderly operation of the Project in order to effectuate the intent and to enforce the obligations set forth in the Planned Community Documents, as amended and supplemented from time to time.

“Security Interest” means a consensual collateral security interest in any Office Unit or personal property constituting part of the Project, created by contract or conveyance and securing payment or performance of an obligation. The term includes a lien created by a Mortgage, the seller’s interest under contract for deed or land sales contract if the buyer has the right to possession of the property, a lease intended as security, an assignment of lease or rents intended as security, and any other consensual lien or title retention contract intended as security for an obligation. If

the context so requires, the holder of a Security Interest includes any insurer or guarantor of a Security Interest.

“Special Assessment” has the meaning given such term in Section 4.4.

“State” shall mean the State of Colorado.

“State Fiscal Year” means a 12 month period beginning on July 1 of each calendar year and ending on June 30 of the following calendar year. If a single calendar year follows the term, then it means the State Fiscal Year ending in that calendar year.

“Substantial Completion” and “Substantially Complete” shall mean, with respect to any structure or improvement comprising the Improvements or any other portion of the Project completed pursuant to approved plans and specifications, the issuance of a temporary or permanent certificate of occupancy or, as applicable, its equivalent, by or on behalf of the responsible building department or agency.

“Utilities” means and includes private and public utility lines of any type or nature, including wires, pipes, conduits, cables, fiber optics, and ducts for utility systems used for domestic cold and hot water, sanitary sewer, storm sewer, chilled water, condensed water, heating hot water, steam, steam condensate, natural gas, control compressed air, conditioned and non-conditioned air, ventilation and exhaust air, electricity, security, fire alarm, emergency communications, systems control and automation, video monitoring, telephone, television, other telecommunications data transmission systems, and other mechanical, electrical, and related life safety systems.

“Vertical Boundary” means a vertical plane depicted on the Planned Community Map that defines a boundary of an Office Unit other than a Horizontal Boundary of that Office Unit and includes all vertical walls that are part of or within an Office Unit, except that, for any Office Units which share a vertical dividing wall between such Office Units, the shared vertical dividing walls shall be deemed to be split as between such Office Units, with each Owner owning an equal portion thereof allocated in accordance with the development and construction cost budget therefor as the same is reflected in the Assessment Allocation applicable to each such Office Unit.

“Waiver Parties” has the meaning given such term in Section 9.4(g)(iii).

ARTICLE 2 DIVISION OF PROPERTY AND IMPOSITION OF COVENANTS

2.1 Declaration of Planned Community. To accomplish the purposes and intentions set forth in the above Recitals (which are incorporated herein as substantive provisions), Declarant, for itself, its successors and assigns, hereby submits the Premises and any and all portions of the Property hereafter acquired or constructed thereon to the small planned community ownership type under CCIOA. Further, Declarant does hereby publish and declare that the terms, covenants, conditions, restrictions, easements, reservations, uses, limitations and obligations set forth in this Declaration shall be deemed to run with the land comprising the Premises and any and all portions of the Property hereafter acquired or constructed thereon and shall be a burden and a benefit to Declarant, Owners and their respective successors and assigns.

2.2 Small Planned Community; Exemption. This Declaration creates a “planned community” under CCIOA and not a “condominium,” as those quoted terms are defined by CCIOA, as described in the Recitals. The Planned Community created by this Declaration shall never contain more than 20 units and shall not be subject to any future “development rights” as that term is defined by CCIOA. Therefore, the Project is exempt from CCIOA’s provisions (except for Sections 38-33.3-105 to 107 of CCIOA) pursuant to the exemptions contained in Section 38-33.3-116(2) of CCIOA. Each Person, by accepting a deed or other instrument of conveyance to and/or Mortgage against any interest in any Office Unit or any other Property hereunder, shall accept such interest subject in all respects to the covenants, conditions, restrictions and easements herein established and each such Person shall be deemed to agree to all of the benefits and burdens set forth herein. No Owner may undertake any action that would invalidate the CCIOA exemptions set forth in this Section 2.2.

2.3 Division into Two Office Units; Transfer. The Premises are hereby divided into a total of two Office Units. Each Office Unit consists of a small planned community interest in the space defined by the Horizontal Boundaries and the Vertical Boundaries associated with such Office Unit as set forth on the Planned Community Map. No additional units may be created by Declarant hereunder. The boundaries of each Office Unit are delineated and designated by an identifying designation or description on the Planned Community Map. For the avoidance of misunderstanding, the workout room, board room and meeting rooms physically located within Office Unit #1 are part of Office Unit #1 and are not General or Limited Common Elements. The Office Units created hereby shall be transferred to Owners subject to the Planned Community Documents and the same shall be used, constructed, financed, operated and owned by such Owners solely in accordance with the provisions and restrictions contained herein.

2.4 No Retained Development Rights. The Declarant shall retain no development rights or special declarant rights and, except for those circumstances specifically set forth herein. The Declarant hereby relinquishes any right to “declarant control” as the Act uses that term. The description and location of the Office Units shall not be altered or modified without the unanimous written approved of all Owners of the Office Units and all Mortgagees holding a Mortgage lien against an Office Unit.

2.5 Planned Community Map. Prior to the conveyance of any Office Units or the Common Elements, the Declarant shall record a planned community map in the Land Records (the “Planned Community Map”). The Planned Community Map shall be based upon the Horizontal Boundaries and Vertical Boundaries of the Planned Community and the related Project elements as reflected in survey drawings for the Project. As part of the Planned Community Map, there shall be attached a certificate from a registered land surveyor certifying that the Planned Community Map substantially depicts the location and the Horizontal Boundaries and Vertical Boundaries of the Office Units to which it pertains and that Planned Community Map was prepared subsequent to substantial completion of the Project.

2.6 Amendments to Planned Community Map. The Planned Community Map may be modified or amended only with the unanimous prior written consent of all of the Owners and all Mortgagees. Notwithstanding the foregoing, the Association or Declarant shall be entitled to amend and/or supplement the Planned Community Map at any time without the approval of the Owners and/or any Mortgagees, but with prior notice to the Owners and/or any Mortgagees, solely for the

purposes of correcting clerical or typographical errors. Subject to their approval rights herein, upon the written request of the Association, the Owners and Mortgagees shall cooperate with the Association and shall timely review, finalize, execute, and deliver promptly (no later than 15 days from the date requested) all consents and approvals for such amendments as may be required by the Association from time to time for the purposes contemplated pursuant to this Section.

2.7 Transfer of Common Elements to Association. After recording this Declaration and the Planned Community Map, and concurrently with the transfer of the Office Units pursuant to Section 2.3, the Declarant shall convey the Common Elements to the Association via special warranty deed. Each Owner of an Office Unit shall have a non-exclusive right to use and enjoy the General Common Elements, without hindering or encroaching upon the lawful rights of other Owners, subject to the Association's right to regulate the use thereof and to promulgate Rules and Regulations that limit the use thereof on a non-discriminatory basis in a manner consistent with the other provisions of the Planned Community Documents. Any closure or limitation of access to the General Common Elements shall not, to the extent reasonably possible, substantially impede access to the Office Units or occur during normal business hours if the applicable General Common Element is necessary for ingress or egress to an Office Unit.

2.8 Parking. Certain of the Parking Garage Spaces are hereby allocated to one of the Units as a Limited Common Element for such Unit as depicted on Exhibit E-1 and on the Planned Community Map. All other Parking Garage Spaces are General Common Elements. All surface parking area spaces are General Common Elements.

2.9 Expense Liability for General Common Elements. The Assessment Allocation shall apply to the Office Unit Owners' Expense Liability for the General Common Elements. The Assessment Allocation assigned to each Office Unit is set forth on Exhibit B.

2.10 Rounding Convention. The total of any Gross Floor Area stated as a fraction or decimal and forming the basis for the Assessment Allocation and the resulting Assessment Allocation calculation shall be rounded up or down to the nearest percent and the total of the Assessment Allocations shall be equal to one hundred percent (100%) for purposes of this Declaration.

2.11 Legal Descriptions. Subsequent to the recording in the Land Records of the Declaration and the Planned Community Map, contracts to convey, instruments of conveyance of the Office Units, and every other instrument affecting title to an Office Unit shall be in substantially the following form with such omissions, insertions, recitals of fact, or other provisions as may be required by the circumstances or appropriate to conform to the requirements of any governmental authority, practice or usage or requirement of law with respect thereto:

Office Unit # __, 9195 E. Mineral Avenue Small Planned Community, according to the Planned Community Declaration recorded _____, 2025 in the office of the Clerk and Recorder of the County of Arapahoe, Colorado, at Reception No. _____, and the Planned Community Map for 9195 E. Mineral Avenue Small Planned Community recorded _____, 2025 in such office at Reception No. _____, as amended and supplemented from time to time as permitted under such Declaration.

Such description shall be good and sufficient for all purposes to sell, convey, transfer, encumber, or otherwise affect the Office Units and all of the rights, obligations, benefits and burdens associated with such Office Unit, expressly including Parking Garage Spaces allocated to an Office Unit as a Limited Common Element. The Common Elements shall be transferred to the Association using similar nomenclature and convention. The reference to the Planned Community Map and this Declaration in any instrument shall be deemed to include any recorded supplements or amendments thereto.

2.12 Separate Tax Assessments.

(a) Upon the recording of this Declaration and the Planned Community Map in the Land Records, Declarant shall deliver a copy thereof to the tax assessor for the County of Arapahoe as required or as may be necessary to cause each of the Office Units to be individually assessed for tax purposes, and together with the non-exclusive right of use of the General Common Elements.

(b) The lien for taxes assessed against any Office Unit shall be confined to that Office Unit. No forfeiture or sale of any Office Unit for delinquent taxes, assessments, or other governmental charge owned by an Owner shall divest or in any way affect the title to any other Office Unit held by any other Owner.

(c) In accordance with section 38-33.3-105 of CCIOA, the valuation of the General Common Elements shall be assessed proportionately to each Office Unit in accordance with the Assessment Allocation and the General Common Elements shall not be separately taxed or assessed. Notwithstanding the foregoing, as the owner of the General Common Elements, the Association shall be responsible for timely payment in full for all types of taxes lawfully assessed against the General Common Elements, including ad valorem levies and special assessments, if any. Payment of such taxes or assessments for the General Common Elements shall be a General Common Expense.

(d) In the event the taxes or assessments for the Project or any part thereof for any year are not separately assessed to each Owner (as to the Office Units and Limited Common Elements) and the Association (as to the General Common Elements) but rather are assessed on the Project as a whole, then each Owner and the Association shall first file any and all available appeals requesting that the Assessor separately assess each Owner (as to the Office Units and Limited Common Elements) and the Association (as to the General Common Elements). If all applicable assessment appeal periods have run without the Assessor determining to separately assess each Owner (as to the Office Units and Limited Common Elements) and the Association (as to the General Common Elements), then such taxes or assessments shall be treated as a General Common Expense payable as follows: (x) with respect to the portion of such tax attributable to the Office Units and Limited Common Elements, each Owner shall pay its proportionate share in accordance with such Owner's Assessment Allocation, provided, however, that no Owner shall be obligated to pay to the extent it is statutorily exempt from property taxes; and (y) the Association shall collect such amounts from the Office Unit Owners (except from any Owner who is statutorily exempt from property taxes) and pay those taxes or assessments assessed against the Project in full when due and owing.

(e) The Association shall reasonably cooperate with any Owner that is exempt from payment of ad valorem taxes and seeks an exemption for payment of ad valorem taxes imposed on such Owner's Office Unit. The Owners and/or the Association shall assist one another in any reasonable effort necessary to have the Office Units obtain and retain an exemption or reduction from real estate or property taxes on the basis of its intended use and ownership. To the extent that any Owner is exempt from payment of such taxes, then any real estate or property taxes due with respect to the other Owners' Office Units shall be deemed to be payable exclusively by such other Owners who have not received an exemption from the payment of such taxes.

2.13 General Common Elements. Other than the initial transfer of the General Common Elements to the Association, no General Common Element may be abandoned, partitioned, subdivided, encumbered, sold, or transferred by the Association without the prior written consent of all Owners and any Mortgagees holding a mortgage lien against any Office Unit or unless all of the Office Units are owned by one single Person, whereupon the General Common Elements may be transferred to such Person at such Person's written election. Every Owner and its applicable Occupants shall have a perpetual right of use and easement of access over, across, and upon the General Common Elements for the purpose of the overall Project structural support of and service to the Planned Community, including any points of access to and from public rights-of-way for both pedestrian and vehicular travel, which rights and easements shall be appurtenant to and pass with the transfer of title to the Owner of the Office Units; provided, however, that such rights and easements shall be subject to the following:

(a) the covenants, conditions, restrictions, easements, reservations, rights-of-way, and other provisions contained in the Planned Community Documents;

(b) the right of the Association to regulate vehicular and pedestrian traffic and travel upon, in, under, and across the Project, and to assign parking spaces to Owners or otherwise regulate parking within the Project and within the Parking Garage Spaces, provided, however, that the Association may not institute any regulation that would cause an Owner to be in violation of its zoning requirements and provided that the Association may not re-assign any Parking Garage Spaces that are a Limited Common Element without the written consent of the Owner of the Office Unit to which such Limited Common Element is appurtenant; and

(c) the right of the Association to adopt, from time to time, any and all Rules and Regulations concerning the Project as the Association may determine are necessary or prudent for the management, preservation, safety, control and orderly operation of the Project for the benefit of all Owners and Occupants, and for facilitating the greatest and most convenient availability and use of the Office Units and the Common Elements by Owners and Occupants.

ARTICLE 3 THE ASSOCIATION; MEMBERSHIP AND VOTING RIGHTS

3.1 Association Membership. The Association's Articles shall be filed no later than the date the first Office Unit in the Project is conveyed to an Owner. Every Office Unit Owner shall be a member of the Association and shall remain a member so long as the Owner owns an Office Unit. No Owner, whether one or more persons or entities, shall have more than one membership per Office Unit owned, but all of the Persons owning an Office Unit shall be entitled to rights of

membership and of use and enjoyment appurtenant to ownership of an Office Unit. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of an Office Unit. If title to an Office Unit is held by more than one Person, such Person or Persons shall by written instrument executed (by all of them, if more than one) and delivered to the Association appoint and authorize one individual or agent (and, at their option, one alternate individual in case the first is unavailable to act) to represent the Owner or Owners of the Office Unit. Such representative or agent may be appointed ex officio but shall be a natural person having substantial management responsibilities with respect to the Owner of such Office Unit, and such representative shall have the power to cast votes on behalf of the Owner or Owners as a member of the Association, and serve on the Board of Directors if elected, subject to the provisions of and in accordance with the procedures more fully described in the Bylaws of the Association. Notwithstanding the foregoing, if the Association has not received the written instrument from multiple Owners of an Office Unit required above, (a) if only one of the multiple Owners of such Office Unit is present at a meeting of the Association, such Owner is entitled to cast the vote allocated to that Office Unit, and (b) if more than one of the multiple Owners are present either in person or by proxy, the Association may assume that any Owner who casts the vote allocated to that Office Unit is entitled to do so unless one or more of the other Owners of the Office Unit or their proxy promptly protests to the person presiding over the meeting; if such protest is made, the vote allocated to the Office Unit may only be cast by written instrument executed by all Owners or their proxies who are present at the meeting, and any purported vote lacking such unity shall be disregarded.

3.2 Voting Rights and Meetings. Each Office Unit in the Project shall have voting rights commensurate with the amount of gross square footage within such Unit relative to the total amount of gross square footage in all Units in the Project according to the Assessment Allocation as shown on *Exhibit B*. A meeting of the Association shall be held at least once each year. Special meetings of the Association may be called by the President, by a majority of the Board of Directors, or by either of the Office Unit Owners. Not less than 10 and no more than 50 days in advance of any meeting, the Secretary or other officer specified in the Bylaws shall cause notice of the meeting to be delivered by personal delivery, confirmed electronic mail delivery, by overnight courier or sent prepaid by United States Mail to the mailing address of each Owner on file with the Association. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to this Declaration or the Bylaws, any Budget changes, and any proposal to remove an officer or member of the Board of Directors. Unless the Bylaws provide for a higher percentage, a quorum is deemed present throughout any meeting of the Association when representatives for both Owners are present, in person or by proxy, at the beginning of the meeting. Owners may participate in any Association meeting by means of telephone conference, video conference, or similar communications equipment by which all Owners participating in the meeting can hear each other at the same time. Such participation will constitute presence in person at the meeting and waiver of any required notice. No Owner is entitled to vote unless it has paid all assessments and other outstanding amounts owed to the Association as of the date of the vote.

3.3 Meeting to Approve Annual Budget. At the annual meeting of the Association or at a special meeting of the Association called for such purpose, the Owners shall be afforded the opportunity to ratify a Budget of the projected revenues, expenditures, and reserves for the Association's next fiscal year as proposed by the Board of Directors and setting forth the budgeted General Common Expenses as compared to the actual General Common Expenses for the prior

year, as well as the budgeted Parking Garage Expenses as compared to the actual Parking Garage Expenses for the prior year. The proposed Budget as approved by the Board of Directors shall be delivered to the Owners within 30 days after its adoption by the Board, along with a notice of a meeting of the Association to be held not less than 10 or more than 50 days after mailing of the proposed Budget to the Owners. Unless at the meeting all Owners (as opposed to a majority of those present and voting in person or by proxy) reject the proposed Budget, the Budget shall be deemed ratified. In the event the proposed Budget is rejected, the Budget last ratified by the Owners shall continue until such time as the Owners ratify a subsequent Budget proposed by the Board of Directors as provided above. Failure of the Owners to ratify a Budget shall not affect the validity or enforceability of any Assessment made by the Association with reference to such Budget.

3.4 Owners' and Association's Addresses and Method for Notices. The Owners of each Office Unit shall deliver to the Association the mailing address and electronic notice addresses to be used by the Association or other Owners for notices, demands, and all other communications regarding Association matters. The Owner or the representative of the Owners of an Office Unit shall furnish such notice addresses to the secretary of the Association within 10 days after transfer of title to the Office Unit to such Owner or Owners or, in the event of a change of address, within 10 days after the change. If no address is registered with the Association, then the address of the Office Unit shall be deemed their registered address until another registered address is furnished as required under this section. If the address of the Office Unit is the registered address of the Owner(s), then any notice shall be deemed duly given if delivered to any person occupying the Office Unit or, if the Office Unit is unoccupied, if the notice is held and available for the Owners at the principal office of the Association. All notices and demands intended to be served upon the Board of Directors shall be sent to the registered agent for the Association on file with the Colorado Secretary of State or such other address specified by the Association by notice to all Owners. Until further notice to all Owners, notices to the Association shall be sent to the address shown in Exhibit D, as such exhibit may be updated from time to time by the Association. Notices given in accordance with this section may be sent by personal delivery, which shall be effective upon receipt; by overnight courier service, which shall be effective upon the next delivery day following deposit with the courier service; or regular, registered or certified mail, postage prepaid, which shall be effective three days after deposit in the U.S. mail, or by electronic mail with confirmed read receipt. The fact that an Owner has authorized the sending of notices by electronic mail will not invalidate any notice given to that Owner in any other manner permitted by this section. Notices to Mortgagees shall be delivered to Mortgagees in accordance with Section 11.2.

3.5 Transfer Information. Each Person acquiring an Office Unit, whether from the Declarant or from a previous Owner, shall notify the Association in writing within 10 days after acquiring such Office Unit. The notice shall specify the purchaser's name, addresses for notices in accordance with Section 3.4 and telephone number, the Office Unit purchased and the date of purchase, the name of the former Owner from whom the purchaser acquired the Office Unit, and the name of every Mortgagee of the Office Unit. The Purchaser shall also provide a true and correct copy of the recorded instrument conveying the Office Unit or such other evidence of the conveyance as is reasonably acceptable to the Association. In addition, the Association may request such other information as the Association determines is necessary or desirable in order to maintain accurate records concerning the ownership of all Office Units.

3.6 Association Meeting; Number of Directors; Election of Directors. Not later than 30 days after the recording of this Declaration, the Owners shall meet to adopt the Bylaws. Until such time, if any, as the Bylaws are amended to change the number of directors, the Board shall consist of two (2) directors, one of whom shall be elected/appointed by the Owner of Office Unit #1 and one of whom shall be elected/appointed by the Owner of Office Unit #2.

3.7 Association Management Duties.

(a) The Association shall operate and manage the Planned Community. The Association shall be responsible for the administration and operation of the Project and for the exclusive management, control, maintenance, repair, replacement, and improvement of the Common Elements, and shall keep the same in good, clean, and sanitary condition, order, and repair. The Association shall perform the obligations of the owner of the Premises under the REA. The expenses, costs and fees of such management, control, operation, maintenance, repair, replacement and improvement by the Association of the General Common Elements shall be part of the Assessments, and prior approval of the Owners shall not be required in order for the Association to pay any such expenses, costs, and fees to the extent such expenses have been approved by the Owners as part of the Budget. The Association shall establish and maintain, out of the installments of the Assessments, an adequate reserve account for maintenance, repair, or replacement of those General Common Elements that must be maintained, repaired, or replaced on a periodic basis in such amount as may be adopted in the Budget. The Association shall adopt and amend a Budget for revenues, expenditures, and reserves which will be the basis for collection of Assessments for General Common Expenses from Owners. The Association shall keep financial records sufficiently detailed to enable the Association and all Owners to comply with all requirements relating to the use and operation of the Project. All financial and other records of the Association shall be made reasonably available for examination by any Owner and such Owner's authorized agents and Mortgagees. The Association may hire a qualified management company for the purpose of managing and overseeing the operation of the Project in accordance with the requirements of the Planned Community Documents, including, without limitation, conducting accounting and related functions for the payment of General Common Expenses, so long as the cost of such management services is included in the Budget to be approved by the Owners in accordance with Section 4.1.

(b) Unless and until the Association engages an independent management agent (or the Owner of Office Unit 2 requires that the Association hire an independent management agent by delivery of written notice to the Owner of Office Unit 1), the Owner of Office Unit 1 shall manage the Common Elements and the affairs of the Association. In such capacity, the Owner of Office Unit 1 shall have no authority to expend funds of the Association in excess of amounts shown in the approved budget then in effect, except in cases of emergency. For so long as the Owner of Office Unit 1 serves in such capacity, the Owner of Office Unit 1 shall be entitled to a management fee, provided that the amount of such fee shall be consistent with management fees then being charged by independent management companies for management of comparable properties. The Owner of Office Unit 1 may resign from managing at any time, upon thirty days' written notice to the Owner of Office Unit 2. At any time, upon thirty (30) days' written notice to the Owner of Office Unit 1, the Owner of Office Unit 2 may require that the Association hire an independent management agent. If the Owners are unable to agree upon an independent managing agent, the disagreement shall, at the demand of either Owner, be resolved as provided in the

Dispute Resolution Rider. The Owner of Office Unit 1 shall continue to serve until an independent management agent has been hired. The fees and costs of the management agent (or the Owner of Office Unit 1 if no managing agent is then engaged) shall be Common Expenses.

3.8 Association Powers. The Association shall hold title to the Common Elements and administer and manage the Common Elements, and personal property located within the Common Elements in accordance with this Declaration, the Association's Articles, Bylaws, and duly adopted rules, regulations, and resolutions of the Association. The Association shall have, subject to the limitations contained in the Planned Community Documents, the powers necessary for the administration of the affairs of the Association and the upkeep of the Common Elements, which shall include, but not be limited to, the power to:

- (a) adopt Bylaws and Rules and Regulations and amendments thereto, as such amendments shall be approved by all the Directors or all the Owners;
- (b) adopt and amend Budgets for revenues, expenditures and reserves approved in accordance with Section 4.1;
- (c) collect Assessments for General Common Expenses from Owners;
- (d) hire and discharge employees, agents, attorneys, accountants, and independent contractors in accordance with the Budget approved by the Owners in accordance with Section 4.1;
- (e) institute, defend, or intervene in litigation (including seeking injunctive relief for violation of the Planned Community Documents) or administrative proceedings in the Association's name, on behalf of the Association, other than respecting matters involving another Owner, on behalf of an Owner at such Owner's sole cost and expense on matters affecting the Project;
- (f) make contracts and incur liabilities relating to its duties herein;
- (g) regulate the use, maintenance, repair, replacement and modification of the Common Elements;
- (h) cause improvements to be made to the Common Elements as permitted in the approved Budget;
- (i) perform the obligations of the owner of the Premises under the REA;
- (j) grant easements, including permanent easements, leases, and licenses through or over the Common Elements which are necessary in order to operate the Project in the normal course of business;
- (k) solely with the prior written consent of all of the Owners, impose and receive payments, fees or charges for services provided to Owners;

(l) impose charges for late payment of Assessments, recover reasonable attorney fees and other legal costs incurred in collecting Assessments and in other actions to enforce the rights or powers of the Association in accordance with the Planned Community Documents;

(m) provide for the indemnification of the Association's officers and Board of Directors (and their predecessors in such positions) to the extent of available insurance proceeds;

(n) exercise any other applicable powers conferred by the Planned Community Documents, subject to the requirements set forth in this Declaration;

(o) enforce the obligations imposed on Owners hereunder regarding, among other things, the use, reconstruction, repair and maintenance of their Office Units including, without limitation, the right to enter the Office Unit of an Owner that is in default of its obligations hereunder if such default is not cured by such Owner within 30 days after notice by the Association to such Owner of the default; and

(p) exercise any other powers necessary and proper for the governance and operation of the Association in accordance with the Planned Community Documents.

In exercising the power to regulate the use, maintenance, repair, replacement and modification of the Common Elements, the Association shall implement the development, construction, use and operation requirements set forth herein.

3.9 Actions by Board of Directors. Except as specifically otherwise provided in the Planned Community Documents, the Board of Directors may act in all instances on behalf of the Association; provided, however, the Board of Directors may take the following actions on behalf of the Association only with the unanimous vote of all members of the Board: (a) amending this Declaration, the Articles, or Bylaws; (b) selling the Building, listing the Building for sale or entering into an agreement for the sale of the Building or a letter of intent or term sheet with respect to a sale of the Project; (c) terminating the Planned Community; (d) consenting to have separate insurance policies as provided in Section 9.4(o); (e) subdividing, modifying and/or altering the location of an Office Unit or modifying the number and/or location of the Office Units; provided that, the Owner of Office Unit #1 shall have the right to relocate within Office Unit #1 any or all of the workout room, board room and meeting rooms without a vote of the Board; (f) determining the qualifications, powers, and duties, or terms of office of members of the Board of Directors; or (g) approving a budget that would increase the General Assessments allocated to any Owner by more than fifteen percent (15%) over the prior year's budget. Any such actions that require the approval of the First Mortgagees pursuant to another provision of this Declaration shall not be effective without the approval or deemed approval of the First Mortgagees. If any such action requires a vote of or approval by the Owners, pursuant to a provision of this Declaration, any applicable law or because it is required by a lender or other third party, then following a unanimous vote of the Board of Directors, the Owners shall execute such written instrument(s) as may be required to evidence their vote in favor of, or approval of, such action.

3.10 Board of Directors Meetings. All meetings of the Board of Directors will be open to all Owners.

ARTICLE 4 ASSESSMENTS

4.1 **Assessments Generally; Budget.** Assessments shall be due in advance on the first day of each month or such other period as may be determined from time to time by the Association. Assessments shall be based upon the Association's estimates for General Common Expenses, as the same shall be included in the Budget, with an adjustment after the end of each calendar year if necessary. Each Owner shall be liable for Assessments during the period of its ownership of any Office Unit and no Owner may be exempt from liability for payment of any Assessments or its Expense Liability by virtue of such Owner's waiver of use or enjoyment or abandonment of any portion of its interest in the General and/or Limited Common Elements. The Board of Directors shall cause to be prepared, at least 45 days prior to the commencement of each calendar year, a Budget for such ensuing calendar year. The Budget shall show, among other things, the categories of expenses, the amount of each General Common Expense, any capital expenditures, any expected income of the Association for the coming calendar year, any expected surplus or deficit from the prior year, and any existing surplus held by the Association. The Budget may include an amount for contingencies and amounts deemed necessary or desirable to create, replenish, or add to Association funds and reserves for capital expenditures and such other Association expenditures permitted hereunder. The Board shall cause a copy of the Budget to be delivered to each Owner and voted on as provided in Section 3.3. If the Budget or any portion thereof is rejected, the applicable portions of the Budget for the prior calendar year shall be used until the proposed Budget or any portion thereof is approved by the relevant Owners. To the extent expenses are due to the actions or inactions of a particular Office Unit Owner, that Office Unit Owner shall be solely responsible for such increase in expenses as further set forth in Section 4.5.

4.2 **General Common Element Assessments.** Assessments made for General Common Expenses shall be based upon the estimated cash requirements as the Board shall from time to time determine to be paid by all Owners as set forth in the Budget. Estimated General Common Expenses shall include the cost of routine maintenance and operation of the General Common Elements, including, but not limited to, that portion of real property taxes, if any, attributable to the General Common Elements, expenses of management and insurance premiums for insurance coverage as deemed desirable or necessary by the Association, landscaping, care of grounds within the General Common Elements and areas within the public rights of way (including for this purpose public access easements) that are required by the City to be maintained in connection with the Project, routine repairs, renovations and upkeep, water, sewer service and common utility charges, snow and trash removal, recycling charges, legal and accounting fees, management fees, expenses and liabilities incurred by the Association under or by reason of this Declaration, payment of any default remaining from a previous Assessment period, and the creation of a reasonable and adequate contingency or other reserve or surplus fund for insurance deductibles. Any surplus funds of the Association remaining after payment of or provision for General Common Expenses and any prepayment of or provision for reserves shall be retained as reserves or credited to the Owners in proportion to their Assessment Allocation as determined by the Board of Directors. If the Board of Directors cannot agree on the use of surplus funds, the Association shall credit the surplus funds to the Owners in proportion to their Assessment Allocation.

4.3 **Apportionment of Increased Assessments.** Notwithstanding the foregoing:

(a) any increase in the cost of insurance based upon risk shall be assessed to the Office Unit Owner creating the extra risk in proportion to its contribution to the extra risk; and

(b) any General Common Expense or Expense Liability caused by the action or inaction of any Occupant shall be assessed against such the Owner of the Office Unit occupied by such Occupant.

All such allocations of Assessments to Owners on a basis other than the Assessment Allocation shall be made in the reasonable discretion of the Board of Directors whose decision shall be final. A presumption shall exist that the Expense Liability relating to the General Common Expenses will be allocated among all Office Units in proportion to Assessment Allocation, except to the extent the Board of Directors determines that specific costs and expenses should be allocated differently on the basis of articulated objective factors. Separate Assessments shall be made to individual Office Units relating to utilities or work that benefits such Office Unit but not all Office Units.

4.4 Special Assessments. The Association shall have the right from time to time upon 30 days' written notice to the Owners to levy a special assessment ("Special Assessment") against the Owners according to each Owner's applicable Assessment Allocation for the cost of any reconstruction, repair, or replacement of any General Common Element not included in the Budget.

4.5 Reimbursement Assessments. After expiration of any required notice and cure periods set forth in this Declaration, the Association shall have the right to levy assessments against an Owner which is in default of any of its obligations under this Declaration in the amounts provided for herein ("Reimbursement Assessments"). A Reimbursement Assessment shall be due and payable immediately upon written notice of such Reimbursement Assessment to the defaulting Owner and may be enforced by the Association in the same manner as other Assessment liens at any time thereafter.

4.6 Failure to Levy Assessment. The failure to levy any Assessment or deliver a statement for any period shall not be deemed a waiver, modification, or a release of any Owner from its obligation to pay.

4.7 Assessment Delinquency; Remedies. To the extent any Owner fails to pay any Assessment within 15 days of the date due, the Association shall be entitled to pursue any remedy available at law or in equity, including:

(a) Charge a late fee equal to 5% of each such delinquent amount, and interest shall accrue on all amounts owing from the due date at the lesser of the maximum rate of interest per annum permitted under the law or ["Prime plus" or 10%] until paid. The foregoing charges, together with all actual costs of collection (including reasonable attorney fees, foreclosure costs, and costs in connection with the filing of any lien), shall be added to and become part of any amounts owing and the Association shall be entitled to collect such amounts without commencing any legal proceeding.

(b) Upon thirty (30) days written notice and demand upon such Owner, record a lien against the Owner's Office Unit as to all amounts owing to the Association, such lien having the highest priority permitted under the law; provided, however, that part of said lien imposed for

interest, fines, penalties and attorney fees incurred shall be subordinate to any First Mortgage to the extent such First Mortgage was recorded prior to the date on which the Assessment became delinquent. To evidence such lien, the Association shall take such actions required by applicable law, which may include the preparation of a written notice of lien setting forth a description of the delinquent charges, unpaid amount, name of the Owner, and a description of the encumbered Office Unit, and record the required notice of lien with the Clerk and Recorder. Liens filed by the Association may be enforced by judicial foreclosure proceedings or as otherwise provided under Colorado law. The Association and any Owner shall have the power to bid on and acquire the encumbered Office Unit at foreclosure or other legal sale. A recorded lien may be released by recording a Release of Lien signed by an officer of the Association on behalf of the Association. Notwithstanding the foregoing, the right of the Association to lien an Office Unit and foreclose such lien shall be limited by any applicable laws restricting encumbrance and/or the foreclosure of publicly owned property, if applicable.

4.8 Covenant of Obligation for Assessments. Declarant, by creating the Office Units pursuant to this Declaration, and each other Owner, by accepting a deed or other instrument of conveyance of a Unit (whether or not it shall be so expressed in such deed or other instrument of conveyance), are deemed to covenant and agree, and hereby do so covenant and agree to pay to the Association (a) the General Assessments, (b) any Special Assessments, (c) Reimbursement Assessments, and (d) any Default Assessments assessed against such Owner's Office Unit. No Owner may escape liability for the payment of the Assessments provided for in this Declaration by not using the General and/or Limited Common Elements or by abandoning or leasing such Owner's Office Unit. Assessments shall not include the costs of developing or constructing the Improvements and such costs shall be incurred solely by the Owners in connection with their respective ownership interest in the Office Units owned in whole or as tenants in common therein.

4.9 Lien for Assessments; Default Assessment. The Assessments arising under the provisions of this Declaration shall be burdens running with, and a perpetual lien in favor of the Association upon the Office Units to which such Assessments apply. The recording of this Declaration in the Land Records constitutes record notice and perfection of the lien and no further recording of any claim of lien for Assessments is required. To provide further evidence of such lien upon a specific Office Unit, however, the Association may prepare a written lien notice (a "Lien Notice") setting forth the description of the Office Unit encumbered by the lien, the amount of Assessments on the Office Unit that are unpaid as of the date of such Lien Notice, the date such amount was due and payable and the date from which interest accrues, a list of the costs and expenses (including reasonable attorneys' fees) incurred in attempting to collect the unpaid amount as of the date of recording of the Lien Notice, the name of the Owner or Owners of the Office Unit, and any other information the Association may deem proper evidencing the default and/or nonpayment of Assessments due from any Owner (a "Default Assessment"). Any Lien Notice must have the prior written approval of the Board of Directors and shall be signed by a member of the Board of Directors or an attorney for the Association and shall be recorded in the Land Records. A Lien Notice shall not constitute a condition precedent to or delay the attachment or the enforcement of the lien. The lien will be junior and subordinate to: (A) the liens of all taxes, bonds, assessments and other levies which by law are superior; (B) the lien of any First Mortgage made in good faith for value senior in priority to the Lien Notice; and (C) any mortgage, lien, or other charge against the property recorded prior to the recording of the Lien Notice. Such lien, when delinquent, may be enforced in the same manner as provided for the foreclosure of mortgages under the laws of the

State of Colorado. The Association may bid for a property at any foreclosure sale and acquire, hold, lease, mortgage, and convey such property.

4.10 Judgment for Nonpayment of Assessments. Assessments are the personal financial obligation of the Owner. An action by the Association (or a counterclaim or cross-claim for such relief in any action) against an Owner to recover a money judgment for unpaid Assessments (or any installment thereof) may be commenced and pursued by the Association without either foreclosing or waiving the Association's lien for the Assessments, or may be combined with an action to foreclose the Association's lien. Any money judgment may be enforced by garnishing the income from the operation of the Office Unit or seeking the appointment of a receiver to operate the Office Unit and apply the income therefrom to the payment of any money judgment and for all outstanding unpaid Assessments.

4.11 Purchaser's Liability for Assessments. The purchaser of an Office Unit shall take subject to the Association's lien securing any unpaid Assessments or installments thereof and shall be personally liable for all Assessments that are made or that become payable after such purchaser became the Owner of the Office Unit, including subsequent installments of Assessments previously made. For Assessment purposes, the date a purchaser became the Owner shall be determined as follows: (a) in the event of a conveyance or transfer by foreclosure, the date a purchaser became the Owner shall be the day following the date on which all applicable redemption periods expired; and (b) in the event of a conveyance or transfer by deed, the purchaser shall be deemed to have become the Owner upon the execution and delivery of the deed or other instrument conveying or transferring title to the Office Unit, irrespective of the date the deed or other instrument is recorded and thereafter the transferring Owner shall have no liability for subsequent Assessments.

4.12 Waiver of Homestead Exemption; Priority of Association's Lien for Assessments.

(a) By accepting a deed or other instrument of transfer of an Office Unit, each Owner irrevocably waives any homestead or similar exemption provided for under any present or future Colorado law. The Association's perpetual lien on each Office Unit for Assessments shall be superior to all other liens and encumbrances except the following:

(i) Real property ad valorem taxes and special assessment liens duly imposed by a Colorado governmental or political subdivision or special taxing district, or any other liens made superior by statute; and

(ii) The lien of any Mortgage that was recorded before the date on which the Assessment or any other charge under this Declaration sought to be enforced became delinquent.

(b) Any Mortgagee or any other party acquiring title or coming into possession of a Unit through foreclosure of a Mortgage, purchase at a foreclosure sale or trustee sale, or through any equivalent proceedings, such as, but not limited to, the taking of a deed in lieu of foreclosure, shall acquire title subject to any claims for unpaid Assessments and charges against the Office Unit which became payable prior to such sale or transfer, other than that part of said lien imposed for interest, fines, penalties and reasonable attorney fees incurred. Any assessments

and charges against the Unit which accrue prior to such sale or transfer shall also remain the obligation of the defaulting Owner of the Unit.

4.13 Statement of Status of Assessments. Within 14 calendar days after receiving a written request, delivered personally, by certified mail or by overnight delivery to the Association by any Owner or Owner's designee, or by the holder of any Security Interest, the Association shall furnish to the requesting party or its designee a written statement setting forth the amount of unpaid Assessments currently levied against such Owner's Office Unit. Any such statement shall be binding on the Association and every Owner, except that an erroneous statement shall not be binding as between the Association and the Person who was the Owner of the affected Office Unit as of the date of the statement. If no statement is furnished by the Association in accordance with the foregoing requirement, the Association shall have no right to enforce a lien upon the Office Unit for unpaid Assessments that were due as of the date of the request.

4.14 Other Liens. Except for mechanics' liens (to the extent not effectively prohibited by this Declaration) and other liens that attached to the Land before the recording of this Declaration or that otherwise have priority over this Declaration by operation of law, no liens shall be obtainable against the Common Elements except a Security Interest in the Common Elements granted by the Association in accordance with the requirements of this Declaration. No Owner shall have either power or authority to grant or otherwise create any lien affecting any other Owner's Office Unit.

4.15 Non-delinquent Owner's Purchase Option. Notwithstanding any other provision of this Declaration or any other remedy available to a non-delinquent Owner, in the event an Owner is more than six (6) months delinquent in the payment of General Assessments or has failed to pay any Special Assessment or Reimbursement Assessment for more than 180 days after the Assessment was levied unless the Owner has contested such Special Assessment or Reimbursement Assessment by legal proceedings, then the non-delinquent Owner shall have the right, but not the obligation, to purchase the Office Unit of the delinquent Owner. If the Owners cannot agree upon the then fair market value of such Office Unit, the fair market value shall be determined by an appraiser selected by the non-delinquent Owner, as to whom the delinquent Owner makes no reasonable objection. The cost of such appraisal shall be paid by the delinquent Owner and may be charged as a credit against the purchase price. The purchase price for such Office Unit shall be 75% of the then fair market value of such Office Unit. The non-delinquent Owner may exercise its purchase right by giving written notice of its intent to purchase to the delinquent Owner and specifying the Assessments that the delinquent Owner has failed to pay. Unless the delinquent Owner pays all unpaid Assessments and fines and interest with respect thereto provided for in this Declaration within ten (10) business days after the giving by the non-delinquent Owner of its notice of its intent to purchase, the closing of the purchase and sale of the non-delinquent Owner's Office Unit shall take place on the first business day that is thirty (30) days after the end of the ten (10) business day cure period. At the closing, the non-delinquent Owner shall pay the purchase price in good funds, by electronic funds transfer if requested by the delinquent Owner. At the closing, the amount of the unpaid Assessments and fines and interest with respect thereto shall be credited against the purchase price and real estate taxes for the year during which the closing occurs shall be prorated through the day prior to the day of closing, if the delinquent Owner's Office Unit is not then exempt from the payment of real estate taxes. The closing shall occur at the office of the non-delinquent Owner or its attorney, unless a title company is handling the closing, in which event the closing shall occur at the office of the title company. The non-delinquent Owner may obtain title

insurance with respect to the title to the delinquent Owner's Office Unit. In such event, the premium for such title insurance shall be paid by the delinquent Owner and may be charged as a credit against the purchase price. At the closing, the delinquent Owner shall execute and deliver to the non-delinquent Owner a special warranty deed transferring the delinquent Owner's Office Unit, subject to no exceptions to title except specific property exceptions listed as exceptions to title in Schedule B-2 of a title commitment, if any, obtained by the non-delinquent Owner. At the closing, the delinquent Owner shall also execute such other instruments as are customary in the jurisdiction with respect to the purchase and sale of a condominium unit and, in all events, such other instruments as the title company shall require if the closing is handled by a title company.

ARTICLE 5 MAINTENANCE RESPONSIBILITY

5.1 Responsibility of the Owners to Own and Maintain.

(a) Each Owner shall maintain and keep in good repair its Office Unit (which includes any fixtures, equipment, and utilities installed and included therein, commencing at a point where any fixtures, equipment and utilities enter the Office Unit) and in a clean, safe, and attractive condition consistent with the intended use of the Office Unit. Each Owner shall be responsible for all Repair Work as to its Office Unit, including any Repair Work related to: (i) any portion of the Improvements located completely within its Office Unit boundaries; (ii) all areas within the Office Unit that are subject to easements benefiting persons other than the Owner as described herein; (iii) any exterior roof, wall, hallways, stairs and other elements located solely within, and used only with respect to, its Office Unit; and (iv) its share of the costs of repairing damage to any portion of the Improvements which lie outside the boundaries of the Office Unit but which the Association has determined in its reasonable discretion was caused in whole or in part by such Office Unit Owner.

(b) No Owner shall undertake or allow any action or work that will impair the structural soundness of the Improvements, impair the proper functioning of the utilities, heating, ventilation, or plumbing systems or integrity of the Improvement(s), or impair any easement or hereditament.

(c) Each Owner shall be responsible for routine maintenance and care of the walls, floors, ceilings, windows and doors of any balcony or of any other elements appurtenant to the Owner's Office Unit, and for keeping the same in a good, clean, sanitary and attractive condition, including but not limited to replacing or repairing any exterior glass that may be broken or defaced.

5.2 **Owner's Negligence.** In the event that the need for maintenance, repair, or replacement of any other Owner's Office Unit is caused through or by the negligent or willful act or omission of another Owner or Occupant, then any expense incurred by the Association or any Owner for such maintenance, repair, or replacement shall be a personal obligation of such Owner who bears the responsibility therefor. If such responsible Owner fails to repay such expense within seven days after notice to such responsible Owner by the Association of the amount owed, then the failure to repay shall be a default by such responsible Owner, and such expense shall automatically become a Default Assessment determined and levied against such responsible Owner's Office Unit, enforceable by the Association in accordance with this Declaration.

5.3 **Responsibility of the Association.** The Association shall manage, control, repair and maintain the Common Elements in good working condition and shall keep such Common Elements in a clean, safe, and attractive condition consistent with the intended use of the Project. All costs and expenses incurred by the Association with respect to the Association's duties hereunder shall be Expense Liabilities allocated and charged as Assessments as set forth in Article 4. To the extent the Owners cannot mutually agree in a timely manner on the schedule for maintenance, repair, replacement, and improvement of the Common Elements, including access to one or more Office Units which is necessary to complete such work, the Association shall determine a reasonable schedule and provide each Owner with as much advance notice of the same as is practicable under the circumstances.

ARTICLE 6 MECHANICS' LIENS FOR CONSTRUCTION WORK

6.1 **Mechanics' Liens.** Once this Declaration has been recorded and the Planned Community Map filed in the Land Records, no lien for labor performed or materials furnished for use and incorporated in any Office Unit with the consent of or at the request of the Owner or the Owner's agent, contractor, or subcontractor shall be filed against any Office Unit, or against any interest in the General or Limited Common Elements. Each Owner shall be responsible for its own Office Unit and ensure from and against any liability or loss arising from the claim of any mechanics' lien for labor performed or for materials furnished in work on such Owner's Office Unit which is recorded against the Office Unit of another Owner or against the General or Limited Common Elements or any part thereof. In the event that any contractor, subcontractor, materialman, or any other person or entity files a mechanics' or similar type of lien which burdens or encumbers any portion of the General or Limited Common Elements, or any Office Unit in which such labor, materials, services, or products are incorporated, the Owner of the Office Unit in which such work was incorporated shall within 30 days of the filing of such lien of record either have such lien removed or post a bond for the benefit of the Association and/or the affected Owner in an amount sufficient to make payment in full and obtain a release of the applicable lien under the requirements of C.R.S. § 38-22-132 (or any successor provision) to remove the lien.

6.2 **Enforcement by the Association.** At its own initiative or upon the written request of any Owner (if the Board determines that action by the Association is warranted), the Association may enforce the provisions of this Article 6 by collecting reimbursement from the Owner of the Office Unit on which the labor was performed or materials furnished in the amount necessary to discharge by bond or otherwise any such mechanics' lien, including all costs and expenses incidental thereto, and obtain a release of such lien. If the Owner of the Office Unit on which the

labor was performed or materials furnished refuses or fails to reimburse the Association within five days after the Association notifies such Owner of the total amount of the claim, then the failure to provide reimbursement and payment to the Association shall be a default by such Owner under the provisions of this Section 6.2, and such amount to be paid shall automatically become a Default Assessment determined and levied against such Office Unit, and enforceable by the Association pursuant to this Declaration. Notwithstanding the provisions set forth in this Section 6.2, this Article 6, or any other section or article contained in this Declaration, if the Owner of an Office Unit is a State agency, the State is prohibited from making commitments beyond the term of the current State Fiscal Year. Payment to the Association beyond the current State Fiscal Year is contingent on the appropriation and continuing availability of funds in any subsequent year (as provided in the Colorado Special Provisions set forth below).

6.3 **Warranties.** Owners and the Association shall require that all materials and equipment furnished in connection with any alteration or addition of the Improvements undertaken in accordance with Section 8.4 will be of good quality. The Association shall ensure or require the Owners to ensure that all construction work associated with any alteration or addition of the Improvements is free from any material defects, and that such construction work will comply in all material respects with the requirements of any approved plans and specifications. The Owners' warranties shall be assignable to the Association for enforcement thereof with respect to any Common Elements.

ARTICLE 7 USE RESTRICTIONS AND COVENANTS

7.1 **Use of Office Units.** The Owners and the Association shall own, operate, and manage the Project in a manner which, among other requirements set forth in the Planned Community Documents, strictly with respect to all Office Units, satisfies the requirements of the Planned Community Documents. The Owners of each of the Office Units may lease such Office Units for use as offices that do not cause unreasonable disturbance to other Owners and that are permitted by applicable zoning codes; provided that any lease must be to an organization with similar missions and purposes as the Colorado Department of Public Safety and/or the Declarant. Any successor Owners must use the Office Units for similar missions and purposes as the Colorado Department of Public Safety and/or the Declarant.

7.2 **Prohibition of Increases in Insurable Risks; Compliance with Applicable Laws.** Except with the prior written approval of the Association, nothing shall be done or kept in any Office Unit or in or on the Common Elements or any part thereof that would result in: (a) the cancellation of the insurance on all or any part of the Project, (b) an increase in insurance premiums for all or any part of the Project over the premiums that would be applicable in the absence of such activity, (c) an adverse effect on the right of recovery under any of such policies, or (d) reputable and independent insurance companies refusing to insure the Project in the amounts required by this Declaration. Nothing shall be done or kept in any Office Unit or in or on the Common Elements in violation of any statute, rule, ordinance, regulation, permit or other requirement of any governmental body having jurisdiction over the Project. No Owner or Occupant shall commit damage to or waste of the Common Elements. Each Owner shall be responsible for its own Office Unit and ensure that it shall not cause harm resulting from any damage or waste caused by such Owner or by any Occupant of such Owner's Office Unit. Failure to accept responsibility shall be a

default by such Owner under this Section 7.2. At its own initiative or upon the written request of any Owner (and if the Association determines that further action by the Association is warranted), the Association may enforce the foregoing as a Default Assessment levied against such Office Unit.

7.3 Structural Alterations and Exterior Appearance. Except with the prior written approval of the Association, no structural alterations to any Office Unit, including the construction of any additional skylight, window, door or other alteration visible from the exterior of the Office Unit, and no alteration to any General Common Element, shall be made or caused to be made by any Owner, and no alteration or relocation of boundaries between adjoining Office Units shall be made by any Owner except as otherwise permitted in this Declaration. The Association may promulgate Rules and Regulations establishing procedures for the approvals required by this Section 7.3. Such Rules and Regulations may include, but need not be limited to, requirements that the applicant submit plans and specifications showing the nature, kind, shape, height, color, materials and location of the proposed alterations in sufficient detail for the Association to review them, and pay any processing and/or review fees, which may include any professional fees the Association might incur in retaining architects or engineers to review the plans and specifications. Any Improvements and any alterations thereto shall be made only in good and workmanlike manner using new materials of the same quality as the original Improvements, and in accordance with all applicable building codes and other applicable laws. Notwithstanding the foregoing provisions of this Section 7.3 or any other provisions of this Declaration, the Owner of Office Unit #1 shall have the right to relocate within Office Unit #1 any or all of the workout room, board room and meeting rooms without the approval of the Association and without the submission to the Association of plans and specifications.

7.4 Pets; Nuisance Restrictions. No animal pens, sheds, fences or other outbuildings or structures of any kind shall be erected by any Owner. No activity shall be allowed which interferes unduly with the peaceful possession and proper use of the Project by the Owners, nor shall any fire hazard or unsightly accumulation of refuse be allowed. No lights shall be emitted which are unreasonably bright or cause unreasonable glare, no sound shall be emitted which is unreasonably loud or annoying; and no odor shall be emitted which is noxious or offensive to others. No animals, birds, insects or livestock of any kind shall be raised, bred, or kept on or in the Project, and nothing in this Declaration shall be construed to require the Board of Directors to allow any Owner or Occupant to keep pets in the Project. The Owner of any Office Unit in which any pet is kept shall be liable for all damages caused by such pet, but such Owner's liability shall not limit the liability of any Occupant having responsibility for such pet. In no event may any animal be kept in any part of the Project for breeding or other commercial purposes. In addition to "service animals" (as such quoted term is used in connection with the Americans with Disabilities Act of 1990, as amended), emotional support, therapy, comfort, or companion animals are permitted in the Office Unit to the extent allowed by the Owner of such Unit.

7.5 Limit on Timesharing. No Owner shall have the right to offer or sell any interest in such Owner's Unit under a "timesharing" or "interval ownership" plan, or any similar plan of ownership. This restriction shall not be construed to prevent multiple Owners of a given Office Unit from agreeing among themselves on periods during which each shall have exclusive rights to occupy and use their Office Unit.

7.6 Restriction on Signs. No signs, billboards, poster boards, or advertising structures of any kind (including signs located upon the General or Limited Common Elements or which are located within an Office Unit but are visible from the General or Limited Common Elements) shall be displayed, erected, or maintained for any purpose whatsoever except such signs as have been approved by the Association, such approval not to be unreasonably withheld, conditioned, or delayed. Notwithstanding the foregoing, the Association may promulgate Rules and Regulations regarding signage permitted on or within any of the Office Units. Nothing herein shall prevent directional signage, identification signs, and signage advertising the commercial tenants or that space is for rent within an Office Unit.

7.7 Compliance with Environmental Laws; No Hazardous Materials. The Project shall be operated in compliance with all Environmental Laws. No Owner or Occupant shall (a) cause or permit the escape, disposal, or release of any Hazardous Materials, or (b) allow the storage or use of such Hazardous Materials in any manner not sanctioned by law or by the customary standards prevailing in the office industry for the storage and use of such Hazardous Materials, or (c) allow any such Hazardous Materials to be brought onto the Planned Community except to use in the ordinary course of Occupant's or Owners' business, as provided below. If any Mortgagee or governmental agency, pursuant to the requirements of any Environmental Laws, reasonably requires an Owner to perform testing of an Office Unit to verify whether or not there has been any release or occurrence of Hazardous Materials thereon, then the costs thereof shall be paid solely by such Owner with respect to its Office Unit and by the Association with respect to the Common Elements. Notwithstanding the foregoing, the use and storage of office supplies (e.g., copier toner, white-out correction fluid, etc.), cleaning supplies, gasoline, and other Hazardous Materials in such small amounts as are typically found in normal office or residential household use, shall be permitted, so long as the presence thereof is in full compliance with all applicable Environmental Laws.

7.8 Sale-Right of First Refusal. (a) Each Owner shall have a right of first refusal with respect to the Office Unit of the other Owner pursuant to this Section 7.8. If at any time while this Declaration is in effect, any Owner (the "Offering Owner") intends to sell its Office Unit or to offer its Office Unit for sale (the "Offered Unit"), the Offering Owner shall first make a written offer (the "Offer") to sell such Offered Unit to the other Owner (the "Rofr Owner"). If the Offering Owner has received an offer from a bona fide third party offeree (the "Offeree") that the Offering Owner is willing to accept, the Offering Owner shall offer to sell its Office Unit to the Rofr Owner at the same price and upon the same terms as offered by the Offeree. The Offer shall state the name of the Offeree and the price to be paid by the Offeree, and shall be accompanied by a copy of the offer from the Offeree. If the Offering Owner has not received an offer from a third party but desires to enter into a listing agreement or otherwise offer the Office Unit for sale, it shall first offer to sell its Office Unit to the Rofr Owner at a price to be paid in cash at closing that would be acceptable to the Offering Owner (the "Pre-Marketing Offer"). After the Rofr Owner's receipt of the Offer or the Pre-Marketing Offer, the Rofr Owner shall have the right for a period of thirty (30) days (the "Exercise Period") to elect in writing to purchase the Offered Unit. Any agreement to sell or otherwise transfer an Offered Unit shall be made subject to the right of first refusal granted herein.

(b) If the Rofr Owner timely elects to purchase the Offered Unit, the Offering Owner shall become bound to sell the Offered Unit to the Rofr Owner, and the Rofr Owner shall become obligated to purchase the Offered Unit on the same terms and conditions as set forth in

the Offer or the Pre-Marketing Offer, and the Offering Owner and the Rofr Owner shall immediately enter into a purchase and sale agreement (the “PSA”) in the form of the Contract to Buy and Sell Real Estate (Commercial) approved by the Colorado Real Estate Commission or in such other form as the parties shall agree. The PSA shall provide that the closing date will be sixty (60) days after the execution of the PSA by both parties. The PSA shall specify an earnest money deposit equal to the amount of earnest money deposit, if any, specified in the Offer or the Pre-Marketing Offer, as applicable. The PSA shall specify the same title company to handle the closing as specified in the offer from the Offeree or if none (or if none is specified in the Pre-Marketing Offer), a title company doing business in Colorado specified by the Rofr Owner (in either event, the “Title Company”). If a title company is specified in the offer from the Offeree, the Rofr Owner shall provide that title company with a copy of the Rofr Owner’s notice electing to purchase the Offered Unit. Within three (3) business days after execution of the PSA by both parties, the Rofr Owner shall deposit the earnest money deposit with the Title Company. The earnest money deposit shall be held by the Title Company pursuant to the PSA until closing. The closing shall take place at the offices of the Title Company unless another location is agreed by the parties. The parties shall have the right to deposit executed documents with the Title Company in advance of the closing and shall not be required to appear in person at the closing.

(c) If the Rofr Owner receives an Offer and does not timely elect to purchase the Offered Unit, the Offering Owner may transfer the Offered Unit to the Offeree, on the condition, however, that the transfer be made in accordance with the terms originally set forth in the offer from the Offeree. If, however, the transfer is not made within 120 days after the expiration of the Exercise Period, then before the Offering Owner may sell the Offered Unit, a new Offer shall be made to the Rofr Owner and the provisions of this Section 7.8 shall again apply. Also, if the Offering Owner reduces the price by more than three percent (3%) or makes any material modifications in the terms for transfer of the Offered Unit to the Offeree, a new Offer shall be made to the Rofr Owner upon such modified terms prior to transfer to the Offeree.

(d) If the Rofr Owner receives a Pre-Marketing Offer and does not timely elect to purchase the Offered Unit, the Offering Owner may market the Offered Unit and may sell the Offered Unit to a third party, on the condition, however, that the sale be made in accordance with the terms originally set forth in the Pre-Marketing Offer or on terms less favorable to the third party buyer. If, however, the Offering Owner has not completed the sale of the Offered Unit to a third party within 240 days after the expiration of the Exercise Period, then before the Offering Owner may sell the Offered Unit, a new Offer shall be made to the Rofr Owner and the provisions of this Section 7.8 shall again apply. Also, if the Offering Owner reduces the price by more than three percent (3%) from the price stated in Pre-Marketing Offer or makes any material modifications in the terms for sale of the Offered Unit to a third party, a new Offer shall be made to the Rofr Owner upon such modified terms prior to sale to a third party.

(e) If the Offer is for consideration other than cash or cash plus deferred payments of cash, the Rofr Owner may pay the cash equivalent of such other consideration. The parties shall attempt to agree upon such cash equivalent. If they cannot agree upon such cash equivalent within thirty (30) days after the date of the exercise of the right of first refusal by the Rofr Owner, then such cash equivalent will be determined by an appraiser selected by the Rofr Owner to which the Offering Owner shall make no reasonable objection. The cost of such appraisal

shall be shared equally by the parties. The purchase shall then be closed and payment made as provided in the PSA.

(f) In the event that the Offer specifies the acquisition of other properties in addition to the Offered Unit, then the Offer Owner shall have the right to exercise the right of first refusal solely with respect to the Offered Unit without having to acquire the other property, at a price equal to the fair market value of the Offered Unit as the parties shall agree. If the parties cannot agree on the fair market value of the Offered Unit, such value will be determined by an appraiser as provided in Section 7.8(e).

(g) The right of first refusal shall not be triggered by the granting of liens on all or any portion of the Offered Unit securing indebtedness of the Offering Owner, nor by transfers by operation of law, including, but not limited to, execution upon judgments, bankruptcy, foreclosure, and tax sales.

(h) The right of first refusal shall be a continuing right and shall not terminate upon a sale of an Office Unit, except that upon the closing of a sale of an Office Unit to an entity that is not a governmental body, the right of first refusal shall terminate as to the other Office Unit (i.e., the non-governmental body shall have no right of first refusal) and the Owner of the other Office Unit (so long as it is a governmental body) shall continue to have the right of first refusal with respect to the Office Unit owned by a non-governmental body.

7.9 **Shared Facilities.** The Owner of Office Unit #1 shall allow the Owner of Office Unit #2 and its employees to use the workout room, board room and meeting rooms located in Office Unit #1, upon reasonable terms concerning scheduling and cleaning; provided that the Owner of Office Unit #1 shall have the right to re-purpose any such facility. So long as the workout room, board room and meeting rooms are available for shared use by the Owner of Office Unit #2, the Owner of Office Unit #2 shall reimburse the Owner of Office Unit #1 for a share of the costs incurred by the Owner of Office Unit #1 for cleaning, maintenance and repair of the shared use facilities, such share to be equal to the percentage of General Common Expenses (excluding Parking Garage Expenses) allocated to Office Unit #2 as set forth on the attached Exhibit B.

7.10 **Rooftop Equipment.** (a) No Owner shall install any equipment, whether for HVAC, telecommunications or other purposes, on the roof of the Building, without the prior written approval of the other Owner, which approval the Owner receiving the request shall not withhold, delay or condition unreasonably. Each Owner by accepting a deed to an Office Unit hereby approves the HVAC equipment presently located on the roof of the Building. After the recording of this Declaration, no Owner shall install equipment on the roof of the Building that: (i) penetrates the roof or the roof's membrane; (ii) may impair the structural integrity of the Building; or (iii) with respect to telecommunications equipment, is likely to interfere with telecommunications of another Owner or tenant. Prior to installation of equipment that may cause interference with existing equipment, the Owners shall confer and endeavor to agree upon a plan to avoid interference. If they cannot agree, they shall follow the process in the Dispute Resolution Rider and such equipment shall not be installed until the dispute is resolved.

(b) If the Association intends to repair or reroof the Building, an Owner that has equipment located on the roof shall cooperate and coordinate with the Association, its roofing

contractor or consultant, and shall pay in advance on demand all reasonable increases in costs of repair or reroofing to the extent arising from such Owner's rooftop equipment. To the extent any of such Owner's equipment needs to be temporarily dismantled or relocated in conjunction with such reroofing or repair, such Owner, following written notice from the Association or its roofing contractor of such repairs and need for dismantling or relocation, shall perform the same through a contractor reasonably approved by the Association and all reasonable costs and expenses of such dismantling or relocation, and reinstallation of such Owner's rooftop equipment upon completion of such repairs, shall be borne by such Owner, and the Association and the other Owner shall have no liability for any temporary interruption in service as a result thereof.

(c) Each Owner shall keep, maintain and operate its rooftop equipment in accordance with all applicable laws and the requirements of the Association's insurance underwriters and in compliance with any roofing warranties. Prior to commencing the installation of any rooftop equipment (excluding rooftop HVAC equipment located on the roof on the date of recordation of this Declaration), an Owner desiring to install rooftop equipment shall, at that Owner's sole cost and expense, obtain each and every required governmental permit, including building permits, for the same and deliver copies of such permits to the Association.

ARTICLE 8 EASEMENTS

8.1 Permitted Encumbrances. The Property shall be subject to any easements, restrictions and reservations set forth in the Permitted Encumbrances set forth on the attached Exhibit C and in the Planned Community Documents.

8.2 Easement for Encroachments. If any portion of the General or Limited Common Elements encroaches upon an Office Unit, or if any portion of an Office Unit encroaches upon the General or Limited Common Elements or upon an adjoining Office Unit, or upon any other portion of the Premises, a non-exclusive, perpetual easement for the encroachment shall exist, so long as the encroachment does not materially adversely interfere with the use or occupancy of any portion of the Project or materially adversely affect access to or operation of any portion of the Project. Encroachments as referred to herein include, without limitation, encroachments or overhangs caused by errors in the original construction of the Building; by errors in the Planned Community Map; by settling, construction, rising, or shifting of the earth; or by changes in position caused by repair or reconstruction of all or any part of the Project.

8.3 Association Easement for Maintenance and Repair Work. The Association shall have a non-exclusive, perpetual easement over, through, in or on the Office Units, the Common Elements and all portions of the Premises for access to the extent reasonably necessary to perform general maintenance and Repair Work to any Office Unit or General Common Element: (i) for which the Association is responsible for maintaining hereunder; or (ii) to which the Association is entitled to perform pursuant to its operation obligations hereunder; provided, however, that: (w) the exercise of such rights shall at all times be subject to the rights of Persons then lawfully in possession of or occupying the applicable Office Unit; (x) as reasonably as possible given the emergency or non-emergency nature of the work, the rights granted hereby will be exercised in such a manner as both to complete such maintenance or Repair Work as soon as reasonably possible and to minimize any disruption of the enjoyment, use, and operation of the Office Units and the

Common Elements; (y) no easements are granted for the storage of materials or equipment in or upon an Office Unit; and (z) non-emergency repairs shall be made only upon at least 24 hours advance written notice to the affected Owner, and in emergency situations, the affected Owner shall be notified of any entry as soon as reasonably possible thereafter.

8.4 Owners' Easement for Construction, Maintenance and Repair Work. Each Owner shall have a non-exclusive, perpetual easement over, though, in or on the Office Units, the Common Elements and all portions of the Premises for access to the extent reasonably necessary for general maintenance and Repair Work to any Office Unit for which that Owner is responsible pursuant to this Declaration; provided, however, that (w) the exercise of such rights shall at all times be subject to the rights of Persons then lawfully in possession of or occupying the applicable Office Unit; (x) the rights granted hereby will be exercised in such a manner as both to complete such maintenance or Repair Work as soon as reasonably possible and to minimize any disruption of the enjoyment, use and operation of the Office Units and the Common Elements; (y) no easements are granted for storage of materials or equipment in or upon an Office Unit or the Common Elements; and (z) subject to Section 8.3 above, any maintenance or Repair Work shall be done at the sole expense of the Owner conducting such maintenance or Repair Work and upon reasonable advance written notice to the Owners whose Office Units are reasonably anticipated to be materially inconvenienced by such work.

8.5 Easement for Access. Each Owner shall have for itself and its Occupants a non-exclusive, perpetual easement for ingress and egress to and from its Office Unit, streets and sidewalks adjacent to the Project, over and across the halls, corridors, stairs, walks, ramps, bridges, elevators, and exterior access ways which are part of the General Common Elements or which are portions of Office Units open to the general public, if any; provided, however, that the rights granted hereby are subject to the right of each Owner and the Association to implement, with respect thereto, Rules and Regulations as deemed advisable by such Owner or the Association and that comply with all applicable building codes and regulations and applicable permits.

8.6 Cross-Easements for Support. Each Owner shall have a non-exclusive, perpetual easement for horizontal, vertical, and lateral support of such Owner's Office Unit, including a non-exclusive easement in and to all facilities, structural members, columns, beams, foundations, load bearing walls, and other structural components located in or constituting part of the Common Elements, or another Owner's Office Unit for the support of such Owner's Office Unit. The Association shall have a non-exclusive, perpetual easement for horizontal, vertical and lateral support of the Common Elements, including a non-exclusive easement in and to all facilities, structural members, columns, beams, foundations, load bearing walls, and other structural components located in or constituting part of an Owner's Office Unit for the support of such Common Elements.

8.7 Cross-Easements for Utilities. The Association and each Owner shall have a non-exclusive, perpetual easement for the ingress, egress, access, passage, and use on, over, and across the Common Elements and within and through each Office Unit and Limited Common Elements of another Owner for the purpose of installing, maintaining, operating, using, operating and repairing Utilities to the benefited Owner's Office Unit and to the Common Elements, whether now existing or hereafter constructed in accordance with this Declaration, and for any other Utilities or other services which are or may become necessary or desirable in the future for the proper operation

of such Owner's Office Unit or the Project generally; provided, however, that (i) no installation of any new utility shall be permitted to the extent such installation and operation is detrimental to the use or operation of any Owner's Office Unit; (ii) any installation, maintenance, use, operation or Repair Work shall be done at the sole expense of Owner conducting such installation, maintenance or Repair Work or the Association, as applicable, and upon reasonable advance written notice to the Owners whose Office Units are reasonably anticipated to be materially inconvenienced by such work; (iii) the rights granted hereby will be exercised in such a manner as both to complete any installation, maintenance, or Repair Work as soon as reasonably possible and to minimize any disruption of the enjoyment, use, and operation of the Office Units and the Common Elements; (iv) no easements are granted for the storage of materials or equipment in or upon an Office Unit; and (v) following any installation, maintenance of Utilities or Repair Work, the affected area of the Project shall be left in a clean and good condition, with all debris removed, trenches, and cuts properly filled, and any plants or other landscaping restored to its prior condition.

8.8 Easement for Emergency Personnel. A non-exclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance, and other similar emergency agencies or persons now or hereinafter servicing the Project, to enter upon the Office Units, Common Elements, and all portions of the Premises, streets and driveways located in the Project and upon the Property generally, if any, in performance of their duties.

8.9 Easements Generally. The easements, uses, and rights created herein for an Owner and the Association shall benefit such Owner's Office Unit and the Common Elements, respectively, and all conveyances of and other instruments affecting title to an Office Unit and the Common Elements shall be deemed to grant and reserve the easements, uses, and rights provided for herein, even though no specific reference to such easements, uses, and rights appears in any such instrument. Each Owner whose Office Unit is subject to an easement created by this Declaration and the Association may use the easement areas in such Office Units and the Common Elements for any purposes permitted in this Declaration not inconsistent with such easement and shall also have the right to temporarily interrupt the use of such easements as may be necessary in order to perform Repair Work to Office Units or Common Elements, provided that the temporary interruption does not materially interfere with the use and occupancy of another Owner's Office Unit or the Common Elements. Each Owner whose Office Unit is subject to an easement and the Association with respect to Common Elements shall have the right to relocate any such easement at its expense, so long as it provides an adequate replacement easement which does not materially interfere with the use and occupancy of another Owner's Office Unit or the Common Elements.

8.10 Additional Easements. If at any time after the date hereof: (i) additional emergency exits are required by law or by insurance underwriting requirements generally applicable to the Project; (ii) any additional easements for access to or use of the Project and the Office Units located therein are reasonably necessary for the use and operation of any one or more Office Units; or (iii) any additional easements are necessary or desirable to effectuate the purposes of this Declaration, each Owner or the Association, as applicable, shall, within a reasonable time after written request by any other Owner or the Association, and approval thereof by the First Mortgagees, grant such easement; provided that (x) no Owner or the Association granting any such easement is required to construct improvements, expend any monies, or incur other material liabilities in order to provide such easement (other than costs paid solely by the Owners for whose benefit such easement is to be granted); (y) such easement will not materially increase expenses, or create any material additional expenses, for any portion of the Project (unless permanently allocated to and paid by the Owner for whose benefit such easement is to be granted); and (z) the use of such easement will not unreasonably interfere with the operation, use, or enjoyment of the Common Elements or the Office Units. The Owners or the Association, as applicable, requesting any such easement shall pay all costs and expenses in connection with the approval and granting of any such easement, including all engineering fees, recording charges, and legal fees and expenses reasonably incurred by the Owners or the Association, as applicable, from whom such easement grant is sought. If new easements are created, this Declaration and/or the Planned Community Map shall be amended, if necessary, by Declarants or the Association as the case may be, and such easements shall have the same force, effect and priority as if such easements were originally contained herein.

8.11 Utilities.

(a) Generally. For avoidance of doubt, each Utility serving the Project shall be deemed a General Common Element until such Utility physically separates to either: (i) serve only one Office Unit, or (ii) serve a General Common Element. Upon such separation, if such Utility serves only one Office Unit, it shall be deemed allocated to that Office Unit. If upon such separation, such Utility serves a General Common Element, it shall be deemed a General Common Element. Maintenance, repair and replacement of any Utilities that solely and directly serve one Office Unit shall be the financial responsibility of the applicable Office Unit Owner served by such Utility.

(b) Cost Allocation. Except with respect to utility services that are separately metered, the cost of utility services, including, without limitation, water, sanitary sewer shall be treated as Common Expenses. As of the date of this Declaration, each Office Unit: (i) has its own separate meter for electricity, and the associated power lines and meters shall be part of each respective Owner's Office Unit. Each Office Unit Owner shall be responsible for payment for its electricity usage directly to the applicable utility provider based on usage as determined by the applicable separate meter, and the Association shall not be responsible for payment to any electric service utility provider for separately metered Office Units; and (ii) has its own separate meter for provision of gas, and the associated gas lines and meters shall be part of each respective Owner's Office Unit. Each Office Unit Owner shall be responsible for payment for its gas usage directly to the applicable utility provider based on usage as determined by the applicable separate meter, and the Association shall not be responsible for payment to any gas service utility provider.

(c) HVAC. Heating and cooling systems are separate for each of the Office Units. Rooftop HVAC units located on the rooftops of the Project shall serve only the Office Unit they are intended to serve, wherever located, and an Easement for such location and access for maintenance, repair, and replacement is hereby granted. Each Owner shall be responsible for the maintenance and repair of the rooftop HVAC units that serve its Office Unit.

(d) Data Infrastructure. Telephone lines, high speed internet, fiber optic cable and/or high speed DSL (collectively, the “Data Infrastructure”), as well as the conduit and raceways to deliver the same shall be fed into the Project main telecom room. Each Office Unit Owner shall be responsible for connecting to the telecom room via the conduit provided by the Project. Payment for each unit’s Data Infrastructure lines and usage shall be made directly by each Owner to the applicable utility provider based on usage as determined by the applicable utility provider, and the Association shall not be responsible for payment of any Data Infrastructure service to any utility provider.

ARTICLE 9 INSURANCE AND INDEMNIFICATION

9.1 Insurance Required During Construction, Restoration, or Repair Work.

(a) Insurance Requirements to Cover Restoration or Repair Work Performed by Association.

(i) In connection with any Restoration or Repair Work performed by the Association, if not already covered by insurance policies then maintained by the Association, the Association shall also obtain and maintain “All Risk” builder’s risk on a completed value basis, including earthquake, flood, windstorm and hail, ordinance and law, off premises power failure, soft costs and mechanical/electrical breakdown property insurance coverage (with commercially reasonable sub-limits, as applicable) in an amount equal to the cost of the contract for any work performed by the Association on the Property. Alternatively, the Association may cause its contractors to maintain equivalent insurance, naming the Association, First Mortgagees and all Owners as additional named insureds. Such insurance:

(A) shall contain an endorsement stating that “permission is granted to complete and occupy”; and

(B) if any offsite storage location listed with such insurer is used, shall cover, for full insurable value, all materials and equipment which have been delivered to and are stored at any such offsite storage location and which are intended for use with respect to the Common Elements for which the Association has Restoration or Repair Work obligations hereunder.

(ii) The cost of any insurance coverage obtained by the Association pursuant to this Section 9.1(a) shall be a General Common Expense if such work is being performed by the Association with respect to a General Common Element. If such work is being performed with respect to a Limited Common Element, then such cost shall be an Expense Liability of the applicable Owner.

(iii) The Association shall ensure that all contractors and subcontractors performing work for or on behalf of Association have:

(A) Worker's Compensation as required by Colorado statute or law and employer liability insurance in an amount not less than One Million Dollars (\$1,000,000.00):

(B) Commercial general liability coverage, including contractual liability and products/completed operations coverage, written on an "occurrence form" or equivalent liability coverage, with respect to each contractor and subcontractor, insuring against any liability for injury or damage arising out of or incident to the Restoration or Repair Work in the minimum amount of One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate. The Board, each Owner and their respective Mortgagees and such other persons as the Association wishes to name shall be named as additional insureds on such policy as their respective interests may appear. The limits requested above may be satisfied by the purchase of an umbrella liability policy consistent with the foregoing; and

(C) Automobile Liability for bodily injury and property damage covering all owned, non-owned, and hired vehicles in an amount of not less than One Million Dollars (\$1,000,000.00) combined single limit.

(b) Insurance Requirements to Cover Restoration or Repair Work Performed by an Owner. In connection with any Restoration or Repair Work performed by an Owner, if not already covered by insurance policies then maintained by such Owner, such Owner shall also obtain and maintain the same coverage as is required of the Association under Section 9.1(a) when it undertakes Restoration or Repair Work, except that such Owner may cause its contractors to maintain equivalent insurance, naming the Association, First Mortgagees and all Owners as additional named insureds.

9.2 Insurance Required to be Carried by the Association.

(a) Insurance Requirements. As to property insurance and commercial general liability, and as to all other policies listed in this Section 9.2, at all times during the term of this Declaration, the Association shall maintain or cause to be maintained the following insurance coverages, the premiums for which shall be a General Common Expense:

(i) Property Insurance. "Special form" or broad-form covered causes of loss property insurance for the full insurable replacement value, less applicable deductibles, without reduction for depreciation, for all portions of the Project not covered by an Owner's or Occupant's personal property policy, in amounts sufficient to prevent the Association from becoming a co-insurer under the applicable policies. Such property insurance shall include, but not be limited to, coverage for terrorism, earthquake, flood, windstorm and hail, mechanical/electrical breakdown, and business interruption (either for loss of

revenues or for extra expense as it relates to the loss of revenues), in an amount deemed to be adequate in the reasonable business judgment of the Association for the 12-month period of each insurance policy, and otherwise in the manner customary for businesses of similar size engaged in similar activities at similar locations.

The coverage must be an “all-in” policy, i.e., as to the Units, the Association’s insurance policy must cover any of the following types of property contained within a Unit, regardless of ownership and inclusive of improvements and betterments made by the current owner and its predecessors up through the date of the loss: (A) fixtures, improvements and alterations that are part of the building or structure; and (B) appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

The Association shall obtain a minimum level of contents coverage in the amount of \$250,000.00, the cost of which will be a General Common Expense, as well as any additional contents coverage necessary or appropriate given the particular use of a Unit which an Owner desires to obtain, the cost of which additional coverage shall be paid for entirely by such Owner.

Such property insurance coverage may have a maximum deductible of Twenty-Five Thousand Dollars (\$25,000.00) (except 5% of total insured values for earthquake and 1% of total insured values for wind and hail) unless a higher deductible applicable to the Project has been approved by the Board and each First Mortgagee.

Each of the Owners, the First Mortgagees, and the Association shall be named as an insured on any policy described in this Section 9.2(a)(i) and each First Mortgagee shall also be named as a lender loss payee and mortgagee on any policy described in this Section 9.2(a)(i).

If property is located within an area designated as “Flood prone” or a “Special Flood Hazard Area” (as defined under the regulations adopted under the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973), flood insurance shall be provided in an amount equal to the maximum limit of coverage available under the National Flood Insurance Program.

The Association has the right to change the level of coverage under its policy from the standard outlined in this Section 9.1(a)(i) by written Board resolution, subject to approval of all Owners and First Mortgagees.

(ii) Commercial General Liability. Commercial general liability insurance covering bodily injury and property damage, including contractual liability, personal injury, advertising injury and products/completed operations coverage, written on an “occurrence form” or equivalent liability coverage, insuring against any claims and liabilities arising out of or incident to the ownership, existence, use, or management of the Common Elements, in an amount deemed

sufficient in the judgment of the Board but not less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in annual aggregate, insuring the Board, the Association, the Association's management agent, if any, and their respective employees, agents, and all persons acting as agents. The Owners, First Mortgagees, and any other persons as the Association wishes to name shall be named as additional insureds on such policy as their respective interests may appear. The form, coverage and limits shall conform to and be consistent with the form, coverage and limits of insurance carried by the owners of similar projects in Arapahoe County with similar uses, Gross Floor Area and, as applicable, rent per square foot. The foregoing provisions represent the minimum coverage required, regardless of any additional insurance obligations the Association may be required to carry under any Owner agreements with Mortgagees with respect to liability insurance.

(iii) Umbrella Liability. Umbrella liability coverage in the amount of not less than Ten Million Dollars (\$10,000,000.00) per occurrence and in annual aggregate.

(iv) Automobile Liability. Automobile Liability for bodily injury and property damage covering all owned, non-owned, and hired vehicles in an amount of not less than One Million Dollars (\$1,000,000.00) combined single limit.

(v) Fraud and Crime. Crime insurance, including blanket employee dishonesty, forgery or alteration, and computer fraud and funds transfer fraud, insuring funds held by or on behalf of the Association and covering the Association, the Board, the officers of the Association, and their respective employees, contractors and agents, in the greater of the amount required by law or the amount consistent with the Board's business judgment.

(vi) Worker's Compensation. Worker's Compensation to the extent required by Colorado statute or law and employer liability insurance in an amount not less than One Million Dollars (\$1,000,000.00).

(vii) D&O. A policy of Directors and Officers Insurance in the amount of One Million Dollars (\$1,000,000.00) to indemnify: (a) the Association for any obligations which it incurs as a result of the indemnification of Directors and Officers of the Association as required by law or by court order; (b) Directors and Officers of the Association in instances which they may be indemnified by the Association under provisions of the Bylaws; and (c) Directors and Officers of the Association in instances which they may not otherwise be indemnified, to the extent provided by such insurance.

(viii) Terrorism. If no longer available as part of "All-Risk" policy coverage, insurance covering losses resulting from acts of terrorism to the extent such losses are then generally covered in insurance policies obtained by owners of similar projects in Arapahoe County with similar uses, Gross Floor Area and, as

applicable, rent per square foot. Such coverage shall be in the amount indicated in Section 10.2(a)(i) above.

(ix) Other Insurance. Other insurance, endorsements, coverages, and limits (including, if applicable, insurance against loss resulting from mold found in any portion of the Project) as may be reasonably required by a First Mortgagee, or as the Board may determine necessary or desirable or usually maintained by owners of similar projects in the County of Arapahoe, Colorado with similar uses, Gross Floor Area and, as applicable, rent per square foot. Any additional costs to the Association associated with such additional endorsements, coverages or limits shall be a General Common Expense; provided, that to the extent any additional costs to the Association associated with such additional coverage benefits solely one Owner, the Association shall assess solely that Owner. The Association may also enter into binding written agreements with a First Mortgagee obligating the Association to keep certain specified coverages or endorsements in effect, to obtain approvals of insurance adjustments on claims in excess of specified dollar amounts, or to escrow insurance proceeds attributable to damage or destruction of a Limited Common Element and intended for Restoration and Repair Work, on such terms and conditions as the Board determines to be reasonable and appropriate to facilitate such Restoration and Repair Work.

To the extent not specified above, all such insurance shall be in such amounts as the Association shall from time to time determine to be reasonable, subject to the obligation to obtain an appraisal in accordance with Section 9.2(b)(ii) hereof, the appraised value of which shall be the minimum value used in determining replacement value.

(b) “Agreed Amount” Endorsement; Insured’s Appraisal Requirement.

(i) All policies of property insurance shall contain a co-insurance waiver or an “Agreed Amount” endorsement.

(ii) The Association shall obtain an appraisal of the full insurance replacement value of the Project, without deduction for depreciation, for the purpose of determining the amount of property insurance required to be obtained hereunder. Such an appraisal shall be obtained at the inception of the Association’s first year in operation and thereafter not less than every five years (or more often, if deemed appropriate by the Association).

(c) Association’s Vendors. The Association shall cause its non-construction-related vendors (e.g., property maintenance contractors) to maintain such insurance as is necessary or appropriate under the circumstances as determined by the Association in its reasonable discretion.

(d) Required Provisions in Association Policies. All Association insurance policies must provide that:

(i) Each Owner is an insured person under the policy with respect to liability arising out of such Owner’s membership in the Association;

(ii) The insurer waives its rights to subrogation under the policy against any Owner or Occupant;

(iii) No act or omission by any Owner, unless acting within the scope of such Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy;

(iv) If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance, and such insurance is without contribution regardless of insurance against the same risks carried by Occupants or Mortgagees, individually;

(v) All policies for the Association are to be written in the name of the Association as first named insured and, to the extent expressly required elsewhere herein, any Owners, First Mortgagees, or other parties added as additional insureds;

(vi) Unless otherwise agreed in writing by the Owners and the First Mortgagees, the Association's insurance must cover the Common Elements;

(vii) All policies for the Association must contain an inflation guard endorsement;

(viii) The Association's insurance is not required to include liability insurance for individual Owners for liability arising within a Unit; and

(ix) Any "no other insurance" clause in insurance policies shall not prohibit Owners, Occupants or Mortgagees from obtaining insurance on their individual Units.

9.3 Insurance Required to be Carried by Owners.

(a) Subject to the right of an Owner to self-insure as provided in Section 9.3(e), each Owner shall obtain and maintain, at its own expense, the following types and amounts of insurance from reputable carriers in force at all times:

(i) if and only if the Association has not obtained and maintained adequate coverage insuring against such risks as part of a Project-wide policy, insurance against loss or damage to real property, covering such Owner's Unit only, and otherwise consistent with the requirements of Section 9.2(a)(i) above;

(ii) insurance against loss or damage to such Owner's personal property and equipment (and such Owner shall, in turn, require its Occupants to do the same with respect to any of their own personal property and equipment); and

(iii) if and only if the Association has not obtained and maintained adequate coverage insuring against such risks as part of a Project-wide policy (for example, during initial construction of the Project), commercial general liability

insurance, covering the Owner against bodily injury liability and property damage liability, including any liability arising out of the ownership, maintenance, repair, condition, or operation of the Unit and Limited Common Elements in which such Unit's Owner has an interest, containing a "severability of interest" clause or endorsement which precludes the insurer from denying the claim of the Owner because of the negligence or other acts of the other, in amounts not less than \$1,000,000.00 per occurrence for bodily injury and property damage, and \$2,000,000.00 general aggregate, where such limits of insurance may be acquired through Commercial General Liability and Umbrella liability policies of not less than \$2,000,000.00 each occurrence and in the aggregate.

(b) All Owner insurance policies shall:

(i) provide (A) for a waiver of subrogation by the insurer as to claims against the other Owners, their employees and agents and the Association, its employees and agents; (B) that the insurer shall not deny a claim and that such insurance cannot be unreasonably cancelled, invalidated, or suspended on account of the conduct of Owner, its officers, directors, employees or agents, or anyone acting for Owner or any subtenant or other occupant of the Premises; and (C) that any losses otherwise payable thereunder shall be payable notwithstanding any act or omission of the other Owners, the Association, or Owner which might, absent such provision, result in a forfeiture of all or a part of such insurance payment;

(ii) be primary and provide that any "other insurance" clause in the insurance policy shall exclude any policies of insurance maintained by the other Owners and the Association, and the insurance policy shall not be brought into contribution with insurance maintained by the other Owners and the Association;

(iii) contain deductibles not to exceed Twenty-Five Thousand Dollars (\$25,000.00) (except 5% of total insured values for earthquake and 1% of total insured values for wind and hail) unless a higher deductible has been approved by the Association and such Owner's First Mortgagee; and

(iv) name the other Owners and the Association as an "additional insured" with respect to general liability insurance, and name each First Mortgagee as an "additional insured", "loss payee" and "mortgagee" with respect to all real property insurance, as appropriate and as their interests may appear.

(c) It is expressly understood and agreed by each Owner that (i) if any insurance required hereunder, or any part thereof, shall expire, be withdrawn, become void by breach of any condition thereof by an Owner, or become void or in jeopardy by reason of the failure or impairment of the capital of any insurer, each such Owner shall immediately obtain new or additional insurance reasonably satisfactory to the other Owners, the Association and the First Mortgagees; (ii) the minimum limits of insurance coverage set forth in this Section 9.3 shall not limit the liability of Tenant for its acts or omissions; (iii) each Owner shall procure policies for all insurance for periods of not less than one year; and (iv) each Owner shall pay as they become due

all premiums for the insurance required of such Owner by this Section. The Association shall have no liability for an Owner's failure to obtain and maintain insurance required under this Declaration.

(d) Each Owner and Mortgagee may contact the Association directly to request copies of the insurance policies required of each Owner by this Section. The Association shall provide (or shall cause the relevant Owner to provide) each Owner and Mortgagee with copies of all policies and renewals of policies, including copies of applicable Association policies, with five business days of receipt of a written request.

(e) If at any time any Owner is a State agency or any political subdivision of the State, including Declarant, or an agency of the United States government, such Owner shall have the right to self-insure. Presently, the State is self-insured. If a State agency shall become an Owner, the State shall have the right to provide such insurance as is required by this Section 9.3 under a self-insurance program, or, at any time during the term of this Declaration, to provide such insurance through an insurance company. With respect to general liability, the State is self-insured in accordance with the provisions of the Colorado Governmental Immunity Act set forth at § 24-10-101, et seq., C.R.S. and the Colorado Risk Management Act, set forth at § 24-30-1501, et seq., C.R.S. So long as Declarant is a political subdivision of the State and an Owner, Declarant shall have the right to provide such insurance as is required by this Section 9.3 under a self-insurance program or, at any time during the term of this Declaration, to provide such insurance through an insurance company. With respect to general liability, Declarant is self-insured in accordance with the provisions of the Colorado Governmental Immunity Act set forth at § 24-10-101, et seq., C.R.S. and the Colorado Risk Management Act, set forth at § 24-30-1501, et seq., C.R.S. If at any time any Owner is not a State agency or any political subdivision of the State, or an agency of the United States government, such Owner shall have the right to provide such insurance as is required by this Section 9.3 under a self-insurance program, but only upon the express condition that such Owner has and maintains a tangible net worth in excess of \$1 billion. calculated in accordance with generally accepted accounting principles.

9.4 **General Insurance Matters.**

(a) Insurer Requirements. The property and liability policies of insurance required to be obtained pursuant to this Declaration shall be from companies licensed or authorized to do business in the State of Colorado and rated in the A.M. Best Key Rating Guide (or any successor publication of comparable standing) with a rating of at least A -/VIII (or the then equivalent of such rating).

(b) Change in Nomenclature. During the term of this Declaration, the Association and each Owner acknowledges that the scope of coverages, or the nomenclature by which such coverages are known, may change. In such event, unless otherwise agreed to as reflected in a written and recorded amendment to this Declaration, the Association and each Owner shall be obligated to maintain the scope of coverage contemplated as of the initial filing of this Declaration to the extent reasonably practicable, regardless of the nomenclature by which the scope of such coverages may be subsequently known from time to time.

(c) Mortgagee Endorsement. The property and liability policies of insurance required to be obtained pursuant to this Article 9 shall include a standard form mortgagee

endorsement or its equivalent in favor of the Mortgagees which shall provide for payments to the Trustee and which shall insure each Mortgagee regardless of (i) any act, failure to act or negligence of or violation of warranties, declarations or conditions contained in such policy by any named insured or an Occupant, (ii) the occupancy or use of the Project for purposes more hazardous than permitted by the terms of the policy, (iii) any foreclosure, appointment of a receiver, or other action or proceeding taken by the Mortgagee pursuant to any provision of its mortgage, or (iv) any change in title to or ownership of the Unit subject to the lien of a Mortgagee.

(d) Insurance Not Available at Commercially Reasonable Premiums. All of the policy requirements (including any required coverage or endorsements) contained in this Article 9 are required only to the extent obtainable at commercially reasonable rates and on commercially reasonable terms from any insurance company meeting the requirements set forth herein. For purposes of the foregoing, rates and terms shall be considered commercially reasonable (notwithstanding the actual amount thereof) if: (i) the Mortgagee of an Office Unit requires such coverage; or (ii) other buildings in Arapahoe County with similar uses are then (A) generally obtaining insurance which meets the insurance requirements in question, and (B) the premiums for such policies are not substantially lower on a comparative basis to those which the Association or an Owner, as applicable, would be required to pay to obtain such insurance. If an Owner or the Association claims that certain insurance coverage is not obtainable at commercially reasonable rates or on commercially reasonable terms pursuant to the foregoing sentence, the Owner or Association shall: (iii) provide the Association and the other Owners with immediate written notice of same; and (iv) obtain such coverages in lieu and in place of those required hereunder as approved by: (A) the Association, if an Owner is the party providing the notice required in clause (iii), or (B) all the Owners, if the Association is the party providing such notice, in each case, with prior approval by each First Mortgagee.

(e) Notice of Cancellation. Before any substantial modification, non-renewal, or cancellation of a policy or any other change that would result in a violation of the requirements set forth in this Article 9, then, if and to the extent any insurer agrees to provide such notice, at least 30 days' advance written notice shall be given to any and all certificate holders, including the Owners, the Association, and the Mortgagees. Each Mortgagee shall be permitted to make payments to effect confirmation of a policy upon notice of cancellation due to non-payment of premiums.

(f) No Separate Competing Claims Insurance. Neither the Association nor the Owners shall carry separate insurance concurrent in form or contributing in the event of loss with that required by this Declaration to be furnished by the Association unless the Owners are included therein as additional insureds, as their interests may appear, with loss payable as provided in this Declaration. The Association shall notify the Owners, and any Owner shall notify the Association and all other Owners, if it carries any such separate insurance and shall cause the same to be delivered as required in this Declaration. With respect to Owners, the provision of this Section 9.4(f) shall apply only to an Owner that is not a State agency or any political subdivision of the State, or an agency of the United States government.

(g) Required Waivers.

(i) All policies of property insurance shall contain:

(A) waivers by the applicable insurer of all rights of subrogation (except those arising from gross negligence or willful misconduct) against the Association and its directors and officers, each Owner and any Occupants (including persons leasing, licensing, subleasing or having the right to use space in the Project), the Mortgagees, and each of their respective agents, employees and licensees, and an agreement that each such policy shall not be invalidated if the insured waives or has waived its right of recovery against any such persons prior to a loss;

(B) waivers of any defense based on co-insurance, other insurance, and invalidity arising from any acts of the insured; and

(C) waivers by the applicable insurer of any right to claim any premium and commission against the Mortgagees.

(ii) Each Owner shall cause any tenant or subtenant of space in its Office Unit to obtain reasonable and customary insurance that is carried by owners of similar projects located in Arapahoe County with similar uses, Gross Floor Area and, as applicable, rent per square foot, such as commercial general liability; worker's compensation; property or casualty insurance policy insuring fixtures, machinery, and equipment and any other personal property in such tenant's or subtenant's premises containing a waiver by the applicable insurer of all rights of subrogation (except those arising from gross negligence or willful misconduct) against the Association, any Owner, any Mortgagees, any other Occupants and their employees or agents and an agreement that such policy shall not be invalidated if the insured waives or has waived its right of recovery against any such persons prior to a loss.

(iii) Insofar as may be permitted by applicable law, each Owner hereby waives for itself, and those claiming through and under such party, any claim or right of recovery and releases the Association, the other Owners and their respective agents, employees, and Mortgagees (collectively, the "Waiver Parties") with respect to any property damage claim which it (or those claiming through or under it) might otherwise have against any of the other Waiver Parties for loss, damage or destruction (including rental value or business interest, as the case may be), except those arising from the gross negligence or willful misconduct of the Waiver Party, to the extent such loss, damage or destruction is actually covered under, and such proceeds are received by way of a claim against, the property insurance policies maintained by or on behalf of such waiving party (or with respect to an Owner's claims relating to loss, damage or destruction to the Common Elements, by or on behalf of the Association). The provisions of this Section 9.4(g)(iii) shall apply only to an Owner that is not a State agency or any political subdivision of the State, or an agency of the United States government.

(h) Dividends and Return of Premiums. The Association shall be entitled to all dividends and return of premiums in connection with policies obtained by or on behalf of the Association.

(i) Additional Liability Insurance Requirements.

(i) Liability coverage obtained by the Association or by an Owner that is not self-insured shall be endorsed with a 'cross liability or separation of insured' endorsement, if not otherwise included, providing that if a claim is brought by one insured against another insured under such policy, or by an employee of one insured against another insured under such policy, each insured shall be considered a separate insured for purposes of the insurance.

(ii) Liability policies obtained by the Association or by an Owner that is not self-insured shall be written with a contractual liability endorsement, if not otherwise included, providing coverage for bodily injury or property damage assumed under any type of written contract, except any contract under which the insured assumes liability for the sole negligence of an indemnitee.

(j) Evidence of Coverage.

(i) Association Insurance.

(A) A copy of each policy required to be maintained by the Association pursuant to this Article 9, certified by the insurer to be a true copy thereof, shall be delivered to all Owners within 30 days after the filing of the Declaration, except that if any insurance carried by the Association is effected by one or more blanket policies, then with respect to such insurance, certified abstracted policies relating to the Property may be so delivered to Owners.

(B) No less than 30 days prior to the expiration or termination date of any policy, the Association shall deliver to each Owner a certified copy of the renewal or replacement insurance policy replacing such expiring policy or a certificate (in form then customarily required by institutional lenders making loans on comparable commercial properties based on age, size and quality or in other form as is reasonably satisfactory) or other evidence reasonably satisfactory to the recipient of the existence of such renewal or replacement policy, together with proof of payment of premiums and confirmation that such policy meets the requirements of this Article 9.

(C) Without limiting the generality of sub-clauses (A) and (B) above, at any time and from time to time, within a reasonable period after request, the Association shall provide to any Owner or First Mortgagee who requests the same, a certificate of insurance evidencing all required Association policy coverages and additional insured, loss payee or mortgagee status. The Association shall deliver this evidence to each Owner and the First Mortgagees no less frequently than annually, regardless of whether any such party expressly requests it.

(ii) Owner Insurance. Certificate(s) evidencing the existence of coverage to be maintained by an Owner hereunder shall be delivered to the

Association within 10 days of when an Owner acquires title to an Office Unit. Within 10 days prior to the expiration or termination of any policy, the Owner shall deliver certificates or other reasonably satisfactory evidence evidencing the existence of a renewal or replacement policy to the Association. The Association shall make such certificates available for review by the other Owners upon written request.

(k) Remedies for Failure of Association to Obtain Insurance. Without limiting any other remedies which may be available to an affected party, in the event that the Association fails to deliver to the Owners a certificate or other evidence of insurance required to be provided by the Association hereunder on or prior to the date the same is required to be delivered to such party pursuant to Section 9.3(g) hereof and does not cure such default within 10 days after notice thereof from such party, then the Owners shall be authorized (but not required) if the same remains uncured, to procure such coverage on behalf of the Association, in the amount stated, with all costs thereof to be reimbursed to such purchasing party or parties by the Association within 10 days after request accompanied by suitable evidence of such payment.

(l) Owner Liability. Neither the issuance of any insurance policy hereunder, nor the minimum limits specified herein with respect to an Owner's insurance coverage, shall be deemed to limit or restrict in any way any Owner's liability in connection with or arising out of its work and obligations set forth in this Declaration. An insurance policy issued to the Association does not obviate the need for Owners to obtain insurance for their own benefit, and each Owner shall be responsible for obtaining such additional insurance as such Owner deems prudent, at the Owner's expense, including, without limitation, the value of any personalty or any improvements which are not insured by the Association; provided that no Owner or Occupant is entitled to exercise its right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of the Owners, may realize under any insurance policy maintained by the Association pursuant to this Declaration.

(m) Schedule of Insureds. The Association shall maintain a schedule of all required additional insureds for each type of insurance required hereunder and shall update such schedule periodically upon any applicable change. The Association shall provide copies of such schedule to all Owners upon any such change and at any time upon request.

(n) Blanket Policy; Options.

(i) Following written notice to the Owners, any policies required to be maintained by the Association pursuant to this Article 9 may be maintained by or on behalf of the Association under a blanket policy or coverages; provided, however, that such insurance otherwise complies with this Article 9 and, in the case of property insurance coverage, such blanket insurance policy shall specify the portion of the total coverage of such policy that is allocated to the Project to be insured hereunder, and any sub-limits, if any, in such blanket policy applicable thereto, which amounts shall not be less than the amounts required pursuant to this Article 9. The premium for such blanket insurance shall be equitably apportioned among all of the Owners covered thereby, with the basis for such apportionment being fully described to the reasonable satisfaction of each Owner upon request.

(ii) Any policies required to be maintained by an Owner pursuant to this Article 9 hereof may be maintained by the Owner under a blanket policy or coverages; provided, however, that such insurance otherwise complies with this Article.

(o) Separate Policies Alternative. The insurance the Association is required to obtain may be procured under one or more master policies. In the event that the Owners unanimously determine (with the approval of the First Mortgagees) that it is in their best collective interest to have separate policies of property insurance meeting the coverage requirements of Sections 9.1 and 9.2, i.e., issued with respect to the individual Office Units instead of a single policy covering all Project Improvements, then the Association shall be entitled to modify its insurance policy accordingly, thereby requiring the Owners to insure all improvements within their Office Unit (including, without limitation, all carpet, millwork, doors, hardware, cabinets, lighting and plumbing fixtures and all built-in elements of the particular Office Unit). In such event, (1) each Owner shall deliver to the Association a certificate of insurance naming the Association as an additional insured, and (2) the Association shall deliver a revised certificate of insurance to each of the Owners and the First Mortgagees evidencing the revised insurance coverage and revising the General Common Expense category in the Budget relating to the payment of insurance premiums.

(p) Coverage and Limits on CGL and Umbrella Policies. The commercial general liability insurance and umbrella liability coverage required to be obtained by the Association as set forth above shall include as additional insureds the Owners and First Mortgagees, and such other parties as the Association reasonably elects to add to such coverage.

9.5 Indemnification Except with respect to Owners to which this Section 9.5 does not apply as provided below in this Section 9.5, each Owner shall indemnify and hold harmless the Association and the other Owners and their Occupants from and against all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including reasonable attorneys' and other professional fees, which may be imposed upon or incurred by or asserted against the Association or another Owner by reason of the following: (a) any use or non-use of, or the condition of, its Unit; (b) the operation, management and maintenance of its Unit; (c) any accident, injury or damage to any person or property occurring in, or upon, its Unit; (d) any use by it or any of its Occupants of the Limited Common Elements, the General Common Elements, or any other use by it or its Occupants of the Property or any portion thereof; (e) any negligent or wrongful act or omission of it or any of its Occupants in, about, or with respect to, the Property or any portion thereof; and/or (f) any failure by it to comply with the terms and conditions of the Planned Community Documents. The foregoing indemnity shall expressly exclude any of the foregoing to the extent caused by the negligence or willful misconduct of any indemnified party. The provisions of this Section 9.5 shall apply only to an Owner that is not a State agency or any political subdivision of the State, or an agency of the United States government.

**ARTICLE 10
CASUALTY OR CONDEMNATION**

10.1 **Rebuilding Required; Exceptions.** This Declaration does hereby make mandatory reconstruction of the Planned Community following a casualty or condemnation, except as set forth in Section 10.4 (Termination of Planned Community resulting from Casualty or Condemnation).

10.2 **Procedures for Settlement of Claims under Policies Maintained by the Association.**

(a) Notice. Each Owner agrees to notify the Association, each other Owner, and all First Mortgagees in writing of (i) any material fire or other casualty to or accident involving the Property within twenty-four (24) hours of such fire, casualty or accident, whether or not such fire, casualty or accident is covered by insurance, and (ii) of any institution of any action or proceeding relating to any condemnation, other taking or exercise of eminent domain or conveyance in lieu thereof, of all or any part of the Property, whether direct or indirect (a "Condemnation") or notice of any pending or threatened Condemnation proceedings within twenty-four (24) hours of notice of the institution of such proceedings or notice thereof.

(b) Designation of Trustee. Immediately upon receipt of notice of casualty or Condemnation or an event which is covered under the Association's liability policies, the Association shall enter into an agreement (the "Trust Agreement") with a trustee (the "Trustee") concerning the receipt and application of the proceeds of policies of property and liability insurance maintained by the Association and of Condemnation awards, which agreement shall be in form and substance satisfactory to the First Mortgagees. The Trustee shall be a commercial bank, holding company, trust company or similar financial institution reasonably acceptable to and approved by the First Mortgagees, who is a member of the Federal Reserve System and whose activities are regulated and subject to examination by the Federal Deposit Insurance Corporation or other federal authorities performing a similar function. The Trust Agreement shall provide that all proceeds of insurance or Condemnation awards paid to the Trustee shall be held and applied by the Trustee in accordance with the provisions of this Declaration. All fees payable to the Trustee pursuant to the Trust Agreement shall be General Common Expenses.

(c) Proof of Claim. If all or any portion of the Property is damaged or destroyed by any material fire or other casualty implicating the builder's risk or property insurance policy held by the Association as primary insured, or if a claim arises which implicates the commercial general liability policy held by the Association as primary insured, then the Association shall notify the insurance company promptly and submit an appropriate claim and proof of claim not later than 30 days following the loss or damage. If the Association fails to make proof of loss within that 30-day period, then the First Mortgagee with the largest outstanding balance as of the date of the casualty may make such proof of loss within the next 30-day period (but shall have no obligation to do so); and if such First Mortgagee fails to make such proof of loss, then any other Mortgagee may make such proof of loss (but shall have no obligation to do so).

(d) Settlement of Claim. Subject to the approval of the First Mortgagees for any claim in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00), such approval not to be unreasonably withheld, conditioned, or delayed, the Association may adjust and compromise any

claims under its insurance policies. Adjustment must be finalized within thirty (30) days of the date of the casualty.

(e) Deposit with Trustee. The Association shall deposit any and all proceeds received as a result of insurance or Condemnation or through any assessment made hereunder in an escrow account with the Trustee. The Trustee shall hold such proceeds in trust for the Owners and the Mortgagees, as their interests may appear, for the purpose of paying the cost of Restoration or Repair Work as provided in this Article.

(f) Conditions to Disbursement by Trustee. Insurance or Condemnation proceeds (“Net Proceeds”) and any deposits made by the Owners shall be held by the Trustee in a federally insured (to the extent possible) interest bearing account (the “Restoration Fund”). The Restoration Fund shall be disbursed to the Association or to any contractor or subcontractor for Restoration of or Repair Work to the damaged General Common Elements and Limited Common Elements, and to the Owners, their contractors or subcontractors for the prompt Restoration of or Repair Work to the damaged Office Units, provided and for so long as:

(i) The Restoration would not be illegal under any federal, state or local statute or ordinance.

(ii) No provision of this Declaration regarding Restoration and disbursement of Net Proceeds would be violated by such disbursement.

(iii) Draw requests have been certified by the applicable Owner or Association, general contractor and, where applicable, project architect (including certification from the architect of the stage of completion under each contract and subcontract).

(iv) The First Mortgagees or, if only one Office Unit or an Office Unit’s Limited Common Element is affected, then the First Mortgagee of such Office Unit, is satisfied that there are (or upon settlement will be) sufficient funds held by the Trustee in the Restoration Fund to complete Restoration.

(v) The Association or the Trustee shall have provided to the First Mortgagee(s) reasonably satisfactory evidence that the Project or the Office Unit(s), as the case may be, can be restored at least to the value, usefulness, condition and character that existed prior to the damage or destruction, and that the Restoration of such property can be completed prior to the maturity date of the debt secured by the Mortgage relating to the Unit(s) in question.

(vi) The affected First Mortgagee(s) shall have received reasonably satisfactory evidence from the Trustee that:

(A) The sum requested in each disbursement has been paid or is then due and payable and is a proper item of such cost.

(B) All materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested payment) in connection with the Restoration have been paid for in full.

(C) There exist no mechanics', materialmen's or other liens on the Project arising out of such Restoration, or if any such liens do exist, such liens would be discharged with the funds received from the requested disbursements.

(D) The balance of the Restoration Fund shall be sufficient to pay in full the balance of such cost of the Restoration.

(E) All licenses, permits and approvals for Restoration as required by all state and local ordinances or statutes have been obtained.

The Restoration Fund must be disbursed first for Restoration of or Repair Work on the damaged property, and the Association, Owners, and Mortgagees are not entitled to receive payment of any portion of the Restoration Fund unless there is a surplus after the property has been completely repaired or restored or the Project is terminated.

(g) Failure of Conditions to Disbursement. If all these foregoing conditions are not satisfied, then such Restoration Fund or so much thereof as shall not have been disbursed shall, upon demand by the First Mortgagee(s), be disbursed as though such Restoration Fund were surplus in accordance with the procedure set forth in this Declaration below.

(i) Notwithstanding such payment, the Owner of the damaged Unit shall bear the obligations for Restoration as provided in this Declaration, and each Owner shall, from time to time upon demand of the Association or the Trustee, deposit its share of the cost of Restoration in excess of its share of the Net Proceeds available for disbursement, with the Trustee, subject, however, to the provisions in this Declaration below regarding an election to terminate the Project following a casualty or Condemnation event. Each Owner shall pay the costs of Restoration attributable to its Unit and shall pay its Board-determined share of costs attributable to the General Common Elements and Limited Common Elements. If the Owner fails to do so, the Association shall have the rights and remedies as provided in this Declaration.

(ii) The Association shall promptly commence and diligently pursue the Restoration of the Project as expeditiously as possible in a good and workmanlike manner and in accordance with the final plans and specifications for construction of the Building (and final plans and specifications for improvements and alterations to Units) and in accordance with the Map, regardless of whether Net Proceeds are made available for Restoration, and regardless of whether the Net Proceeds which are available are sufficient to complete such Restoration. Subject to the provisions below regarding (A) an election to terminate this Declaration following a casualty or Condemnation event, and (B) modifications due to legal requirements, the

Project shall be restored to substantially the same usable area, and to substantially the same value, condition and character as existed prior to such damage.

(h) Deductibles. Unless otherwise agreed in writing by the Owners and First Mortgagees in a particular instance, any required deductible on an Association policy is a repair or maintenance expense to be paid by the Owner(s) who would be responsible for the loss in the absence of insurance. If the loss affects more than one Unit or any combination of one or more Office Units, the General Common Elements, or the Limited Common Elements, the Board may equitably apportion the cost of the deductible among the parties suffering loss in proportion to the total cost of repair. However, if the insurance policy provides that the deductible applies to each Unit separately or to each occurrence, each Owner is responsible for paying the deductible pertaining to their Unit, if any. In addition, if the need for such Restoration or Repair Work is caused by the misconduct (whether negligent or intentional) of one Owner, the Association shall not apportion to cost of the deductible to the other Owner(s) and shall in its reasonable discretion apportion it exclusively to the responsible Owner. If any Owner(s) fail to pay the deductible when required under this subsection, then the Association may pay the deductible and assess the cost to such Owner(s) pursuant to Article 4 of this Declaration.

(i) Allocation of Proceeds: Single Owner. In the event of casualty or Condemnation affecting only one Owner's Office Unit, then proceeds received from any insurance maintained by the Association or Condemnation shall, except as otherwise provided herein, be paid over (by the Trustee, where applicable) to the First Mortgagee of the Owner of such Unit for disbursement in accordance with such First Mortgagee's loan documents, and if there is no First Mortgagee, to the Owner.

(j) Allocation of Proceeds: Multiple Owners. In the event of casualty or Condemnation affecting any combination of the Office Units, the General Common Elements, or the Limited Common Elements, then the net proceeds from such casualty or Condemnation and the costs of Restoration shall be allocated by the Board among the affected Office Unit(s), General Common Elements, and Limited Common Elements, in accordance with the relative damage sustained with respect to each such portion of the Project.

(k) Shortfalls.

(i) As to General Common Elements or the Limited Common Elements, if the amount of insurance proceeds or Condemnation award is insufficient to pay the estimated or actual costs of Restoration or Repair Work, the Association: (A) shall first use any reserves that may have accrued with respect to that General Common Element or Limited Common Element, as applicable; and (B) to the extent such reserves are also insufficient, may levy, assess and collect one or more Special Assessments from: (1) in the case of a General Common Element, all Owners in accordance with their Assessment Allocation, unless the need for such Restoration or Repair Work is caused by the misconduct (whether negligent or intentional) of any Owner, in which case the Association shall not assess the other Owners for such Restoration or Repair Work costs and shall in its reasonable discretion assess the cost of the Restoration or Repair Work exclusively against the responsible Owner's Unit; and (2) in the case of a Limited Common

Element, the Owner(s) with an interest in such Limited Common Element. Such additional funds shall be deposited with the Trustee and released together with insurance proceeds or Condemnation award proceeds for reconstruction.

(ii) As to Office Units, in the event the cost of Restoration or Repair Work of all or a portion of a Unit exceeds available insurance or Condemnation proceeds and reserves, the respective Owner(s) shall bear such cost and shall deposit with the Trustee, within 30 days after demand by the Trustee, the amount of such excess, to be disbursed in accordance with this Article 10. If any Owner shall fail to make such deposit, the Trustee shall direct the Association to enforce the collection of such unpaid sums. If payment is not made, then the Association or a non-defaulting party may deposit the same, and the defaulting Owner shall reimburse the paying party upon demand. If such reimbursement is not made, the Association shall enforce the collection of such unpaid reimbursement.

(l) Conditions for Restoration.

(i) Upon settlement of the claim, payment of its share of the deductible owed in the connection with the loss, if any, and receipt of any First Mortgagee consent required, the affected Owner(s) shall undertake repair and/or reconstruction of the Office Unit owned by such Owner. Each Owner is responsible for repairing or replacing the property within its Unit which is not part of the General Common Elements or the Limited Common Elements. The Association is responsible for repairing or replacing the General Common Elements and the Limited Common Elements. Each Owner and the Association, as applicable, shall promptly remove any debris or damaged portions of the Project from its property and shall otherwise cause its property to be in a clean, safe, and orderly condition during Restoration or Repair Work.

(ii) Restoration or Repair Work on any portion of the Project for which insurance is required under this Declaration must be performed promptly by the affected Owner or the Association, as applicable, unless (A) the Declaration is terminated in accordance with Section 10.4; (B) Restoration or Repair Work would be illegal under any state or local statutes or ordinance governing health or safety or would not be permitted under the loan documents governing a First Mortgagee's loan to an Owner; or (C) following payment in full of the applicable First Mortgagee thereon, the Owner provides written notice to the Association of its election not to undertake the Restoration or Repair Work on its Office Unit within 90 days of the casualty or Condemnation, provided that, unless the Declaration is terminated in accordance with Section 10.4, any Owner electing not to undertake Restoration or Repair Work following payment in full of the applicable First Mortgagee thereon shall be subject to the remedies provided for in Section 10.5. If the Declaration is not terminated, Assessments will remain payable during the period of insurance adjustment and Restoration or Repair Work.

(iii) If Restoration or Repair Work of any damaged or destroyed Office Units is required pursuant to the provisions of this Article 10, such Restoration or

Repair Work shall comply with this Declaration and be commenced and diligently pursued until Substantial Completion in as timely a manner as practicable and shall be performed by reputable contractors experienced in the construction of structures similar to the improvements to be reconstructed. Plans and specifications for such Restoration or Repair Work shall be prepared by a reputable architect experienced in the design of structures similar to the Building including the original plans and specifications for the Building, which shall provide for the Building to be repaired or rebuilt as nearly as commercially practicable to that which was constructed prior to the casualty or Condemnation.

(iv) If, to perform any Restoration or Repair Work, it becomes necessary to obtain a variance, special permit or exception or change in zoning or other laws, and if the Association believes it is reasonably possible to obtain the same and so notifies the Owners and their Mortgagees in writing, then the parties shall cooperate to obtain such variance, special permit or exception or change in law. The legal and architectural fees and all other costs and expenses of applying for and/or obtaining such variance, special permit or exception or change in law shall be considered as part of the cost and expense of carrying out the Restoration or Repair Work.

(v) If any Restoration or Repair Work cannot be carried out in compliance with law, and if a variance, special permit or exception or change in law is not obtained, then necessary adjustments shall be made so that the Project, as repaired or replaced, complies with all applicable laws.

(vi) Prior to commencement of Restoration, the contract, contractors, plans and specifications for the Restoration shall have been approved in advance by the First Mortgagee(s) or its agents, such consent not to be unreasonably withheld or delayed.

(vii) The Net Proceeds and any deposits made by the Owners shall be deposited with the Trustee and held in the Restoration Fund, and any interest earned on such deposited funds shall be a part of the Restoration Fund.

(viii) Disbursements from the Restoration Fund shall be made by the Trustee to an Owner responsible for any portion of the Restoration or to the Association or to any contractor or any subcontractor in an amount not exceeding the cost of the work completed since the last disbursement, following receipt by the Trustee and the First Mortgagee(s) of satisfactory evidence of the state of completion, and of performance of the work in a good and workmanlike manner in accordance with the contracts, plans and specifications, and of evidence that no mechanics' or materialmen's liens shall have been filed and remain undischarged and that the waivers, insurance, bonds or other security against mechanics' liens continue in effect until the expiration of any applicable statute of limitations for the enforcement of mechanics' liens.

(ix) Unless the First Mortgagee(s) instructs the Trustee otherwise, the Trustee must retain 5% of all requests for disbursements from the Restoration Fund

as retainage (“Retainage”) until Restoration is fully complete, except that no Retainage shall be required for architectural, engineering, or other design fees. The Trustee shall not be obliged to make disbursements from the Restoration Fund more than once every 30 days. The Retainage shall not be released until an independent inspecting engineer selected by the First Mortgagee certifies to the affected First Mortgagee that the Restoration of the Project has been completed in accordance with the applicable provisions of this Declaration.

(m) Partial Restoration. If all of the Owners and First Mortgagees agree that a portion of the Project will not be repaired or replaced, the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Project and, except to the extent that other persons will be distributees, the insurance proceeds attributable to Office Units and the Limited Common Elements that are not rebuilt must be distributed to the Owners of those Office Units and, as applicable, the Owners to which those Limited Common Elements were allocated, or to First Mortgagees, as their interests may appear, and the remainder of the proceeds must be distributed to all the Owners or First Mortgagees, as their interests may appear, in proportion to the common expense liabilities of all the Units. If the Owners vote not to rebuild any Office Unit, that Office Unit’s allocated interests shall be reallocated accordingly, and the Association promptly shall prepare, execute, and record an amendment to the Declaration reflecting the reallocation.

(n) Disbursement of Surplus Proceeds. Upon completion of the Restoration or Repair Work, any surplus in the Restoration Fund held by the Trustee in excess of the cost of such Restoration or Repair Work shall be allocated by the Board among the Owners proportionately, according to the Allocated Interests, and the amount allocated to each Unit shall be disbursed by the Trustee in the following manner:

(i) First, to First Mortgagees in an amount equal to the percentage ownership interest in the General Common Elements subject to the First Mortgage, but not exceeding the balance due on the applicable First Mortgage;

(ii) Second, to any junior Mortgagees in the order of their priority, each receiving an amount equal to the percentage ownership interest in the General Common Elements subject to the junior Mortgage, but in each case in an amount not exceeding the balance owed on the applicable junior Mortgage; and

(iii) Third, to the Owner.

(o) Association Procedures. From time to time, the Association may adopt and establish written non-discriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, allocation of insurance or Condemnation proceeds, and any other matters of claims adjustment it deems reasonably necessary or appropriate, so long as such policies and procedures are consistent with this Declaration.

10.3 Special Rules for Casualty or Condemnation affecting Common Elements.

(a) The Association is hereby irrevocably appointed as attorney-in-fact to perform any Restoration or Repair Work to the General Common Elements and the Limited

Common Elements, insured by the Association upon their damage or destruction, obsolescence, termination or Condemnation. All of the Owners irrevocably constitute and appoint (i) the Trustee designated for such purpose as their true and lawful attorney in their name, place, and stead for the purpose of receiving any insurance or Condemnation proceeds, and (ii) the Association for the purpose of promptly performing any Restoration or Repair Work or reconstruction with respect to the General Common Elements and the Limited Common Elements.

(b) As attorney-in-fact, the Association, by its duly authorized officers or agents, shall have full and complete authorization, right, and power to make, execute, and deliver any contract or other instrument which is necessary and appropriate to perform any Restoration or Repair Work in a manner consistent with the approved plans and specifications.

(c) The Association shall use the proceeds of any insurance or Condemnation award received for Restoration or Repair Work for the Project unless all of the Owners elect to terminate the Association pursuant to Section 10.4. In the event all of the Owners vote to terminate the Planned Community pursuant to Section 10.4 and not to undertake the Restoration or Repair Work, the Association shall distribute the proceeds of any insurance, Condemnation award, or sale among the applicable Owners in accordance with the provisions of Section 10.4, subject to Section 11.7 (concerning rights of First Mortgagees to insurance or Condemnation proceeds).

10.4 Termination of Planned Community resulting from Casualty or Condemnation

(a) Following any casualty or Condemnation of the Planned Community that: (i) (1) in the case of any casualty, materially and adversely damages the Planned Community, or (2) affects by Condemnation more than 50% of the Planned Community, and (ii) in any event, materially and adversely diminishes the use and function of the Project, the Planned Community may be terminated upon the unanimous approval of the Owners, subject to consent by all First Mortgagees. For purposes of this subsection 10.4(a)(i)(1), the Planned Community shall be deemed “materially and adversely damaged” if the required Restoration or Repair Work would: (i) exceed 50% of the replacement cost of the Building, or the affected Office Units, as applicable; (ii) exceed the insurance proceeds and reserve available to the Owners for Restoration or Repair Work; or (iii) not be permitted by applicable governmental authority or the loan documents governing a First Mortgagee’s loan.

In such instance, all of the Owners may sell all of their rights to a third party. Upon the closing of the sale of all of the Owners’ rights to a third party buyer, with any such sale subject to prior written consent of the Mortgagees, the Association shall, if requested by all of the Owners (with consent therefor from all Mortgagees), record a notice setting forth such fact or facts and, upon recording of such notice the entire Property shall thereafter be free and clear of the provisions contained in this Declaration, the Planned Community Map, and the Association’s Articles and Bylaws.

Each Owner, by accepting a deed to an Office Unit, agrees to execute any and all documents reasonably required to confirm or ratify the sale contemplated in this subparagraph including, but not limited to, deeds and bills of sale. In addition, each Owner, by accepting a deed to an Office Unit, irrevocably designates and appoints the Trustee as the attorney-in-fact for such Owner to

execute any and all documents reasonably required to accomplish the sale contemplated in this subparagraph including, but not limited to, deeds, bills of sale and closing statements.

The proceeds of insurance or Condemnation and the proceeds of such sale shall be collected by the Trustee and applied first to the payment of expenses of the sale, and then divided according to each Owner's respective percentage ownership interest therein as shown by the insurance policies, if so shown, and otherwise according to each Owner's Allocated Interest. The funds in each account established upon such division (without contribution from one account to another) shall be applied by the Trustee for the following purposes in the order indicated: (A) for payment of real estate taxes and other assessments given priority by statute to any lien held by a First Mortgagee; (B) for payment of the balance of all amounts secured by the lien held by any First Mortgagee on any portion of the Project; (C) for payment of unpaid Common Expenses; (D) for payment of junior liens and encumbrances in the order of and to the extent of their priority; and (E) for payment of the balance remaining, if any, to the Owners. The provisions of this subparagraph shall not be construed as limiting in any way the right of a First Mortgagee (in case the proceeds allocated under clause (B) above shall be insufficient to pay the indebtedness secured by this lien) to assert and enforce the personal liability for such deficiency, if any, of the Person(s) responsible for payment of such indebtedness.

(b) If a Majority of the Owners, and the First Mortgagees vote not to rebuild a General Common Element or any portion of the Limited Common Elements following any casualty or Condemnation on the basis that the decision not to rebuild would not materially and adversely affect the use or operation of the Office Units in any manner which would reduce the overall revenue reasonably anticipated to be generated from the Project, then the Association shall have no obligation to initiate any Repairs thereto, and any insurance or Condemnation proceeds received by the Association shall be distributed in the case of a General Common Element, to all Owners in accordance with their Assessment Allocation.

(c) Following a vote by all of the Owners for termination resulting from Condemnation of the entire Project, and consent to the same by all First Mortgagees, the amount paid with respect to such Condemnation shall be apportioned among the Owners in proportion to their respective Distribution Interests (defined below) and paid to the First Mortgagees in accordance with Section 11.7. For the purposes hereof, each Owner's "Distribution Interest" shall be expressed as a percentage determined by a fraction, the numerator of which shall be the fair market value of such Owner's Office Unit and any Limited Common Elements appurtenant to such Unit, and the denominator of which shall be the sum of the fair market value of the entire Project, each measured on the basis that existed immediately before such Condemnation. The fair market value of the Office Units shall be appraised by an MAI appraiser selected by the Association and the cost of such appraisal shall be borne by the Association and paid by the Owners in accordance with their Assessment Allocation. The fair market value so determined by the MAI appraiser shall be binding on all Owners.

10.5 Remedies for Failure to Rebuild. In the event that the applicable First Mortgagee has been paid in full and an Owner: (i) elects not to undertake Restoration or Repair Work on its Office Unit pursuant to circumstances set forth in Sections 10.2(i)(ii)(A), (B), and (C) above; or (ii) fails to commence that Restoration or Repair Work within 180 days from the date of the casualty or Condemnation; or (iii) fails to diligently and continuously undertake such Restoration or Repair

Work to Substantial Completion on a commercially reasonable basis, then the Association, in addition to all other remedies available at law and in equity, shall immediately commence and diligently undertake that Restoration or Repair Work to Substantial Completion on that portion of the Project within such Owner's Office Unit necessary to permit the reconstruction, use, and operation of the other Owners' Office Units (including the rebuilding of Building structural components necessary or appropriate for the continued operation of the other Office Units) to substantially the same condition in which they existed prior to the casualty or Condemnation. The Association shall have access to all insurance, Condemnation and other proceeds payable to such non-repairing Owner in order to exercise its remedies. The Association shall have the right (but not the obligation) to seek the appointment of a receiver or other court authorization in order to exercise its remedies. All costs incurred by the Association under this Section 10.5 not reimbursed by insurance or Condemnation proceeds shall become the personal financial obligation of the non-repairing Owner and may be collected by the Association in any manner provided in this Declaration or otherwise available at law and in equity. For so long as any First Mortgage remains a lien on the applicable Office Unit, then the First Mortgagee shall have the right to notice of any Owner failure hereunder and shall have the right to cure such Owner failure and receive payment of all insurance proceeds directly for such purpose.

10.6 Adjustment of Other Claims. Each Owner shall be responsible for adjustment of claims, payment of deductibles, disbursement of insurance proceeds, and related matters with respect to commercial general liability or any other policies carried by such Owner as primary insured purchased for such Owner's benefit (as opposed to policies carried by the Association for the Project's benefit) and not expressly addressed in this Article 10.

10.7 Reservation of Rights. Nothing in this Declaration prohibits an Owner or the Association from pursuing a claim against a Person seeking damages or other remedies for a casualty caused by negligence or willful misconduct.

ARTICLE 11 MORTGAGEE PROTECTIONS

11.1 Percentage of First Mortgagee Consent. Various provisions in this Declaration prohibit certain designated actions without the approval or consent of all or a specified percentage of First Mortgagees. When the approval of only a specified percentage of First Mortgagees is required, the percentage of First Mortgagees who have given any such approval or consent shall be deemed to be equal to (a) the number of votes in the Association allocated to Office Units that are subject to Security Interests which are held by First Mortgagees and who have given such approval or consent, divided by (b) the total number of votes in the Association allocated to all Office Units that are subject at the time to Security Interests held by First Mortgagees.

11.2 Addresses for Mortgagees; Notice of Actions. Until further notice, notices to Mortgagees shall be sent to the address shown in Exhibit D, as such exhibit may be updated from time to time by the Association based on a written request of an Owner or a Mortgagee. All other Mortgagees shall deliver written notice to the Association containing the mailing address and electronic notice addresses to be used by the Association in providing notices hereunder. The Association shall give prompt written notice of the following to each First Mortgagee identified

in this Section 11.2 for so long as they hold a First Mortgage on an Office Unit, and to each additional Mortgagee for whom a notice address has been delivered to the Association hereunder:

(a) any Condemnation loss or any casualty loss which affects a material portion of the Office Unit or the General Common Elements in which an interest is held by such Mortgagee;

(b) any delinquency in the payment of Assessments which remains uncured for 30 days by an Owner whose Office Unit is encumbered by a Security Interest held by such Mortgagee;

(c) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, unless substantially equivalent coverage is provided without interruption by a replacement policy;

(d) any other proposed action that would require the consent of Mortgagees hereunder;

(e) any judgment rendered against the Association that is not covered (subject to reasonable deductible or retention limits) by insurance policies maintained for the benefit of the Association;

(f) receipt of notice of commencement of any Condemnation or eminent domain proceedings with respect to any part of the Property;

(g) any default under the Planned Community Documents with respect to the Office Unit subject to its Mortgage, if such default is not cured by such Owner within 30 days after notice by the Association to such Owner of the default;

(h) any Lien Notice delivered to an Owner;

(i) to the extent the Association has been notified, any default under a Mortgage; and

(j) any enforcement action commenced under Articles 4, 5, or 6 against the Office Unit encumbered by such Mortgagee or the Owner of such Office Unit.

11.3 Consent by Mortgagees Required. The Association may not take any of the following actions without the unanimous prior written consent of all Owners and First Mortgagees:

(a) conveyance or encumbrance of the General Common Elements and/or the Limited Common Elements, provided that the granting of easements for public utilities, for construction and maintenance of roads within the Project or for other purposes permitted by this Declaration are exempt;

(b) restore or repair of the Project (after significant casualty damage or partial Condemnation) in a manner other than that required hereunder or otherwise specified in this Declaration;

- (c) terminate this Declaration or change to the Planned Community;
- (d) change the Assessment Allocation of or the voting rights allocable to any Office Unit;
- (e) use insurance proceeds for other than the repair, replacement or reconstruction of the Project, unless otherwise permitted under Article 10 of this Declaration or surplus proceeds remain after repair, replacement or reconstruction has been completed;
- (f) change the method for determining the obligations, Assessments, dues or other charges that may be levied against an Owner of a Unit;
- (g) by act or omission, change, waive or abandon any scheme of regulation or enforcement pertaining to the exterior appearance or maintenance of Office Units or Common Elements (provided, however, the issuance or amendment of architectural standards, procedures, Rules and Regulations, or use restrictions shall not constitute a change, waiver or abandonment within the meaning of this subsection), make any structural modifications to the Building, make any modifications materially and adversely affecting the exterior of the Building or any Common Element;
- (h) fail to maintain insurance as required by this Declaration;
- (i) modify the permitted use of the Project, including the rights to use the Common Elements;
- (j) merge the Project with any other common interest community;
- (k) decide not to repair or replace the Common Elements in a manner other than that required hereunder or otherwise specified in this Declaration;
- (l) amend the Declaration, the Planned Community Map or Bylaws; or
- (m) amend the Horizontal Boundary or Vertical Boundary of an Office Unit encumbered by such Mortgagee's Mortgage.

11.4 Notice of Objection; Deemed Consent. Subject to Section 11.9, a Mortgagee with consent rights hereunder shall provide the Association with written notice of its consent or objection, if any, to any proposed amendment or action requiring the approval of a Mortgagee within 60 days following the delivery by the Association of notice of such proposed amendment or action. If a Mortgagee fails to respond within 60 days after the Association provides written notice of the proposed action, the Mortgagee will be deemed to have consented to the proposed action.

11.5 Mortgagee's Rights.

(a) Advances. Upon 15 days' notice to the Association, First Mortgagees, jointly or singly, may pay taxes or other charges which are in default and which may or have become a charge against any Office Unit or General Common Elements or improvements thereon, may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage

on the lapse of a policy, if the Association fails to do so. First Mortgagees making such payments shall be owed immediate reimbursement from the Association to the extent that such payments were the responsibility of the Association pursuant to this Declaration.

(b) Cure Rights. The holder of a Mortgage shall be entitled (but not obligated) to cure any delinquency in the payment of Assessments or any other default on the part of the Owner of an Office Unit encumbered by such Mortgage for 30 days following receipt of the notice required by Section 11.2, or if such default cannot be cured within said 30 days despite commercially reasonable efforts, then such longer time as may be necessary to cure if acting in good faith and with reasonable diligence. The Association shall accept payment or performance by said Mortgagee of any act or obligation with respect to such Unit to be performed under the terms hereof with the same force and effect as if paid or performed by such Owner.

(c) Financial Statements. If the Association has prepared a financial statement concerning its operations for any fiscal year, any First Mortgagee shall be entitled to obtain a copy of such financial statement by submitting a written request for such copy. If the Association has not obtained an audited financial statement, any First Mortgagee shall be entitled to have an audited statement prepared at such First Mortgagee's own expense. No such audit shall interfere unreasonably with the normal activities and operations of the Association. The Association shall be entitled to obtain a copy of any audited financial statement prepared at the direction of a First Mortgagee by submitting a written request for such copy.

(d) Examination of Records. Any First Mortgagee shall have the right, upon reasonable request to the Board of Directors, to examine the Association's books and records at any reasonable time.

11.6 Limitations on First Mortgagees' Rights. No requirement for approval or consent by a First Mortgagee provided in this Article shall operate to:

(a) deny or delegate control over the general administrative affairs of the Association by the Owners or the Board of Directors;

(b) prevent the Association or Board of Directors from complying with its obligations under the Planned Community Documents; or

(c) prevent any Trustee or the Association from receiving, using, and/or distributing any insurance proceeds in accordance with, and subject to, the requirements of Article 10 of this Declaration.

11.7 Distribution of Insurance or Condemnation Proceeds. In the event of a distribution of insurance proceeds or Condemnation award allocable among the Office Units for losses to, or a Condemnation of, all or part of the Office Units or General Common Elements when reconstruction is not undertaken, neither the Owner nor any other Person shall take priority in receiving the distribution over the right of any First Mortgagee with a valid Mortgage as to an Office Unit.

11.8 Title Taken by First Mortgagee. A First Mortgagee who obtains title to the Office Unit pursuant to remedies exercised in enforcing its Mortgage, including foreclosure or acceptance

of a deed in lieu of foreclosure, will be liable for and shall pay all Assessments, whether the same became due and payable before or after the date title to the Office Unit is acquired, other than that part of said lien imposed for interest, fines, penalties and reasonable attorney fees incurred. Any Assessments and charges against the Unit which accrue prior to such foreclosure or acceptance of a deed in lieu of foreclosure shall also remain the obligation of the defaulting Owner of the Unit.

ARTICLE 12 DURATION OF COVENANTS; AMENDMENT AND TERMINATION

12.1 **Term.** This Declaration and any amendments or supplements to it shall remain in effect in perpetuity, unless otherwise terminated or modified as provided in this Article.

12.2 **Amendment of Declaration.** This Declaration (including the Planned Community Map) may be amended only by a unanimous vote of the Owners as the Association members in accordance with the requirements of this Declaration and the Bylaws and approved by the First Mortgagees.

12.3 **Execution of Amendments; Expenses.** Any amendment authorized hereunder shall be executed by an officer of the Association authorized by resolution of the Board of Directors to do so and shall be recorded in the Land Records. All expenses associated with preparing and recording an amendment to this Declaration shall be the sole responsibility of (a) any Owner desiring an amendment as provided for in this Declaration or CCIOA; or (b) in all other cases, by the Association as a Common Expense.

12.4 **Recording of Amendments.** Any amendment to this Declaration made in accordance with this Article shall be immediately effective upon the recording of the executed amendment in the Land Records together with a duly authenticated certificate of the Declarant or the secretary of the Association stating that the required vote of Owners, if any, and required consents of Mortgagees, as applicable, were obtained and are on file in the office of the Association.

ARTICLE 13 MISCELLANEOUS

13.1 Enforcement; .

(a) One of the purposes of the Declaration is to establish a harmonious Community. Because the prompt, efficient and fair resolution of any construction or design dispute is desirable, any dispute arising out of or relating to the Office Units or the Common Elements must be resolved as set forth in the Dispute Resolution Rider attached to this Declaration, except for “**Excluded Claims,**” which are not subject to the Dispute Resolution Rider and are defined to include:

(i) An action by the Association to enforce any provision of Article 4 of this Declaration related to assessment or collection of any Assessments, or to enforce or foreclose any lien for such Assessments;

(ii) An action by the Association to obtain a temporary restraining order or injunction (or equivalent emergency equitable relief) and such other ancillary

relief as the Association or court may deem necessary in order to enforce any of the construction, lien or use restrictions provisions of Articles 4, 5, or 6 of the Declaration;

(iii) Any action between or among Owners, which does not include the Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Planned Community Documents;

(iv) Any action in which any indispensable party is not a Party, as defined in this Dispute Resolution Rider;

(v) Any action relating to the enforcement or discharge of any mechanic's lien; and

(vi) An action by Declarant to enforce its special declarant rights, if any.

(b) Excluded Claims shall be pursued through any proceedings at law or in equity in the State Court sitting in Arapahoe County, Colorado. The substantially non-prevailing party in such judicial action shall reimburse the substantially prevailing party for all expenses, fees, costs, including attorney fees reasonably incurred by the substantially prevailing party in connection with such judicial action.

13.2 Association as Attorney-in-Fact. Each Owner hereby irrevocably appoints the Association as the Owner's true and lawful attorney-in-fact for the purposes of: (a) granting easements pursuant to Article 8; (b) purchasing and maintaining insurance pursuant to Article 9, including the collection and appropriate disposition of the proceeds thereof, the negotiation and settlement of losses and execution of releases of liability (subject to the right of other parties to participate in the settlement of such losses), the execution of all documents, and the performance of all other acts necessary to purchase and maintain insurance as well as dealing with any improvements covered by insurance written in the name of the Association pursuant to Article 10 upon their damage or destruction; or (c) negotiating and dealing with any authority having the power of eminent domain relating to a complete or partial Condemnation as provided in Article 10 above (subject to the right of other parties to participate in such negotiations or dealings). Acceptance by a grantee of a deed or other instrument of conveyance or any other instrument conveying a portion of the Property shall constitute appointment of the Association as the grantee's attorney-in-fact, and the Association shall have full authorization, right, and power to make, execute, and deliver any contract, assignment, deed, waiver or other instrument with respect to the interest of any Owner which may be necessary to exercise the powers granted to the Association as attorney-in-fact.

13.3 Non-waiver. Failure by Declarant, the Association, or any Owner or Mortgagee to enforce any covenant, condition, restriction, easement, reservation, right of way, or other provision contained in the Planned Community Documents shall in no way or event be deemed to be a waiver of the right to do so thereafter.

13.4 Severability; Interpretation. The provisions of this Declaration shall be deemed to be independent and severable, and the invalidity of any one or more of the provisions of it by

judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which provisions shall remain in full force and effect.

13.5 **Reasonableness.** Wherever this Declaration allows or requires a party to make a decision, determination, or designation, or to grant or withhold its consent or approval, the party vested with discretion shall exercise it in a reasonable manner in light of the relevant facts and circumstances and shall not act arbitrarily or capriciously.

13.6 **Number and Gender.** Unless the context provides or requires to the contrary, the use of the singular herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include all genders.

13.7 **Captions.** The captions to the articles and sections and the Table of Contents at the beginning of this Declaration are inserted only as a matter of convenience and for reference and are in no way to be construed to define, limit, or otherwise describe the scope of this Declaration or the intent of any provision of this Declaration.

13.8 **Conflicts in Legal Documents.** Unless otherwise expressly provided herein, in case of conflicts between the provisions in this Declaration and the Articles or the Bylaws, this Declaration shall control. In case of conflicts between the provisions of the Articles and the Bylaws, the Articles shall control. In the event of a conflict or inconsistency between any requirement set forth in the Planned Community Documents and the provisions of the Regulatory Agreements, the provisions of the Regulatory Agreements shall in all instances be controlling as to any Office Units to which they apply.

13.9 **Successors and Assigns of Declarant.** Any reference in this Declaration to Declarant shall include any successors or assignees of Declarant's rights and powers hereunder; provided that Declarant's rights and powers may only be assigned by a written and recorded instrument expressly assigning such rights and powers.

13.10 **Exhibits.** All the Exhibits attached to and described in this Declaration are incorporated in this Declaration by this reference.

13.11 **Choice of Law.** This Declaration shall be construed and interpreted in accordance with the laws of the State of Colorado.

13.12 **Time of Essence.** Time shall be of the essence hereunder, except that, whenever the last day for the exercise of any right or the discharge of any obligation hereunder falls on a Saturday, Sunday, or statutory holiday, the party having such right or obligation shall have until 5:00 p.m. on the next succeeding day which is not a Saturday, Sunday, or statutory holiday to exercise such right or discharge such obligation.

ARTICLE 14

COLORADO SPECIAL PROVISIONS (COLORADO FISCAL RULE 3-3)

These Special Provisions apply to all contracts except where noted in italics. As used in this Article 14, the term "this Contract" shall mean this Declaration.

A. STATUTORY APPROVAL. §24-30-202(1), C.R.S.

This Contract shall not be valid until it has been approved by the Colorado State Controller or designee. If this Contract is for a Major Information Technology Project, as defined in §24-37.5-102(2.6), C.R.S., then this Contract shall not be valid until it has been approved by the State's Chief Information Officer or designee. The recording of this Declaration shall be conclusive evidence that such approval has been given.

B. FUND AVAILABILITY. §24-30-202(5.5), C.R.S.

Financial obligations of the State payable after the current State Fiscal Year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.

C. GOVERNMENTAL IMMUNITY.

Liability for claims for injuries to persons or property arising from the negligence of the State, its departments, boards, commissions, committees, bureaus, offices, employees and officials shall be controlled and limited by the provisions of the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S.; the Federal Tort Claims Act, 28 U.S.C. Pt. VI, Ch. 171 and 28 U.S.C. 1346(b), and the State's risk management statutes, §§24-30-1501, et seq. C.R.S. No term or condition of this Contract shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions, contained in these statutes.

Liability for claims for injuries to persons or property arising from the negligence of Declarant, as a quasi-municipal corporation of the State of Colorado, its departments, boards, commissions, committees, bureaus, offices, employees and officials shall be controlled and limited by the provisions of the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S.; the Federal Tort Claims Act, 28 U.S.C. Pt. VI, Ch. 171 and 28 U.S.C. 1346(b), and the State's risk management statutes, §§24-30-1501, et seq. C.R.S. No term or condition of this Contract shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions, contained in these statutes.

D. INDEPENDENT CONTRACTOR.

Contractor shall perform its duties hereunder as an independent contractor and not as an employee. Neither Contractor nor any agent or employee of Contractor shall be deemed to be an agent or employee of the State. Contractor shall not have authorization, express or implied, to bind the State to any agreement, liability or understanding, except as expressly set forth herein. Contractor and its employees and agents are not entitled to unemployment insurance or workers compensation benefits through the State and the State shall not pay for or otherwise provide such coverage for Contractor or any of its agents or employees. Contractor shall pay when due all applicable employment taxes and income taxes and local head taxes incurred pursuant to this Contract. Contractor shall (i) provide and keep in force workers' compensation and unemployment compensation insurance in the amounts required by law, (ii) provide proof thereof when requested by the State, and (iii) be solely responsible for its acts and those of its employees and agents.

E. COMPLIANCE WITH LAW.

Contractor shall comply with all applicable federal and State laws, rules, and regulations in effect or hereafter established, including, without limitation, laws applicable to discrimination and unfair employment practices.

F. CHOICE OF LAW, JURISDICTION, AND VENUE.

Colorado law, and rules and regulations issued pursuant thereto, shall be applied in the interpretation, execution, and enforcement of this Contract. Any provision included or incorporated herein by reference which conflicts with said laws, rules, and regulations shall be null and void. All suits or actions related to this Contract shall be filed and proceedings held in the State of Colorado and exclusive venue shall be in the City and County of Denver.

G. PROHIBITED TERMS.

Any term included in this Contract that requires the State to indemnify or hold Contractor harmless; requires the State to agree to binding arbitration; limits Contractor's liability for damages resulting from death, bodily injury, or damage to tangible property; or that conflicts with this provision in any way shall be void ab initio. Nothing in this Contract shall be construed as a waiver of any provision of §24-106-109, C.R.S.

H. SOFTWARE PIRACY PROHIBITION.

State or other public funds payable under this Contract shall not be used for the acquisition, operation, or maintenance of computer software in violation of federal copyright laws or applicable licensing restrictions. Contractor hereby certifies and warrants that, during the term of this Contract and any extensions, Contractor has and shall maintain in place appropriate systems and controls to prevent such improper use of public funds. If the State determines that Contractor is in violation of this provision, the State may exercise any remedy available at law or in equity or under this Contract, including, without limitation, immediate termination of this Contract and any remedy consistent with federal copyright laws or applicable licensing restrictions.

I. EMPLOYEE FINANCIAL INTEREST/CONFLICT OF INTEREST. §§24-18-201 and 24-50-507, C.R.S.

The signatories aver that to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described in this Contract. Contractor has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of Contractor's services and Contractor shall not employ any person having such known interests.

J. VENDOR OFFSET AND ERRONEOUS PAYMENTS. §§24-30-202(1) and 24-30-202.4, C.R.S.

[Not applicable to intergovernmental agreements] Subject to §24-30-202.4(3.5), C.R.S., the State Controller may withhold payment under the State's vendor offset intercept system for debts owed to State agencies for: (i) unpaid child support debts or child support arrearages; (ii) unpaid balances of tax, accrued interest, or other charges specified in §§39-21-101, et seq., C.R.S.; (iii) unpaid loans due to the Student Loan Division of the Department of Higher Education; (iv) amounts required to be paid to the Unemployment Compensation Fund; and (v) other unpaid debts owing to the State as a result of final agency determination or judicial action. The State may also recover, at the State's discretion, payments made to Contractor in error for any reason, including, but not limited to, overpayments or improper payments, and unexpended or excess funds received by Contractor by deduction from subsequent payments under this Contract, deduction from any payment due under any other contracts, grants or agreements between the State and Contractor, or by any other appropriate method for collecting debts owed to the State.

(The balance of this page is intentionally left blank.)

DISPUTE RESOLUTION RIDER

to

DECLARATION

FOR

9195 E. MINERAL AVENUE SMALL PLANNED COMMUNITY

(A COMMON INTEREST COMMUNITY)

Section 1.1 Resolution of Disputes Without Litigation

(a) *Bound Parties.* Declarant, all Owners, the Association and members of its committees, and their respective officers, directors, members, managers, partners, employees and agents, and all Persons subject to this Declaration (collectively, “Bound Parties” and individually, a “Bound Party”), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving them without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees to try to resolve all Claims by using the procedures in this Dispute Resolution Rider and not by litigation, and each Bound Party agrees not to file suit in any court with respect to any dispute or claim until it has utilized the procedures set forth in this Dispute Resolution Rider. The provisions of this Dispute Resolution Rider shall be deemed a contract between and among all Bound Parties, as well as covenants and equitable servitudes that run with all land located within the Community. **DECLARANT, ALL OWNERS, THE ASSOCIATION, AND, BY ACCEPTANCE OF A DEED OR OTHER INSTRUMENT OF CONVEYANCE FOR A UNIT, EACH OWNER: (i) AGREES TO COMPLY WITH THE PROVISIONS OF THIS DISPUTE RESOLUTION RIDER; AND (ii) WAIVES ALL RIGHTS TO HAVE ANY AND ALL DISPUTES AND CLAIMS TRIED BEFORE A JURY AND AGREES THAT ALL DISPUTES AND CLAIMS SHALL BE TRIED BEFORE AND DETERMINED BY A JUDGE. IN ANY SUCH COURT PROCEEDING, EITHER PARTY SHALL HAVE THE RIGHT TO REQUEST THAT THE JUDGE APPOINT A SPECIAL MASTER TO FIND FACTS AND MAKE RECOMMENDATIONS TO THE JUDGE, SUBJECT TO THE AVAILABILITY OF A SPECIAL MASTER WITH EXPERIENCE AND EXPERTISE IN THE SUBJECT MATTER OF THE DISPUTE. THE OTHER PARTY AGREES NOT TO OPPOSE SUCH REQUEST.**

Section 1.2 Dispute Resolution Procedures

(a) *Notice.* The Bound Party asserting a claim (“Claimant”) against another Bound Party (“Respondent”) shall give written notice (“Notice”) by mail or personal delivery to each Respondent and to the Board, stating plainly and concisely:

- (i) the nature of the Claim, including the Persons involved and the Respondent’s role in the Claim;
- (ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

(iii) the Claimant's proposed resolution or remedy; and

(iv) the Claimant's desire to meet with the Respondent to discuss, in good faith, ways to resolve the Claim.

(b) **Negotiation.** The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. The Board may appoint a representative to assist the parties in negotiating a resolution of the Claim if a written request, accompanied with a copy of the Notice, is submitted to the Board by either Claimant or Respondent.

(c) **Mediation.** If the parties have not resolved the Claim through negotiation within 30 days of the date of the Notice (or within any other agreed upon period), the Claimant shall have 30 additional days to submit the Claim to mediation with a Dispute Resolution Service in Denver. Each Bound Party shall present the mediator with a written summary of the Claim. If the Claimant does not submit the Claim to mediation within such time or does not appear for and participate in good faith in the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant on account of such Claim. If the parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings (a "**Termination of Mediation**") indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to commence litigation on the Claim. Each Bound Party shall bear its own costs of the mediation, including attorneys' fees, and each Bound Party shall pay an equal share of the mediator's fees.

(d) **Settlement.** Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit to enforce such agreement without the need to comply again with the procedures set forth in this Rider. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

Section 1.3 Resolution of Deadlock Among Owners or Among Directors. Notwithstanding the other provisions of this Rider or any other provisions of this Declaration, if the Owners (or the Directors elected by the Owners) are unable to agree upon any matter for which the unanimous agreement or consent of the Owners or the Directors is required by this Declaration, including, without limitation, the adoption of an annual budget for the Association, that disagreement shall be resolved as provided in this Dispute Resolution Rider.

(The balance of this page is intentionally left blank.)

Exhibit A

Legal Description of Property subject to this Small Planned Community Declaration

PARCEL A

LOT 13,
A RESUBDIVISION AT PANORAMA PARK I
THE PLAT OF WHICH WAS RECORDED OCTOBER 9, 1987, AT RECEPTION NO. 2897686,
County of Arapahoe,
State of Colorado.

PARCEL B

NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS CREATED BY
RECIPROCAL EASEMENT AGREEMENT RECORDED OCTOBER 6, 1999, AT
RECEPTION NO. A9162817.

Exhibit B

Assessment Allocations

| <i>Unit</i> | <i>Gross square footage (approximate)</i> | <i>Votes in Association</i> | <i>Allocated Percentage Interest in Common Expenses</i> |
|----------------|---|---------------------------------|---|
| Office Unit #1 | 65,096 | 77% | 77% |
| Office Unit #2 | 19,550 | 23% | 23% |
| Total | 84,646 | 100.0% | 100.0% |

Exhibit C

Permitted Encumbrances

[to be updated based on the final title work, and to include only easements and licenses]

Recording data for recorded easements and licenses appurtenant to, or included in, the Project, or to which any portion of the Project is or may become subject by virtue of a reservation in the Declaration, are as follows:

1. MATTERS SET FORTH ON THE 9195 E. MINERAL AVENUE PLANNED COMMUNITY MAP RECORDED CONTEMPORANEOUSLY HEREWITH.
2. RIGHT OF PROPRIETOR OF A VEIN OR LODE TO EXTRACT AND REMOVE HIS ORE THEREFROM SHOULD THE SAME BE FOUND TO PENETRATE OR INTERSECT THE PREMISES AS RESERVED IN UNITED STATES PATENT RECORDED JULY 13, 1897, IN BOOK A57 AT PAGE 123.
3. 1/2 OF ALL OIL, GAS AND MINERAL RIGHTS AS RESERVED IN THE DEED FROM NELL BATTIN PEARCE TO WILLIAM F. LARRICK AND LOUISE G. LARRICK RECORDED SEPTEMBER 17, 1952 IN BOOK 773 AT PAGE 538, ALSO SHOWN IN DEED TO LARRICK FARMS RECORDED JANUARY 23, 1953 IN BOOK 788 AT PAGE 432.
4. TERMS, CONDITIONS AND PROVISIONS OF THE CONNECTOR'S AGREEMENT RECORDED SEPTEMBER 5, 1973 IN BOOK 2166 AT PAGE 111.
5. UTILITY EASEMENT AS GRANTED TO PUBLIC SERVICE COMPANY OF COLORADO IN INSTRUMENT RECORDED JANUARY 28, 1981, IN BOOK 3357 AT PAGE 607.
6. RESTRICTIVE COVENANTS, WHICH DO NOT CONTAIN A FORFEITURE OR REVERTER CLAUSE, AS CONTAINED IN INSTRUMENT RECORDED JULY 10, 1979, IN BOOK 3034 AT PAGE 747 AS AMENDED APRIL 6, 1983 IN BOOK 3832 AT PAGE 293.
7. TERMS, CONDITIONS AND PROVISIONS OF AGREEMENT RECORDED MAY 21, 1982 IN BOOK 3628 AT PAGE 437 AND BOOK 3576 AT PAGE 506.
8. ANY TAX, LIEN, FEE OR ASSESSMENT BY REASON OF THE INCLUSION OF THE SUBJECT PROPERTY IN THE SOUTH SUBURBAN METROPOLITAN DISTRICT BY INSTRUMENTS RECORDED APRIL 23, 1981 IN BOOK 3401 AT PAGE 308, APRIL 30, 1984 IN BOOK 4145 AT PAGES 701 AND 704, AND IN THE PANORAMA METROPOLITAN DISTRICT BY INSTRUMENTS RECORDED JUNE 16, 1983 IN BOOK 3889 AT PAGE 583, JUNE 30, 1983 IN BOOK 3901 AT PAGE 153 AND NOVEMBER 5, 1983 IN BOOK 4014 AT PAGE 19.

9. STANDARD AVIGATION AND HAZARD EASEMENT RECORDED MARCH 12, 1987 IN BOOK 5075 AT PAGE 297.
10. EASEMENTS, CONDITIONS, COVENANTS, RESTRICTIONS, RESERVATIONS AND NOTES ON THE PLAT OF A RESUBDIVISION AT PANORAMA OFFICE PARK I RECORDED OCTOBER 09, 1987 UNDER RECEPTION NO. 2897686.
11. VACATION ORDINANCE RECORDED MARCH 6, 1989 IN BOOK 5643 AT PAGE 434.
12. UTILITY EASEMENT AS GRANTED TO PUBLIC SERVICE COMPANY OF COLORADO IN INSTRUMENT RECORDED SEPTEMBER 09, 1988, IN BOOK 5524 AT PAGE 497.
13. RESERVATION AS CONTAINED IN VACATION OF EASEMENT RECORDED MARCH 6, 1989 IN BOOK 5643 AT PAGE 434.
14. TERMS, CONDITIONS AND PROVISIONS OF RECIPROCAL ACCESS EASEMENT AGREEMENT RECORDED OCTOBER 06, 1999 UNDER RECEPTION NO. A9162817.
15. TERMS, CONDITIONS AND PROVISIONS OF DRAINAGE EASEMENT AGREEMENT RECORDED OCTOBER 06, 1999 UNDER RECEPTION NO. A9162818.
16. TERMS, CONDITIONS AND PROVISIONS OF AGREEMENT RELATING TO THE DEVELOPMENT OF GLOBAL TWO AT PANORAMA OFFICE PARK I RECORDED MARCH 13, 2001 UNDER RECEPTION NO. B1036770.
17. TERMS, CONDITIONS AND PROVISIONS OF TRAFFIC SIGNAL ESCROW AGREEMENT RECORDED MARCH 13, 2001 UNDER RECEPTION NO. B1036771.
18. EASEMENT GRANTED TO PUBLIC SERVICE COMPANY OF COLORADO, FOR UTILITY LINES AND INCIDENTAL PURPOSES, BY INSTRUMENT RECORDED AUGUST 14, 2001 UNDER RECEPTION NO. B1135619.
19. LEASE PURCHASE AGREEMENT BETWEEN SOUTH METRO FIRE RESCUE FINANCE CORPORATION, LESSOR, AND SOUTH METRO FIRE RESCUE, A COLORADO FIRE PROTECTION DISTRICT, LESSEE, AS SHOWN BY LEASE AGREEMENT RECORDED MAY 06, 2002, UNDER RECEPTION NO. B2083713.
20. RECORDED NOTICE OF RELEASE IN CONNECTION THEREWITH ABOVE RECORDED JUNE 9, 2023 UNDER RECEPTION NO. E3039012.
21. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN GLOBAL TWO 2ND ADMINISTRATIVE AMENDED FINAL DEVELOPMENT PLAN AT PANORAMA OFFICE PARK I RECORDED OCTOBER 11, 2005 UNDER RECEPTION NO. B5152288

Exhibit D

Notice Addresses

Association:

9195 E. Mineral Avenue Owners' Association
C/O South Metro Fire Rescue
Attn: Chief Financial Officer
9195 E. Mineral Avenue
Centennial, CO 80112

Mortgagees:

No mortgagees presently exist.

Exhibit E-1

Allocation of Parking Garage Spaces to each Unit as Limited Common Elements

Office Unit 1:

All Garage Parking Spaces excluding the 20 Garage Parking Spaces allocated to Office Unit 2.

Office Unit 2:

20 Garage Parking Spaces as shown on sheet 9 of the Map, titled Parking Garage Detail.

EXHIBIT C

PROPOSED ARTICLES OF INCORPORATION

[Attached]

ATTACHED TO AND FORMING A PART OF THE

ARTICLES OF INCORPORATION

OF

9195 E. MINERAL AVENUE OWNERS' ASSOCIATION

South Metro Fire Rescue Fire Protection District, a quasi-municipal corporation of the State of Colorado, for the purpose of forming a nonprofit corporation under the Colorado Revised Nonprofit Corporation Act (the "Act"), adopts the following Articles of Incorporation for 9195 E. Mineral Avenue Owners' Association:

Article 1. Name. The name of the corporation is 9195 E. Mineral Avenue Owners' Association. For purposes of these Articles, the corporation is hereinafter referred to as the "Association."

Article 2. Duration. The Association shall have perpetual duration.

Article 3. Purposes, Powers and Restrictions on Powers. The Association does not contemplate pecuniary gain or profit, direct or indirect, to its members.

(a) In way of explanation and not of limitation, the purposes for which the Association is formed are:

(i) to be and constitute the Association to which reference is made in the Declaration for 9195 E. Mineral Avenue Small Planned Community (A Common Interest Community)[the "Planned Community"], recorded in the Office of the Clerk and Recorder of Arapahoe County, Colorado, on _____, 2025 at Reception No. 2025_____, as it may be amended from time to time (the "Declaration"), to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as specified therein, in the Bylaws of the Association, as they may be amended from time to time (the "Bylaws"), and as provided by those provisions of the Colorado Common Interest Ownership Act that are applicable to the Planned Community, and Colorado law; and

(ii) to provide an entity for the furtherance of the interests of owners of the real property subject to the Declaration;

(b) In furtherance of its purposes, the Association shall have the following powers, which, unless indicated otherwise by the Declaration or Bylaws, may be exercised by the Association's Board of Directors:

(i) all of the powers conferred upon nonprofit corporations by common law and the statutes of the State of Colorado in effect from time to time;

(ii) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the Bylaws, or the Declaration, including, without limitation, the following:

(A) to manage, operate, insure, construct, improve, repair, replace, alter and maintain the General and Limited Common Elements and to regulate the use, maintenance, repair, replacement and modification of the General and Limited Common Elements;

(B) to administer and enforce the covenants, conditions, restrictions, reservations and easements created by the Declaration;

(C) to adopt and amend Budgets for revenues, expenditures and reserves approved in accordance with the Declaration;

(D) to levy, collect and enforce the Assessments, charges and liens imposed pursuant to the Declaration;

(E) to adopt Bylaws and Rules and Regulations and amendments thereto, as such amendments shall be approved by all the Directors or all the Owners;

(F) to hire and discharge employees, agents, attorneys, accountants, and independent contractors in accordance with a Budget approved by the Owners in accordance with the Declaration;

(G) to institute, defend, or intervene in litigation (including seeking injunctive relief for violation of the Planned Community Documents) or administrative proceedings in the Association's name, on behalf of the Association, other than respecting matters involving another Owner, on behalf of an Owner at such Owner's sole cost and expense on matters affecting the Project;

(H) to make contracts and incur liabilities relating to its duties under the Declaration, the Bylaws, any Rules and Regulations and under applicable law;

(I) to cause improvements to be made to the General and Limited Common Elements as permitted in an approved Budget;

(J) to perform the obligations of the owner of the Premises under the REA:

(K) to grant easements, including permanent easements, leases, and licenses through or over the General and Limited Common Elements which are necessary in order to operate the Project in the normal course of business;

(L) solely with the prior written consent of all the Owners, to impose and receive payments, fees or charges for services provided to Owners;

(M) to impose charges for late payment of Assessments, recover reasonable attorney fees and other legal costs incurred in collecting Assessments and in other actions to enforce the rights or powers of the Association in accordance with the Planned Community Documents;

(N) to provide for the indemnification of the Association's officers and Board of Directors (and their predecessors in such positions) to the extent of available insurance proceeds

(O) to exercise any other applicable powers conferred by the Planned Community Documents, subject to the requirements set forth in this Declaration;

(P) to enforce the obligations imposed on Owners under the Declaration regarding, among other things, the use, reconstruction, repair and maintenance of their Office Units including, without limitation, the right to enter the Office Unit of an Owner that is in default of its obligations pursuant to the provisions of the Declaration; and

(Q) to exercise any other powers necessary and proper for the governance and operation of the Association in accordance with the Planned Community Documents.

(c) The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provisions of this Article.

(d) The Association is not empowered to and shall not commence or pursue any litigation, arbitration, administrative proceeding or other legal action utilizing legal counsel who are compensated on a contingency fee or similar means of compensation in which litigation costs and attorneys' fees are not paid on a current basis or are paid out of the settlement or judgment amount recovered by the Association in such action.

(e) In recognition of the expenses and disruption associated with litigation or other legal action, the Association is required to engage in the dispute resolution procedures set forth in Dispute Resolution Rider attached to the Declaration.

(f) No part of the net earnings of the Association shall inure to the benefit of or be distributable to any director or officer of the Association or any other individual (except that reasonable compensation may be paid for services rendered to or for the benefit of the Association affecting one or more of its purposes), and no director or officer of the Association or any other individual shall be entitled to share in any distribution of any of the corporate assets on dissolution of the Association or otherwise.

(g) Upon dissolution of the Association other than by merger or consolidation, the Association's assets, both real and personal, remaining after payment of or provision for all of its liabilities, shall be dedicated to an appropriate public agency to be devoted to purposes, as nearly

as practicable, the same as those to which they were required to be devoted by the Association. If such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Association. The organization(s) to receive such property, and their respective shares and interests, shall be determined by the Board of Directors.

Article 4. Membership. The Association shall be a membership corporation without certificates or shares of stock. Each Person who is the record owner of an Office Unit shall be a member and shall be entitled to vote as set forth in the Declaration and the Bylaws. Acquisition by a Person of title in an Office Unit shall be deemed such Person's consent to admission as a member, and such membership may not be terminated without divestiture of such interest in an Office Unit. Following termination of the Planned Community, the membership shall consist of all former Owners entitled to distribution of proceeds under the Act or their successors or assigns. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Office Unit. A transfer of membership shall occur automatically upon the transfer of title to the Office Unit to which the membership pertains. The Association may suspend the rights of a member in compliance with the provisions of Section 7-126-302, C.R.S.

Article 5. Board of Directors. The business and affairs of the Association shall be conducted, managed, and controlled by a board of directors as provided in the Bylaws of the Association. The initial board shall consist of two directors. The names and addresses of the members of the initial board, who shall hold office until their successors are elected and have qualified, or until their resignation or removal, are as follows:

Appointed by Owner of Office Unit #1:

Stephanie Corbo
9195 E. Mineral Avenue
Centennial, CO 80112

Appointed by Owner of Office Unit #2:

Kevin Klein
9195 E. Mineral Avenue
Centennial, CO 80112

The number of directors and the method of election, removal, and filling of vacancies on the board and the term of office of directors shall be as set forth in the Declaration and the Bylaws.

Article 6. Officers. The Board of Directors shall appoint such officers as required by the Bylaws. The officers shall have such duties as may be prescribed in the Bylaws and shall serve at the pleasure of the Board of Directors.

Article 7. Personal Liability of Directors; Indemnification of Officers and Directors. The members of the Board of Directors shall not be personally liable to the Association or to its members for monetary damages for breach of fiduciary duty as a director; except that the foregoing shall not eliminate or limit the liability of a director for: any breach of the director's duty of loyalty to the Association or its members; acts or omissions not in good

faith or which involve intentional misconduct or a knowing violation of law; acts specified in Colorado Revised Statutes Sections 7-128-403 and 7-128-501; and any transaction from which the director derived an improper personal benefit.

To the extent consistent with the Act, as it exists on the date hereof or as it may hereafter be amended, the Association shall indemnify its officers and directors as provided in the Declaration and Bylaws.

No amendment to or repeal of this Article shall apply to or have any effect on the liability, alleged liability or the right to indemnification of any officer or director of the Association for or with respect to any acts or omissions of such officer or director occurring prior to such amendment or repeal.

If the Colorado Revised Nonprofit Corporation Act hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided herein, shall be further eliminated or limited to the fullest extent permitted by the Colorado Revised Nonprofit Corporation Act.

Article 8. Merger, Consolidation and Dissolution. The Association may merge, consolidate, or dissolve only in accordance with the procedures set forth in the Act, as it may be amended from time to time, and as set forth in the Declaration and Bylaws. Additionally, merger, consolidation, or dissolution shall require the greater of (a) unanimous approval of the Owners or (b) the highest percentage of approval of the Owners permitted by applicable law.

Article 9. Amendments. These Articles may be amended upon a resolution duly adopted by the Board and the unanimous vote or consent of all the Owners. If any amendment is of a material adverse nature to Mortgagees, the amendment must be agreed to by the First Mortgagees.

Article 10. Registered Agent and Office. The current registered office of the Association is 9195 E. Mineral Avenue, Centennial, Colorado 80112 and the current registered agent is _____. The business address of the current registered agent is 9195 E. Mineral Avenue, Centennial, Colorado 80112.

Article 11. Principal Office. The current principal office of the Association is 9195 E. Mineral Avenue, Centennial, Colorado 80112.

Article 12. Definitions. Unless otherwise defined herein, the capitalized terms used in these Articles of Incorporation shall have the same meaning as set forth in the Declaration, unless the context shall prohibit.

Article 13. BYLAWS. THE INITIAL BYLAWS OF THE ASSOCIATION SHALL BE AS ADOPTED BY THE BOARD OF DIRECTORS. EXCEPT TO THE EXTENT LIMITED BY THE COLORADO REVISED NONPROFIT CORPORATION ACT, THE BOARD OF DIRECTORS SHALL HAVE POWER TO ALTER, AMEND, OR REPEAL THE BYLAWS IN FORCE AND ADOPT NEW BYLAWS. THE BYLAWS MAY CONTAIN ANY PROVISIONS FOR THE MANAGING AND REGULATING OF THE AFFAIRS OF THE

ASSOCIATION THAT ARE NOT INCONSISTENT WITH LAW, THE DECLARATION OR THESE ARTICLES OF INCORPORATION, AS THESE ARTICLES MAY BE AMENDED. HOWEVER, NO BYLAW SHALL HAVE THE EFFECT OF GIVING ANY DIRECTOR OR OFFICER OF THE ASSOCIATION OR ANY OTHER INDIVIDUAL ANY PROPRIETARY INTEREST IN THE ASSOCIATION'S PROPERTY, WHETHER DURING THE TERM OF THE ASSOCIATION'S EXISTENCE OR AS AN INCIDENT TO ITS DISSOLUTION.

Article 14. INCORPORATOR. THE TRUE NAME AND MAILING ADDRESS OF THE INCORPORATOR IS SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT, 9195 E. MINERAL AVENUE, CENTENNIAL, COLORADO 80112.

Article 15. FILER. THE TRUE NAME AND MAILING ADDRESS OF THE PERSON OR ENTITY WHO CAUSED THIS DOCUMENT TO BE DELIVERED FOR FILING IS STATED ON THE "ARTICLES OF INCORPORATION FOR A NONPROFIT CORPORATION" FORM FILED WITH THE COLORADO SECRETARY OF STATE TO WHICH THIS DOCUMENT IS ATTACHED.

DATED this ___ day of _____, 2025.

EXHIBIT D

PROPOSED ASSOCIATION BYLAWS

[Attached]

9195 E. MINERAL AVENUE OWNERS' ASSOCIATION
BYLAWS

ARTICLE I. GENERAL

Section 1.1. Name.

The name of the corporation is 9195 E. Mineral Avenue Owners' Association. It is a Colorado nonprofit corporation and is hereinafter referred to as the "**Association**".

Section 1.2. Purpose of Bylaws.

The purpose for which the Association is formed is to govern the Office Units, exercise the rights, power, and authority, and fulfill the duties of the Association, as provided in the Declaration for 9195 E. Mineral Avenue Small Planned Community (a Common Interest Community), and any amendments and supplements thereto, recorded in the office of the Clerk and Recorder of the County of Arapahoe, Colorado on _____, 2025 at Reception No. 2025 _____ (the "**Declaration**"), and the Association's Articles of Incorporation, and any amendments thereto, filed with the Colorado Secretary of State ("**Articles of Incorporation**"), and these Bylaws (collectively, the "**Association Documents**"). All Members (as hereinafter defined) and any other Person who may use the Office Units, or any portion thereof, or any facilities or appurtenances thereto or thereon shall be subject in all respects to the covenants, conditions, restrictions, reservations, easements, regulations, and all other terms and provisions set forth in the Association Documents. The mere acquisition, rental or occupancy of any Office Unit, or any portion thereof, shall signify that all terms and provisions of the Association Documents are accepted and shall be complied with.

Section 1.3. Terms Defined in Declaration.

Terms which are defined in the Declaration shall have the same meanings in these Bylaws unless such terms are otherwise defined in these Bylaws.

Section 1.4. Controlling Laws and Instruments.

These Bylaws are controlled by and shall always be consistent with those provisions of the Colorado Common Interest Ownership Act ("Act") that are applicable to the Planned Community, the Colorado Revised Nonprofit Corporation Act, the Declaration, and the Articles of Incorporation of the Association, as any of the foregoing may be amended or supplemented. In the event of a conflict in the terms of the Declaration and the Articles of Incorporation, the Declaration shall control. In the event of a conflict in the terms of the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control.

ARTICLE II. OFFICES

Section 2.1. Principal Office.

The principal office of the corporation shall be as determined by the Board of Directors (the "**Board**"), but meetings of Members (as hereinafter defined) and members of the Board (each a "**Director**") may be held at such places within the State of Colorado as may be designated by the Board.

Section 2.2. Registered Office and Agent.

The Colorado Revised Nonprofit Corporation Act requires that the Association have and continuously maintain in the State of Colorado a registered office and a registered agent who resides in the State of Colorado and whose business office is identical with such registered office. The registered office need not be the same as the principal office of the Association. The initial registered office and the initial registered agent are specified in the Articles of Incorporation of the Association but may be changed by the Association at any time, without amendment to the Articles of Incorporation, by filing a statement as specified by law in the office of the Secretary of State of Colorado.

ARTICLE III. MEMBERS

Section 3.1. Members.

A “**Member**” of the Association is defined herein as an Owner of an Office Unit. The Association shall have one class of Members. Provisions of the Declaration pertaining to membership are incorporated by this reference. The ownership of an Office Unit shall be known herein as a “Membership.”

Section 3.2. Memberships Appurtenant to Office Units.

Each Membership shall be appurtenant to the title to an Office Unit. The Member(s) which has title to an Office Unit shall automatically be the holder of the Membership therefor, and the Membership shall automatically pass with title to the Office Unit. No Member may resign his, her, or its Membership without the conveyance of title to the Office Unit.

Section 3.3. Member Votes.

Members shall have such voting rights as are set forth in the Declaration, which provisions are specifically incorporated by this reference. Specifically, voting rights of each Member shall be commensurate with the amount of gross square footage within such Member’s Office Unit relative to the total amount of gross square footage in all Office Units in the Project, as shown on Exhibit B to the Declaration.

Section 3.4. Voting by Joint Members.

If there is more than one Owner of an Office Unit, the votes for such Office Unit shall be exercised as the persons holding such interest shall determine between themselves with notice of the appointment and authorization of the individual or agent provided to the Board as required by the Declaration, provided that in no event shall more than the total votes allocated to an Office Unit be cast with respect to any Office Unit. If, however, the Owners of an Office Unit are unable, within a reasonable time, to agree upon how they will vote any issue and the Association has not received the written instrument from multiple Owners of an Office Unit, (a) if only one of the multiple Owners of such Office Unit is present at a meeting of the Association, such Owner is entitled to cast the vote allocated to that Office Unit, and (b) if more than one of the multiple Owners are present either in person or by proxy, the Association may assume that any Owner who casts the vote allocated to that Office Unit is entitled to do so unless one or more of the other Owners of the Office Unit or their proxy promptly protests to the person presiding over the meeting; if such protest is made, the vote allocated to the Office Unit may only be cast by written instrument executed by all Owners or their proxies who are present at the meeting, and any purported vote lacking such unity shall be disregarded. The vote of an entity Member may be cast by any authorized or apparent representative of the entity in the absence of express notice of the

designation of a specific person by the governing body of such entity. The votes allocated to an Office Unit may not be split, with one Owner of the Office Unit casting a portion of the total votes allocated to such Office Unit and another Owner of the Office Unit also casting a portion of the total votes allocated to such Office Unit.

Section 3.5. Suspension of Voting Rights.

Upon any breach by any Member or a permitted user of any provision of the Declaration or of any Rule or Regulation adopted by the Association, the Board may suspend, to the extent permitted by law and after notice and hearing as provided herein, the voting rights of a Member during and for up to the greater of (i) 14 days following such a breach, or (ii) the duration of time that such breach continues without a cure by such Member or permitted user.

Section 3.6. Transfer of Memberships on Association Books.

Transfers of Memberships shall be made on the books of the Association only upon presentation of evidence, satisfactory to the Association's Secretary, of the transfer of ownership of the Office Unit to which the Membership is appurtenant. Prior to presentation of such evidence, the Association may treat the previous owner of the Membership as the owner of the Membership entitled to all rights in connection therewith, including the right to vote and to receive notices.

Section 3.7. Assignment of Voting Rights to First Mortgagees.

A Member may assign its right to vote to a First Mortgagee of its Office Unit, for the term of the First Mortgage. Any such assignment of voting rights and any revocation or termination of any assignment of voting rights shall be in writing and shall be filed with the Secretary of the Association.

ARTICLE IV. MEETINGS OF MEMBERS

Section 4.1. Place of Members' Meetings.

Meetings of Members shall be held at the principal office of the Association or at such other place as may be fixed by the Board and specified in the notice of the meeting.

Section 4.2. Annual Meetings of Members.

The first annual meeting of the Members shall be held within 12 months after the date of incorporation of the Association. Each subsequent regular annual meeting of the Members shall be held on a date and at a time selected by the Board in each succeeding year. At each annual meeting, the Members shall appoint Directors to fill vacancies in accordance with the provisions of the Declaration, the Articles of Incorporation and these Bylaws and conduct such other business as may properly come before the meeting. Notwithstanding the foregoing or any other provision of these Bylaws, the Board is not required to hold annual meetings of Members.

Section 4.3. Special Meetings of Members.

Special meetings of the Members may be called by the President, by a majority of the Board of Directors, or by either of the Office Unit Owners.

Section 4.4. Notice of Meetings.

Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary of the Association or person authorized to call the meeting, not less than 10 nor more than 50 days before the date of the meeting, either by personal delivery, confirmed electronic mail

("e-mail"), overnight courier, or by prepaid United States mail to the mailing address of each Owner on file with the Association, to each Member entitled to vote at such meeting. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration, the Articles, or these Bylaws, any budget changes, and any proposal to remove an officer or member of the Board. In the case of a special meeting or when otherwise required by Colorado law, the Declaration, or these Bylaws, the purpose or purposes for which the meeting is called shall also be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice. To the extent required by law, notice shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable. Such physical posting is in addition to any electronic posting or electronic mail notices that the Board may determine to post. If mailed, such notice shall be deemed to have been delivered when deposited in the United States mail addressed to the Member at the address designated in writing by the Member, with postage thereon prepaid; if delivered, such notice shall be deemed to have been delivered on the date of actual delivery thereof.

Section 4.5 Waiver of Notice. Waiver of notice of an Association meeting shall be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any Association meeting, either before or after such meeting. A Member's attendance at a meeting shall be deemed a waiver by such Member of notice of the time, date, and place thereof, unless the Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed a waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

Section 4.6. Record Date.

For the purpose of determining Members entitled to notice of, or to vote at, any meeting of Members or in order to make a determination of such Members for any other proper purpose, the Board may fix, in advance, a date as the record date for any such determination of Members. The record date shall be not more than 50 nor less than 30 days prior to the meeting of Members or the event requiring a determination of Members.

Section 4.7. Proxies.

A Member entitled to vote may vote in person or by proxy executed in writing by the Member or its duly authorized attorney-in-fact and filed with the Secretary of the Association prior to the time the proxy is exercised. A Member may appoint a proxy by signing an appointment form, either personally or by the Member's attorney-in-fact. A Member may appoint a proxy by transmitting or authorizing the transmission of a facsimile or other electronic transmission providing a written statement of the appointment to the proxy, to a proxy solicitor, proxy support service organization, or other person duly authorized by the proxy to receive appointments as agent for the proxy or to the Association; except that the transmitted appointment shall set forth or be transmitted with written evidence from which it can be determined that the member transmitted or authorized the transmission of the appointment. Unless the proxy specifically provides otherwise, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. A proxy shall automatically cease upon the conveyance of the Member's Office Unit and the transfer of the Membership on the books of the Association. A proxy is effective only for the specific

meeting for which it was originally given, as such meeting lawfully may be adjourned and reconvened, and automatically expires 90 days after the date of the meeting for which it was originally given. A proxy is void if it is not dated or if it purports to be revocable without notice. Every proxy is revocable at any time at the pleasure of the Member who executes the proxy. Appointment of a proxy is revoked by the person appointing the proxy: (a) attending any meeting and voting in person; or (b) signing and delivering to the Secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of the proxy is revoked or a subsequent appointment form. A proxy shall not be valid if obtained through fraud or misrepresentation.

Section 4.8. Quorum at Members' Meetings.

Except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting, the presence of all Members shall constitute a quorum at all Association meetings. Action of the Members may be taken only so long as a quorum of Members remain present in person or by proxy at a duly organized meeting.

Section 4.9. Adjournments of Members' Meetings.

Members present in person or by proxy at any meeting may adjourn the meeting, whether or not a quorum is present in person or by proxy for a total period or periods not to exceed 30 days after the date set for the original meeting. The Board shall provide notice to the Members of the time and place for reconvening the meeting in the manner prescribed for regular meetings

Section 4.10. Vote Required at Members' Meetings.

Only to the extent required by law, upon request of one or more Members, a vote on any matter on which all Members are entitled to vote shall be by secret ballot. Ballots shall be counted by a neutral third party. The results of the vote shall be reported without reference to names, addresses, or other identifying information.

Section 4.11. Acceptance or Rejection of Vote, Consent, Ballot, Waiver or Proxy.

- a. The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation if the Secretary of the Association, or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the Member.
- b. The Association and its officer or agent who accepts or rejects a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation in good faith and in accordance with the standards of this Section 4.11 are not liable for damages for the consequences of the acceptance or rejection.
- c. Any action of the Association based on the acceptance or rejection of a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation under this Section 4.11 is valid unless a court of competent jurisdiction determines otherwise.

Section 4.12. Member Participation at Meetings.

All meetings of the Association and Board are open to every Member, or to any person designated by a Member in writing as the Member's representative, and Members or designated

representatives so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings; except that, for regular and special meetings of the Board, Members who are not Board members may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the Board. The Board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a Member or a Member's designated representative to speak before the Board takes formal action on an item under discussion, in addition to any other opportunities to speak. The Board shall provide for a reasonable number of persons to speak on each side of an issue. Upon the final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.

Section 4.13. Cumulative Voting Not Permitted.

Cumulative voting by Members is not permitted.

Section 4.14. Order of Business.

The order of business at any meeting of Members shall be as follows: (a) proof of notice of meeting or waiver of notice; (b) announcement of a quorum; (c) approval of minutes of preceding meeting; (d) voting with respect to budgets adopted by the Board, if applicable at such meeting; (e) election of Directors (at annual meetings or special meetings held for such purpose); and (f) other business.

Section 4.15. Conduct of Meetings.

The President or a Board-approved designee shall preside over all Association meetings. The Secretary shall ensure that minutes of the meetings are kept and that all resolutions adopted and all other transactions occurring at such meetings are kept with the Association's books.

Section 4.16. Expenses of Meetings.

The Association shall bear the expenses of all meetings of Members.

Section 4.17. Action of Members without a Meeting.

To the extent permitted by the Colorado Revised Nonprofit Corporation Act, any action required to be taken or which may be taken at a meeting of Members may be taken without a meeting if consent, in writing, setting forth the action so taken, shall be signed by all Members entitled to vote with respect to the subject matter thereof. All such writings must be received by the Association within 60 days after the date the earliest dated writing describing and consenting to the action is received by the Association. Any such writing may be received by the Association by electronically transmitted facsimile or other form of wire or wireless communication providing the Association with a complete copy thereof, including a copy of the signature thereto. Action taken pursuant to this Section shall be effective when the last writing necessary to effect the action is received by the Association, unless the writings describing and consenting to the action set forth a different effective date.

Section 4.18. Action by Written Ballot.

Any action that may be taken at any annual, regular, or special meeting of Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter. A written ballot shall set forth each proposed action and provide an opportunity to vote

for or against each proposed action. Approval by written ballot pursuant to this Section shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve each matter other than election of directors; specify the time by which a ballot must be received by the Association in order to be counted; and be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter. In the event the action is for election of directors, there shall be space on the ballot for write-in nominations. Action taken under this Section has the same effect as action taken at a meeting of Members and may be described as such in any document.

Section 4.19. First Mortgagees.

First Mortgagees of an Office Unit shall have the right to designate a representative to attend all meetings of Members, but without a vote.

Section 4.20. Participation by Electronic or Other Means.

The Members may participate in an annual, regular or special meeting by, or conduct the meeting through the use of, any means of communication (including conference telephone, video conference or other electronic communication) by which all Members participating may hear each other during the meeting. A Member participating in a meeting by this means is deemed to be present in person at the meeting, and such participation shall be equivalent for all purposes to attendance in person at such meeting.

ARTICLE V. BOARD OF DIRECTORS

Section 5.1. General Powers and Duties of Board of Directors.

The Board shall have the duty to manage and supervise the affairs of the Association and shall have all powers necessary or desirable to permit it to do so. Without limiting the generality of the foregoing, the Board shall have the power to exercise or cause to be exercised all the powers, rights and authority not reserved to Members in the Declaration, the Articles of Incorporation, these Bylaws, the Act or the Colorado Revised Nonprofit Corporation Act.

Section 5.2. Qualifications of Directors.

A Director shall be a natural person who is 18 years of age or older and must be a Member or, if the Member is a limited liability company, partnership, corporation, trust, governmental body or other type of entity, then a Director must be a designated representative of such entity. No tenant or employee of a tenant of any portion of any Office Unit shall be appointed to serve as a Director. If an Owner conveys or transfers title to his or her Office Unit, then the term of the Director(s) appointed by Owner shall immediately terminate and a new Director(s) shall be selected as promptly as possible to take such Director(s)'s place.

Section 5.3. Number of Directors. The affairs of the Association shall be managed by a Board of two directors. One of the two Directors shall be appointed by the Owner of Office Unit #1 and the other Director shall be appointed by the Owner of Office Unit #2. The initial Board shall consist of the two Directors named in the Articles of Incorporation, who shall serve until their successors are appointed or elected as provided in this Article 5. The Owners may, at any time, by amending

the Bylaws or by recording a Supplemental Declaration, increase the number of directors to four (4), in which event the Board of Directors shall consist of the following four (4) Directors: two (2) Directors appointed by the Owner of Office Unit #1 and two (2) Directors appointed by the Owner of Office Unit #2. Further, the number of Directors may be increased or decreased by amendment to these Bylaws, provided that the number of Directors shall not be less than two (2), shall be an even number, and no decrease in number shall have the effect of shortening the term of any incumbent Director.

Section 5.4. Alternate Directors. There shall be two alternate Directors (the “Alternate Directors”). One of the two alternate Directors shall be appointed by the Owner of Office Unit #1 and the other alternate Director shall be appointed by the Owner of Office Unit #2. All of the provisions of this Article V shall apply to the Alternate Directors, except that the Alternate Director appointed by the Owner of an Office Unit may participate and vote at meetings of Directors or act in lieu of a meeting only when the Director (or one of the Directors if the Board consists of more than two (2) Directors) appointed by such Owner pursuant to Section 5.3 is unavailable.

Section 5.5. Term of Office of Directors. Directors shall serve two-year terms. Directors shall hold office until their respective successors have been elected. Directors may serve any number of consecutive terms.

Section 5.6. Election Procedures. Elections may be conducted at a meeting or without holding a meeting in accordance with the terms of the Colorado Revised Nonprofit Corporation Act.

Section 5.7. Removal of Directors; Vacancies of Directors.

Notwithstanding any provision hereof or any other Association Document to the contrary, only the Owner of Office Unit #1 may remove the Director(s) appointed by such Owner, with or without cause, and only the Owner of Office Unit #2 may remove the Director(s) appointed by such Owner, with or without cause. A Director who has two consecutive unexcused absences from Board meetings shall be removed by the Owner entitled to appoint such Director, at the request of the other Owner. Upon removal of a director, the Owner entitled to appoint the removed Director shall appoint a successor for the remainder of the term of such Director. In the event of the death, disability, or resignation of a Director, the Owner entitled to appoint such Director shall appoint a successor for the remainder of the term of such Director.

Section 5.8. Resignation of Directors.

Any Director may resign at any time by giving written notice to the President, to the Secretary or to the Board stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

Section 5.9. Committees.

The Board, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more other committees, which may consist of or include persons who are not Directors. Any such committee shall have and may exercise such authority as shall be specified in the resolution creating such committee, except that no such committee shall exercise any of the authority prohibited by Section 7-128-206, C.R.S. The Board shall have the right to add, remove or replace committee members at any time.

Section 5.10. General Provisions Applicable to Committees.

The appointment of any committee and the delegation thereto of authority shall not relieve the

Board of any responsibility imposed upon it by law.

Section 5.11. Compensation and Expenses.

No Director shall receive compensation from the Association for serving on the Board. However, any Director may be reimbursed for actual expenses incurred in the performance of the Director's duties, which shall not include the cost of travel to any meeting of the Board that is held in Denver, Colorado or within 100 miles of Denver, Colorado. Any actual expenses of a Director or the Association shall be treated as a General Common Expense of the Association and subject to the terms of the Declaration.

ARTICLE VI. MEETINGS OF DIRECTORS

Section 6.1. Place of Directors' Meetings.

Meetings of the Board shall be held at the principal office of the Association or at such other place as may be fixed by the Board and specified in the notice of the meeting.

Section 6.2. Regular Meetings of Directors.

The Board shall hold regular meetings at least annually and may, by resolution, establish in advance the times and places for regular meetings. No prior notice of any regular meetings need be given after establishment of the times and places thereof by resolution.

Section 6.3. Special Meetings of Directors.

Special meetings of the Board may be called at any time by the President, a Vice President or any Director, upon not less advance notice to each Director than is required by Section 6.10.

Section 6.4. Open Meetings; Executive Session. Subject to the provisions of this Section 6.4 and Section 6.12, all Board meetings shall be open to all Members or their representatives, but only Directors may participate in any discussion or deliberation at regular and special meetings unless expressly so authorized by the unanimous vote of the Directors. In such case, the President may limit the time any such individual may speak. Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and may exclude persons other than Directors, to discuss matters of a sensitive nature, such as proposed, pending, or threatened litigation, or other matters specified by law.

Section 6.5. Proxies.

A Director shall not be entitled to vote by proxy at any meeting of Directors.

Section 6.6. Quorum of Directors.

All Directors fixed in these Bylaws in office immediately before the meeting begins shall constitute a quorum for the transaction of business.

Section 6.7. Vote Required at Directors' Meeting.

Each Director shall have one vote. Only those actions listed in Section 3.9 of the Declaration shall require the unanimous consent of the Directors. All other actions shall require only a majority vote based on the Members' voting rights as set forth in Section 3.3 herein.

Section 6.8. Order of Business.

The order of business at all meetings of Directors shall be as determined by the Board, and in the

absence of such a determination, shall be as follows: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) approval of minutes of preceding meetings; (d) reports of officers; (e) reports of committees; (f) unfinished business; and (g) new business.

Section 6.9. Officers at Meetings.

The President shall act as chairman and the Secretary shall act as secretary at all meetings of the Members and the Board.

Section 6.10. Notice. Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The Board shall notify each Director of meetings by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (iv) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at or sent to the Director's telephone number, fax number, electronic mail address, or sent to the Director's address as shown on the Association's records. The Board shall deposit notices sent by first class mail into a United States mailbox at least five business days before the day of the meeting. The Board shall give notices by personal delivery, telephone, or electronic communication at least 72 hours before the time set for the meeting.

Section 6.11. Waiver of Notice. A waiver of notice of any meeting of the Board, signed by a Director, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Director. Transactions at any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) all Directors are present, or (ii) either before or after the meeting each Director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 6.12. Action of Directors without a Meeting.

Any action required to be taken or which may be taken at a meeting of Directors may be taken without a meeting if a notice stating the action to be taken and the time by which a Director must respond is transmitted in writing to each member of the Board and each member of the Board, by the time stated in the notice, either: (a) votes in writing for such action; or (b) votes in writing against such action, abstains in writing from voting, or fails to respond or vote and fails to demand that action not be taken without a meeting. Action is taken under this Section only if the affirmative vote for such action equals or exceeds the minimum number of votes that would be necessary to take such action at a meeting at which all Directors then in office were present and voted. No action taken pursuant to this Section shall be effective unless writings describing the action taken and otherwise satisfying the requirements of this Section, signed by all Directors and not revoked pursuant to the provisions of this Section are received by the Association. Any such writing may be received by the Association by electronically transmitted facsimile, electronic mail, or other form of wire or wireless communication providing the Association with a complete copy of the document, including a copy of the signature on the document. Action taken pursuant to this Section shall be effective when the last writing necessary to effect the action is received by the Association

so long as the writings are received by the date specified, unless the writings describing the action taken set forth a different effective date. Any Director who has signed a writing pursuant to this Section may revoke such writing by a writing signed and dated by the Director describing the action and stating that the Director's prior vote with respect thereto is revoked, if such writing is received by the Association before the last writing necessary to effect the action is received by the Association. Action taken pursuant to this Section has the same effect as action taken at a meeting of Directors and may be described as such in any document. All signed written instruments necessary for any action taken pursuant to this Section shall be filed with the minutes of the meetings of the Board.

Section 6.13. Participation by Electronic or Other Means.

Any Director may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication (including conference telephone, video conference or other electronic communication) by which all Directors participating may hear each other and communicate effectively during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting, and such participation shall be equivalent for all purposes to attendance in person at such meeting.

ARTICLE VII. POWERS AND DUTIES OF THE BOARD

Section 7.1. Powers.

The Board shall have the power to:

- a. Subject to the terms of the Declaration, adopt and publish Rules and Regulations and architectural or design guidelines governing the Office Units, the General Common Elements, the Limited Common Elements, the common interest community, or any portion thereof, and any improvements or facilities thereon and the personal conduct of the Members and their permitted users thereon, and to establish penalties for the infraction thereof;
- b. Following any infraction of the Rules and Regulations or these Bylaws by a Member or permitted user to use General Common Elements amenities or the Limited Common Elements, after notice and hearing as provided herein, suspend the voting rights and the right of such Member or permitted user for up to the greater of (i) 14 days following such a breach or (ii) the duration of time that such infraction continues without a cure by such Member or permitted user; provided, however, that the Board may not suspend voting rights on matters requiring unanimous written consent of the Members (as detailed herein or in the Declaration) but for in the case of fraud or willful misconduct by any such Members;
- c. Enter into, make, perform or enforce contracts, licenses, leases and agreements of every kind and description;
- d. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not expressly reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;
- e. Declare the office of a member of the Board vacant in the event such member is absent and not excused from two consecutive regular meetings of the Board during any one-year period; provided that adequate notice has been provided to all members of the Board

consistent with these Bylaws and the Board has made reasonable efforts to accommodate scheduling conflicts;

f. Employ and terminate a manager, an independent contractor, or such other employees as it deems necessary, and prescribe their duties; and

g. Provide for notice and hearing in compliance with the provisions of these Bylaws, through promulgation of procedures therefor.

Section 7.2. Duties.

It shall be the duty of the Board to:

a. Cause to be kept a complete record of all its acts and corporate affairs and present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Members entitled to cast at least a majority of the votes at such meeting;

b. Supervise all officers, agents, and employees of the Association, and see that their duties are properly performed;

c. As more fully provided in the Declaration, to:

1. Determine the amount of the annual assessment against each Office Unit in accordance with the Association budget, and revise the amount of the annual assessment if such budget is rejected by the Members; and

2. Foreclose the lien against any Office Unit for which assessments are not paid, and/or to bring an action at law against the Member personally obligated to pay the same;

d. Issue, or cause an appropriate officer or authorized agent to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Any such statement shall be binding on the Association and every Owner, except that an erroneous statement shall not be binding as between the Association and the Person who was the Owner of the affected Office Unit as of the date of the statement;

e. Procure and maintain insurance, as more fully provided in the Declaration;

f. Provide for maintenance, repair and reconstruction of the Common Elements, other parcels of real property, and improvements located thereon owned by the Association or in which the Association has a possessory interest, including obtaining insurance certificates for reasonable insurance coverage from all contractors, as more fully provided in the Declaration;

g. Keep financial records sufficiently detailed to enable the Association to comply with the requirement that it prove statements of unpaid assessments. All financial and other records shall be made reasonably available for examination and copying by any Member and such Member's authorized agents and Mortgagees;

h. Invest Association funds subject to any investment policy the Board may adopt which reflects the basic investment objectives of diversity, safety, liquidity and income return. At least annually, the Board shall make available to the Members information regarding the

amount, type and rate of return, of the instruments, funds and accounts in which Association funds are invested or deposited;

i. Register the association annually with the director of the division of real estate and pay any fee associated with such registration as required by 401 of the Act;

j. At the discretion of the Board or upon request pursuant to subparagraph (1) or (2) of this paragraph below, as applicable, the books and records of the Association shall be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, by an independent and qualified person selected by the Board. Such person need not be a certified public accountant except in the case of an audit. A person selected to conduct a review shall have at least a basic understanding of the principles of accounting as a result of prior business experience, education above the high school level, or bona fide home study. The audit or review report shall cover the association's financial statements, which shall be prepared using generally accepted accounting principles or the cash or tax basis of accounting. An audit shall be required under this subparagraph only when both of the following conditions are met:

1. the Association has annual revenues or expenditures of at least \$250,000; and
2. an audit is requested by the Members to whom at least one-third of the votes in the Association are allocated.

A review shall be required under this paragraph (j) only when requested by the Owners of at least one-third of the Office Units. Copies of an audit or review shall be made available upon request to any Member beginning no later than 30 days after its completion; and

k. Adopt responsible governance policies to the extent required by law or as the Board deems appropriate.

Any of the aforesaid duties (except as specified in Section 7.2.j.) may be delegated by the Board to any other person(s) or to a manager. To the extent it may be required by any statute, and if not required by statute then at the option of the Board, the Association or the manager or other person who receives the delegation of duties relating to the collection, deposit, transfer or disbursement of Association funds shall: (1) maintain fidelity insurance or a bond in an amount not less than the greater of: (a) fifty thousand dollars (\$50,000) or such higher amount as the Board may require; or (b) the estimated maximum amount of funds, including reserve funds, in the custody of the manager at any given time during the term of each policy as calculated from the current budget of the Association; or (c) a sum equal to three months' aggregate assessments plus reserve funds; and (2) maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the manager or other person(s) and maintain all reserve accounts separate from operational accounts of the Association. Furthermore, the manager, or a public accountant or certified public accountant shall prepare and present to the Association an annual accounting for Association funds and a financial statement as set forth in the Act.

Section 7.3. Limitation on Powers.

The Board may not act in violation of any provision of the Declaration or the Articles of Incorporation.

Section 7.4. Conflicts of Interest.

The Board of Directors acknowledges that conflicts of interest may occasionally present

themselves and that neither the elimination from the Board of all persons who might potentially have any such conflict nor the avoidance of all transactions involving a conflict of interest would necessarily serve the best interests of the Association. Nonetheless, each member of the Board of Directors is encouraged to avoid undisclosed conflicts of interest and to refrain from influencing the Board's action on a matter in which such Director is financially interested. It is therefore the policy of the Association to avoid the active voting participation of any Director in the Board of Directors' consideration of a matter that poses a conflict of interest for that Director.

a. For the purposes of this policy, a conflict of interest or conflicting interest transaction means: A contract, transaction, or other financial relationship between a nonprofit corporation and a director of the nonprofit corporation, or between the nonprofit corporation and a party related to a director, or between the nonprofit corporation and an entity in which a director of the nonprofit corporation is a director or officer or has a financial interest.

b. No loans shall be made by the Association to its Directors or officers. Any Director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

c. No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a member or by or in the right of the Association, solely because the conflicting interest transaction involves a Director of the Association or a party related to a Director or an entity in which a Director of the Association is a director or officer or has a financial interest or solely because the Director is present at or participates in the meeting of the Association's Board of Directors or of the committee of the Board of Directors that authorizes, approves, or ratifies the conflicting interest transaction or solely because the Director's vote is counted for such purpose if:

1. The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors are less than a quorum; or

2. The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the members entitled to vote thereon; or

3. The conflicting interest transaction is fair as to the Association.

d. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes, approves, or ratifies the conflicting interest transaction.

e. For purposes of this policy, a "party related to a director" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the director or a party related to a director has a beneficial interest, or an entity in

which a party related to a director is a director, officer, or has a financial interest.

ARTICLE VIII. OFFICERS

Section 8.1. Officers, Employees and Agents.

The officers of the Association shall consist of a President, a Secretary, and a Treasurer and may include one or more Vice Presidents and such other officers, assistant officers, employees and agents as may be deemed appropriate or necessary by the Board. Officers other than the President need not be Directors. The offices of President and Secretary may not be held by the same person. However, any person may simultaneously hold two or more of any of the other offices, subject to any applicable requirements or limitations contained in the Declaration, Articles of Incorporation, and these Bylaws.

Section 8.2. Appointment and Term of Office of Officers.

The officers shall be elected or appointed by acclamation by the Board at the first meeting of the Board held subsequent to the annual meeting of the Members during odd numbered years, and shall hold office for two years, unless the officer sooner resigns or is removed, or shall otherwise be disqualified to serve.

Section 8.3. Removal of Officers.

Any officer, employee or agent may be removed by the Board, with or without cause, whenever in the Board's judgment the best interests of the Association will be served thereby.

Section 8.4. Resignation of Officers.

Any officer may resign at any time by giving written notice to the President, to the Secretary or to the Board stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

Section 8.5. Vacancies in Offices.

Any vacancy occurring in any office may be filled by the Board. An officer appointed to fill a vacancy shall be appointed for the unexpired term of its predecessor in office.

Section 8.6. President.

The President shall be a member of the Board and shall be the principal executive officer of the Association. The President shall preside at all meetings of the Board and at all meetings of the Members. The President may cause to be prepared and may execute amendments, attested by the Secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable. The initial President shall be

_____.

Section 8.7. Vice Presidents.

The Vice President(s), if appointed, may act in place of the President in case of his/her death, absence or inability to act, and shall perform such other duties and have such authority as is delegated by the Board or by the President. The initial Vice President shall be

_____.

Section 8.8. Secretary.

The Secretary shall be the custodian of the records of the Association; shall see that all notices are

duly given in accordance with the provisions of these Bylaws and as required by law and that the books, reports and other documents and records of the Association are properly kept and filed; shall take or cause to be taken and shall keep minutes of the Board and of committees of the Board provided that the President shall extend meeting invitations to third parties as reasonable and necessary, such invitees to include executive assistants to take notes and minutes of any Board or committee meetings; shall keep at the principal office of the Association a record of the names and addresses of the Members; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned by the Board or by the President. The Board may appoint one or more Assistant Secretaries who may act in place of the Secretary for whatever reason, including in case of death, absence or inability to act. The Secretary may cause to be prepared and may attest to execution by the President of amendments to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable. The initial Secretary shall be [REDACTED].

Section 8.9. Treasurer.

The Treasurer shall be responsible for overseeing the deposit of all funds in such depositories as shall be designated by the Board; shall keep correct and complete financial records and books of account and records of financial transactions and condition of the Association and shall submit such reports thereof as the Board may require; shall arrange for the annual reports required by these Bylaws; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may be assigned to it by the Board or by the President. The Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer for whatever reason, including in case of death, absence or inability to act. The initial Treasurer shall be [REDACTED].

Section 8.10. Bonds.

The Association shall obtain fidelity bonds or insurance, if commercially available at a reasonable cost, covering officers or other persons handling funds of the Association.

ARTICLE IX. INDEMNIFICATION OF OFFICIALS AND AGENTS

Section 9.1. Certain Definitions.

A “Corporate Official” shall mean any Director or officer, and any former Director or officer, of the Association. A “Corporate Employee” shall mean any employee, and any former employee, of the Association. “Corporate Official” and “Corporate Employee” shall not include any officer, director, agent or employee of any managing agent employed by the Association, and no such person shall have a right of indemnification hereunder, such indemnification being at the sole discretion of the Board in negotiating a contract specific to such managing agent. “Expenses” shall mean all costs and expenses including attorney’s fees, liabilities, obligations, judgments and any amounts paid in reasonable settlement of a Proceeding. “Proceeding” shall mean any claim, action, suit or proceeding, civil or criminal, whether threatened, pending or completed, and shall include appeals.

Section 9.2. Right of Indemnification.

The Association shall indemnify any Corporate Official and may, in the discretion of the Board, indemnify any Corporate Employee, against any and all Expenses actually and reasonably incurred by or imposed upon it in connection with, arising out of, or resulting from, any Proceeding in

which it is or may be made a party by reason of: (a) actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty while acting in an official capacity as a Corporate Official or Corporate Employee, or (b) any matter claimed against it solely by reason of being a Corporate Official or Corporate Employee. The right of indemnification shall extend to all matters as to which a majority of Directors of the Association by resolution, or independent legal counsel in a written opinion, shall determine that the Corporate Official or Corporate Employee acted in good faith and such person reasonably believed that the conduct was in the Association's best interests and had no reasonable cause to believe that its conduct was improper or unlawful. The right of indemnification shall not extend to matters as to which the Corporate Official or Corporate Employee is finally adjudged in an action, suit or proceeding to have been liable for gross negligence or willful misconduct in the performance of its duty except to the extent that a court may determine, upon application, that despite such adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity. The right of indemnification shall not extend to any matter as to which said indemnification would not be lawful under the laws of the State of Colorado.

Section 9.3. Advances of Expenses and Defense.

The Association may advance Expenses to, or where appropriate, may undertake the defense of, any Corporate Official or Corporate Employee, in a Proceeding provided that the Corporate Official or Corporate Employee shall comply with the requirements of Section 7-129-104, C.R.S.

Section 9.4. Rights Not Exclusive.

The right of indemnification herein provided shall not be exclusive of other rights to which such Corporate Official or Corporate Employee may be entitled.

Section 9.5. Authority to Insure.

The Association shall purchase and maintain liability insurance on behalf of any Corporate Official or Corporate Employee against any liability asserted against it as a Corporate Official or Corporate Employee or arising out of its status as such, including liabilities for which a Corporate Official or Corporate Employee might not be entitled to indemnification hereunder.

ARTICLE X. NOTICE AND HEARING

Section 10.1. Notice and Hearing.

In all instances where the Colorado Common Interest Ownership Act, as amended, to the extent applicable to the Planned Community, the Colorado Revised Nonprofit Corporation Act, as amended, or the Association Documents require notice and hearing, the Board shall comply with a written policy adopted by the Board that provides:

- a. Not less than 15 days' prior written notice of the action to be taken and the reasons for such action;
- b. An opportunity for the affected member ("**Respondent**") to be heard, orally or in writing, not less than five days before the action to be taken by either the Board or a hearing committee appointed by the Board as provided herein;
- c. That the action taken shall be fair and reasonable taking into consideration all of the relevant facts and circumstances.

For all purposes of this Section, notice shall be hand delivered or sent prepaid by United States

mail to the mailing address of each Member designated in writing by the Member. Notice shall be deemed delivered, if hand delivered upon delivery, and if sent by United States mail, three days after mailing.

Section 10.2. Hearing Committee.

In any instance that requires a hearing, the President may appoint a hearing committee (“**Hearing Committee**”) of three natural Persons who need not be Members of the Association. In appointing the members of the Hearing Committee, the President must ensure that the members of the Hearing Committee are “Impartial Decision Makers” as that term is defined in Section 38-33.3-209.5, C.R.S. The President shall cause written notification of the names of the Hearing Committee members to be mailed to the Respondent at least 10 days before the date of the hearing. The decision of the President shall be final, except that the respondent may challenge any member of the Hearing Committee for cause because one or more of the members of the Hearing Committee are not Impartial Decision Makers at any time at least five days prior to the taking of evidence at the hearing. In the event of such a challenge, the Board shall determine the sufficiency of the challenge, without the President voting. If such a challenge is sustained, the President shall appoint another member to replace the challenged member of the Hearing Committee. All decisions of the Board in this regard shall be final. Failure to timely challenge the members of the Hearing Committee shall be deemed acceptance of the members of the Hearing Committee. The Hearing Committee shall elect a chairperson and appoint a hearing officer (who may be the same person as the chairperson) who shall take evidence and ensure that a proper record of all proceedings is maintained.

ARTICLE XI. BOOKS AND RECORDS

Section 11.1. Books and Records.

a. The Association shall keep correct and complete books and records of account, shall keep minutes of the proceedings of its Members, its Board, and any committee of the Board in place of the Board, and shall keep, at its principal office in Colorado, its Articles of Incorporation, the Declaration, its Bylaws, resolutions adopted by the Board, minutes of all meetings of Members and the Board, a record of all actions taken by the Members or the Board by written ballot or written consent in lieu of a meeting for the past three years, all written communications within the past three years to Members generally as Members, a record of all actions taken by a committee of the Board in place of the Board on behalf of the Association, and a record of all waivers of notices of meetings of Members and of the Board or any committee of the Board. The Association shall maintain a record of Members in a form that permits preparation of a list of the names and addresses of all Members, showing the number of votes each Member is entitled to vote, including a list of the names and business or home addresses of its current Directors and officers, its most recent annual report, all financial audits or reviews conducted during the immediately preceding three years. The Association may exclude from the records provided or available to Members, Members’ telephone numbers or electronic mail or contact information.

b. Association records may be purchased by any Member at reasonable cost not to exceed the Association’s actual cost per page for copies of Association records. All books and records of the Association shall be reasonably available for inspection by any Member or such Member’s authorized agent, and by any holder of a First Mortgage. “Reasonably available” shall mean available for inspection at the Association’s principal office, upon

five business days' advance notice, during normal business hours to the extent that: (a) the request is made in good faith and for a proper purpose; (b) the request describes with reasonable particularity the records sought and the purpose of the request; and (c) the records are relevant to the purpose of the request. Notwithstanding the above, all books and records may also be inspected at the next regularly scheduled meeting if such meeting occurs within thirty (30) days after the request.

c. Membership lists, or any part thereof, may not be:

1. Obtained or used by any person for any purpose unrelated to the Association or the property subject to the Declaration;
2. Used to solicit money or property unless such money or property will be used solely to solicit the votes of the Office Unit Owners in an election to be held by the Association;
3. Used for any commercial purpose; or
4. Sold to or purchased by any person.

Section 11.2. Public Disclosure.

a. To the extent required by the provisions of the Colorado Common Interest Ownership Act applicable to the Planned Community, the Association shall make the following information available to the Members, upon reasonable notice, in accordance with subparagraph c of this Section. In addition, if the Association's address, designated agent, or management company changes, the Association shall make updated information available within 90 days after the change including:

1. The name of the Association;
2. The name of the Association's designated agent or management company, if any;
3. A valid physical address and telephone number for both the Association and the designated agent or management company, if any;
4. The name of the Project;
5. The initial date of recording of the Declaration; and
6. The reception number or book and page for the main document that constitutes the Declaration.

b. To the extent required by the provisions of the Colorado Common Interest Ownership Act applicable to the Planned Community, within 90 days after the last initial sale of Units to Members, and within 90 days after the end of each fiscal year thereafter, the Association shall make the following information available to Members upon reasonable notice in accordance with subparagraph c of this Section:

1. The date on which its fiscal year commences;
2. Its operating budget for the current fiscal year;
3. A list of the Association's current assessments, including special assessments, if any;

4. Its annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
5. The results of its most recent available financial audit or review for the fiscal year immediately preceding the current annual disclosure;
6. A list of all Association insurance policies, including, but not limited to, property, general liability, Association director and officer professional liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insured, and expiration dates of the policies listed;
7. The Association's Bylaws, Articles and Rules and Regulations;
8. The minutes of the Board and Member meetings for the fiscal year immediately preceding the current annual disclosure; and
9. The Association's responsible governance policies adopted under Section 38-33.3-209.5, C.R.S.

c. It is the intent of this Section to allow the Association the widest possible latitude in methods and means of disclosure, while requiring that the information be readily available at no cost to Members at their convenience. Disclosure shall be accomplished by one of the following means: Posting on an Internet Web page with accompanying notice of the web address via first-class mail or e-mail; the maintenance of a literature table or binder at the Association's principal place of business; or mail or personal delivery. The cost of such distribution shall be accounted for as a General Common Expense.

ARTICLE XII. MISCELLANEOUS

Section 12.1. Amendment of Bylaws.

The Board shall have the power to alter, amend or repeal these Bylaws or any provision herein, or to adopt new Bylaws by vote of all Directors. Subject to the previous sentence and any approval of holders of First Mortgages required under the Declaration, the Members, at a meeting called for that purpose, by a unanimous vote of the Members in person or by proxy, shall also have the power to alter, amend or repeal these Bylaws and to adopt new Bylaws. If, however, the Members make, amend or repeal any bylaw, the Board shall not thereafter amend the same in such manner as to defeat or impair the object of the Members in taking such action. These Bylaws may contain any provision for the regulation or management of the affairs of the Association not inconsistent with law, the Declaration, or the Articles of Incorporation.

Section 12.2. Execution, Certification and Recording Amendments to Declaration.

The President, or the Vice President in the President's absence, and the Secretary of the Association shall prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

Section 12.3. Statement of Account.

The Association shall furnish to a Member, or to a First Mortgagee or its designee, upon written request delivered personally, by certified mail, or by overnight delivery to the Association, a written statement setting forth the amount of unpaid Assessments currently levied against such Member's Office Unit. The statement shall be furnished within 14 calendar days after receipt of the request and is binding on the Association except that an erroneous statement shall not be

binding as between the Association and the Person who was the Owner of the affected Office Unit as of the date of the statement. The Association shall have the right to charge a reasonable fee for the issuance of such certificate.

Section 12.4. Corporate Reports.

The Association shall file with the Secretary of State of Colorado, within the time prescribed by law, corporate reports on the forms prescribed and furnished by the Secretary of State and containing the information required by law, and shall pay the fee for such filing as prescribed by law.

Section 12.5. Fiscal Year.

The fiscal year of the Association shall begin on January 1 of each year and end the succeeding December 31 except that the first fiscal year shall begin on the date of incorporation. The fiscal year may be changed by the Board without amending these Bylaws.

Section 12.6. Seal.

If the Board adopts a seal, it shall have inscribed thereon the name of the Association and the words "SEAL" and "COLORADO."

Section 12.7. Share of Stock and Dividends Prohibited.

The Association shall not have or issue shares of stock and no dividend shall be paid, and no part of the income shall be distributed to its Members, Directors or officers. Notwithstanding the foregoing, upon dissolution or final liquidation thereof, the Association, may make distributions as permitted by the Declaration; but no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profit.

Section 12.8. Loans to Directors, Officers and Members Prohibited.

No loan shall be made by the Association to its Members, Directors or officers, and any Director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

Section 12.9. Limited Liability.

Except as may otherwise be provided by law, the Association, the Board, the Declarant, and any officer, Director, Member, agent or employee of any of the same, shall not be liable to any Person for any action or for any failure to act if the action taken or failure to act was in good faith and without malice.

Section 12.10. Minutes.

Minutes or any similar records of the meetings of Members or of the Board, when signed by the Secretary or acting Secretary of the meeting, shall be presumed to truthfully evidence the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

Section 12.11. Checks, Drafts and Documents.

All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons, and in such manner as shall be determined by resolution of the Board.

Section 12.12. Execution of Documents.

The Board, except as these Bylaws otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to a specific instance; and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

(The balance of this page is intentionally left blank. Signatures continued on next page.)

We, being all of the Directors of 9195 E. Mineral Avenue Owners' Association, have hereunto set our hands this _____ day of _____, 2025.

_____, Director

_____, Director

CERTIFICATION BY SECRETARY

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of 9195 E. Mineral Avenue Owners' Association, a Colorado nonprofit corporation, and that the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted at a meeting of the Board thereof, held on _____, 2025.

Signed this _____ day of _____, 2025.

_____, Secretary

BOARD OF DIRECTORS AGENDA ITEM STAFF REPORT



Meeting Date: 6/23/2025
Agenda Item Type: Action Item
Agenda Item: 2024 Annual Comprehensive Financial Report
Submitted By: Marina Takacs
Approved: Stephanie Corbo

SUMMARY:

Lisa Horn from our auditing firm FORVIS Mazars presented their findings on the District's audit of its 2024 annual comprehensive financial report (ACFR). The firm issued a clean or unmodified opinion that the attached financial statements *"present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Metro Fire Rescue Fire Protection District as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America."*

BACKGROUND:

State law requires that all special districts with revenues in excess of \$750,000 file an annual report with the State Auditor within seven months of the close of their fiscal year. Attached is the District's Annual report which includes a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by the auditing firm FORVIS Mazars.

FINANCIAL IMPACT:

Click or tap here to enter text.

STRATEGIC INITIATIVE:

Click or tap here to enter text.

RECOMMENDED ACTION/MOTION:

Staff recommends the approval of the 2024 Annual Comprehensive Financial Report

Recommended Motion: I move to approve the 2024 Annual Comprehensive Financial Report

ALTERNATIVE OPTIONS:

Click or tap here to enter text.

ATTACHMENTS:

2024 Annual Comprehensive Financial Report

FORVIS Report to the Board of Directors, Audit Committee, and Management

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2024



SOUTH METRO FIRE RESCUE PROTECTION DISTRICT

*We honorably serve the
Colorado counties of
Arapahoe, Douglas, and
Jefferson.*



**SOUTH METRO FIRE RESCUE FIRE
PROTECTION DISTRICT
ARAPAHOE, DOUGLAS and JEFFERSON COUNTIES,
COLORADO**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended
December 31, 2024**

**Prepared by:
South Metro Fire Rescue Fire Protection District Finance Division**

SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

TABLE OF CONTENTS

| | Page |
|--|-------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | 1-8 |
| Certificate of Achievement Award | 9 |
| Organizational Chart | 10 |
| List of Principal Officials | 11 |
| FINANCIAL SECTION | |
| Independent Auditor's Report | 12-15 |
| Management's Discussion and Analysis | 16-26 |
| Basic Financial Statements | 27 |
| Government-wide Financial Statements | |
| Statement of Net Position | 28 |
| Statement of Activities | 29 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 30 |
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position | 31 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 32 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 33 |
| Statement of Net Position – Proprietary Funds | 34 |
| Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds | 35 |
| Statement of Cash Flows -Proprietary Fund | 36 |
| Notes to Financial Statements | 37 |
| REQUIRED SUPPLEMENTAL INFORMATION | |
| Schedule of Revenues, Expenditures and Changes in Fund Balances | |
| Budget and Actual – General Fund | 86 |
| Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios | |
| Parker Fire Protection District Volunteer Pension Plan | 87 |
| South Metro Fire Rescue Volunteer Pension Plan | 88 |
| Cherry Hills Old Hire Plan | 89 |
| Schedule of Changes in Net OPEB Liability and Related Rations – Retiree Health Savings Plan | 90 |
| Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset) | |
| South Metro Fire Rescue FPPA Plan – Statewide Retirement Benefit Plan | 91 |
| South Metro Fire Rescue FPPA Plan – Statewide Hybrid Plan | 92 |
| South Metro Fire Rescue FPPA Plan – Statewide Retirement Plan | 93 |
| Schedule of Contributions Multiyear | |
| Parker Fire Protection District Volunteer Pension Plan | 94 |
| South Metro Fire Rescue Volunteer Pension Plan | 95 |
| Cherry Hills Old Hire Plan | 96 |
| South Metro Fire Rescue FPPA Plan – Statewide Retirement Benefit Plan | 97 |
| South Metro Fire Rescue FPPA Plan – Statewide Hybrid Plan | 98 |
| South Metro Fire Rescue FPPA Plan – Statewide Retirement Plan | 99 |
| Notes to Required Supplementary Information | 100 |

SUPPLEMENTARY INFORMATION

General Fund
 Comparative Statement of Revenues, Expenditures and Changes in Fund Balances 104
Special Revenue Fund - Cherry Hills Property Tax – Special Revenue Fund
 Comparative Statement of Revenues, Expenditures and Changes in Fund Balances 105
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget to Actual 106
Capital Projects Fund
 Comparative Statement of Revenues, Expenditures and Changes in Fund Balances 107
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual 108
Building Rental Fund
 Schedule of Revenues, Expenditures and Changes in Funds Available
 Budgetary Basis with Non-GAAP to GAAP Basis 109

STATISTICAL SECTION

Financial Trends:

 Net Position by Component 111
 Changes in Net Position 112
 Fund Balances, Governmental Funds 113
 Changes in Fund Balances, Governmental Funds 114

Revenue Capacity:

 Tax Revenues by Source, Governmental Funds 115
 Assessed Value and Estimated Actual Value of Taxable Property 116
 Direct and Overlapping Property Tax Rates 117
 Principal Property Taxpayers 118
 Property Tax Levies and Collections 119

Debt Capacity:

 Ratios of Outstanding Debt by Type 120
 Direct and Overlapping Governmental Activities Debt 121
 Legal Debt Margin Information 122

Demographic and Economic Statistics:

 Demographic and Economic Statistics 123
 Principal Employers 125

Operating Information:

 Full-time Equivalent District Government Employees by Function/Program 126
 Operating Indicators by Function/Program 127
 Capital Asset Statistics by Function/Program 128

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government
Auditing Standards* – Independent Auditor’s Report 129
Schedule of Findings and Responses 131

SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT



June 16, 2025

Members of the Board of Directors, and
Citizens of South Metro Fire Rescue Fire Protection District:

State law requires that all special districts with revenues in excess of \$500,000 file an annual report with the State Auditor within seven months of the close of their fiscal year. This annual report includes a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual report of South Metro Fire Rescue Fire Protection District for the fiscal year ended December 31, 2024.

This report consists of management's representations concerning the finances of South Metro Fire Rescue Fire Protection District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of South Metro Fire Rescue Fire Protection District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of South Metro Fire Rescue Fire Protection District's financial statements. Because the cost of internal controls should not outweigh their benefits, South Metro Fire Rescue Fire Protection District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

South Metro Fire Rescue Fire Protection District's financial statements have been audited by Forvis Mazars, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of South Metro Fire Rescue Fire Protection District for the fiscal year ended December 31, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management;

and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions, that South Metro Fire Rescue Fire Protection District's financial statements for the fiscal year ended December 31, 2024, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component 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 designed to complement the MD&A and should be read in conjunction with it. South Metro Fire Rescue Fire Protection District's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

South Metro Fire Rescue Fire Protection District (the District) was legally established on December 14, 2015 but is an amalgamation of departments and districts that date back to 1890. In 2008, South Metro Fire Rescue, formerly the Castlewood Fire Protection District (itself an amalgamation of smaller fire districts including Cherry Hills Fire Protection District, Northwest Douglas County Fire Protection District, Louviers Fire Protection District, and Castle Pines Village Fire Protection District) united with Parker Fire Protection District to create the South Metro Fire Rescue Authority. On December 14, 2015, Parker Fire Protection District included the property of South Metro Fire Rescue into its district and changed its name to South Metro Fire Rescue Fire Protection District resulting in a single, unified fire protection district.

Beginning in 2016, the District began discussing a process to unify with Cunningham Fire Protection District and Littleton Fire Rescue which comprised the City of Littleton Fire Department, the Littleton Fire Protection District, and the Highlands Ranch Metropolitan District. On January 1, 2018, South Metro Fire Rescue Fire Protection District and Cunningham Fire Protection District officially merged as one entity named South Metro/Cunningham Fire Rescue Authority. Successful elections were held throughout 2018 where the electorate of the City of Littleton, Littleton Fire Protection District, and Highlands Ranch Metropolitan District voted to include into South Metro Fire Rescue Fire Protection District again creating a single, unified fire protection district effective January 1, 2019. On January 1, 2020, the entity started operating as South Metro Fire Rescue Fire Protection District.

The District is governed, pursuant to provisions of the Colorado Special District Act, by a seven-member Board of Directors. The District's Fire Chief has all powers and authorities

provided for a fire chief under §32-1-1002, C.R.S., and oversees and manages all business and affairs of the District including the operation, maintenance, management, administration, and provision of all facilities, improvements, equipment, services and personnel.

The District's service area is located in Douglas, Arapahoe and Jefferson Counties, Colorado. The District was established to provide fire protection and emergency medical services. The District's service area includes 287 square miles and overlaps the cities and communities of Aurora, Bow Mar, Castle Pines, Castle Pines Village, Centennial, Cherry Hills Village, Columbine Valley, Foxfield, Greenwood Village, Highlands Ranch, Lakewood, Louviers, Littleton, Lone Tree, and Parker, as well as some unincorporated areas in Douglas, Arapahoe and Jefferson counties. It includes the business parks of Meridian and Inverness, the Denver Tech Center, Centennial Airport, Park Meadows Mall, and the campus of Lockheed Martin.

The District currently serves approximately 571,500 residents in Douglas, Arapahoe and Jefferson Counties and protects approximately 215,000 households. 47% of the District's population is in Douglas County with 47% in Arapahoe County and 6% in Jefferson County. The daytime population of the District is estimated to be 605,000.

The District's Long-Term Financial Plan, Capital Improvement Plan, and annual budget serve as the foundation for the District's financial planning and control. The District maintains budgetary controls that have the objective of ensuring compliance with legal provisions embodied in the annual appropriated budget adopted by the Board of Directors. The Board of Directors is required to adopt a final budget no later than December 31 of each year. The District uses several funds to account for the activities involved in providing services to the public. The appropriation is at the total fund expenditure level.

Local Economy

Overview

Colorado's local economy remains stable as inflation continued to decelerate in 2024. In the Denver metro area, inflation fell to a low 1.4% in September 2024 before modestly rising to 2.0% by November – still notable below the national average of 2.7% for the same period.

Labor Market

Unemployment has increased over the past year across all three counties, reflecting a broader slowdown in job growth and tightening labor market conditions. Despite this upward trend, the District's counties continue to demonstrate relative economic stability compared to state and national benchmarks. In the District's counties, unemployment rates

were 4.1% in Douglas County, and 4.4% in both Arapahoe and Jefferson counties as of December 2024. While these rates are slightly below the statewide average of 4.5%, they remain above the national average of 3.8%.

These trends align with broader patterns observed in both the U.S. and Colorado labor markets, which continue to reflect a moderate, but cooling, economic expansion. Employers are still adding jobs at a pace consistent with pre-pandemic norms, but overall employment growth has slowed

Housing Market

After peaking in mid-2022, home prices in the Denver metro area initially declined before beginning a gradual recovery. As of November 2024, prices in Denver remained 1.7% below their previous peak, lagging behind the national market, which continued to trend upward with a 4.4% year-over-year increase. High mortgage rates, which averaged 7.0% in December 2024 continue to dampen affordability and suppress sales activity. Inventory levels have increased, and the projected duration of inventory has returned to levels last seen in 2014–2015. While home prices are expected to remain relatively stable, ongoing affordability challenges and delayed interest rate cuts are likely to constrain the pace of market recovery into 2025.

Despite sustained housing demand, construction activity within the District’s boundaries also declined, influenced by broader economic volatility and concerns about a potential recession. In 2024, Colorado experienced a sharp slowdown in housing construction, with multifamily building activity dropping by 43% compared to the previous year. While single-family construction saw modest gains nationally, Colorado’s single-family homebuilding remained flat throughout the year, reflecting ongoing market uncertainty.

Property Valuation and Taxation

Over the last decade, the assessed valuation of the District has grown significantly due to soaring real estate values across the Denver metro area. In 2022, housing values reached an all-time high, but efforts by the Colorado legislature to moderate property tax increases for citizens and business owners, have led to a reduction in assessment rates in the last few years. The average growth in assessed valuation over the last five years has been 11%. Assessed valuations increased by 23.1% in the 2024 budget year compared to the prior year, reflecting continued strength in property values despite reductions in residential assessment rates. The residential assessment rate, which had previously dropped in 2023 from 7.15% to 6.80% for multi-family properties and to 6.95% for other residential properties, declined further to 6.70% in 2024 for both multi-family and other residential

properties. Looking ahead to 2025, the residential assessment rate is expected to drop again to 6.25% for local governments for all residential home types.

Income and Education

Per capita income for the District's counties is notably higher than both the state and national averages. Douglas County boasts a per capita income of \$102,928, Arapahoe County \$81,414, and Jefferson County \$78,911, compared to the Colorado average of \$82,705 and the national average of \$73,274. The education level of the population within the District is higher, with 49.8% having a Bachelor's degree or higher, exceeding both the state average of 44.7% and national average of 35%.

Economic Outlook

The U.S. and Colorado economies showed solid growth in 2024, with low unemployment and rising incomes. However, signs of slowing are emerging, and the outlook for 2025 and 2026 has been revised downward due to rising interest rates, new tariffs, and global uncertainty. Colorado's unemployment rate has gone up and is expected to stay elevated in the near term, while population and job growth slow. Inflation remains lower in Colorado than nationally, but the housing market is cooling with less construction and still-recovering home prices. Risks remain, especially from trade policies and federal spending changes, though clearer policies could improve stability and investment.

Although property tax revenue declined by 4% for the 2025 budget year when abatements are included, the District continues to maintain a strong short-term financial position. In light of the projected long-term revenue reductions, the District is proactively exploring alternative funding strategies to ensure the continued delivery of high-quality fire protection and emergency services without compromising core service levels. These efforts include evaluating three potential paths forward: seeking additional funding through a ballot initiative that may or may not be approved by voters, or choosing not to pursue voter approval. If additional revenue is not secured, the District will undertake a comprehensive review of all services and expenditures to. This may result in significant reductions across programs, personnel, emergency response capacity, and capital investments in order to maintain a balanced budget.

Long-Term Financial Planning and Relevant Policies

The District consistently develops long-term financial plans to ensure it remains financially stable. To keep up with economic conditions, we project revenues, expenses, and capital improvements for the next ten years, updating the forecast annually as part of the budget process.

Maintaining adequate reserves is a key financial management practice. The District policy requires a 3% TABOR reserve as required by state law, a 20% operating reserve, and a capital project reserve to cover expenses outlined in the District's planning documents. District policy also mandates a minimum transfer from the General Fund to the Capital Projects Fund to support capital improvements according to District's Capital Improvement Plan and the Board of Directors has designated a \$15 million per year amount that was enforced in 2024 by transferring \$30 million to cover both 2023 and 2024. Additionally, the District ensures the self-insurance fund has sufficient reserves to cover cash flow needs, unexpected claims, and stabilized premiums.

Major Initiatives

Guided by the Strategic Plan, South Metro Fire Rescue continues to implement major initiatives that enhance operational capacity and reinforce our commitment to community service. In 2024, the District achieved a significant milestone by reaching its long-term staffing objective of assigning four firefighters per engine, a change that improves both response effectiveness and firefighter safety. Additionally, the District implemented a new EMS rank structure that aligns the ranks, roles, and responsibilities of paramedic officers with those of suppression officers. This organizational alignment strengthens the consistency and effectiveness of our emergency medical services.

The District also remains focused on executing its comprehensive capital improvement plan, contributing \$30 million to fund the annual capital investments for both 2023 and 2024. These funds support the ongoing replacement of apparatus and critical equipment, a process made more complex by extended lead times and supply chain challenges stemming from part shortages and a reduction in available tradespeople. Facility improvements are also a high priority. Station 15 is currently being redesigned and rebuilt, with construction slated for completion in April 2025. Simultaneously, multiple other stations across the District will undergo preventative maintenance and interior remodels to ensure our facilities remain safe, modern, and operationally sound.

In 2024, the District also completed an organization-wide replacement of all Lifepak cardiac monitors, ensuring that personnel are equipped with the latest lifesaving technology. Furthermore, the District implemented a major enterprise technology upgrade with the rollout of the Microsoft Dynamics 365 ERP system, enhancing the efficiency and integration of financial, administrative, and operational workflows.

Also in 2024, a legislative special session was convened that significantly affected District finances. Without going to voters, the Colorado House of Representatives passed HB24B-1001, a bill that further reduced property tax assessment rates. This change is projected to result in a substantial loss in annual revenue—approximately 10% of the District’s total operating budget. Recognizing the long-term implications of such a reduction, staff brought forward a proactive plan to the South Metro Board of Directors to engage the community and determine the most effective path to address this funding challenge. The Board approved the hiring of a consulting firm to support this outreach effort and initiate a series of stakeholder informational meetings. These efforts to engage the public and explore solutions will continue throughout 2025, as both staff and the Board work collaboratively to preserve service levels while addressing long-term financial sustainability.

Budget Process

The District’s annual budget process begins with updating the long-term financial plan, projecting revenues and expenses, and planning for apparatus and equipment replacement, new construction, and station improvements. This plan outlines the District’s goals and priorities and forms the foundation for the annual budget.

The budget development process begins each summer, with divisions submitting their expenditure requests and with justifications. The Finance Division and Executive Team review and prioritize these requests, and the Finance Division prepares the proposed budget. By October 15, the budget is presented to the Board of Directors as required by law. The Board holds a public budget hearing and adopts the final budget by December 31. The mill levy is certified to the County Commissioners by December 15. Any revisions to the budget appropriations must be approved through a resolution by the Board of Directors.

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 District for the annual comprehensive financial report for the fiscal year ended December 31, 2023. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance division. We would like to express our appreciation to all members of the District who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Directors for their unwavering support for maintaining the highest standards of professionalism in the management of District finances.

Respectfully submitted,



John Curtis
Fire Chief



Stephanie Corbo
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**South Metro Fire Rescue Fire Protection District
Colorado**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

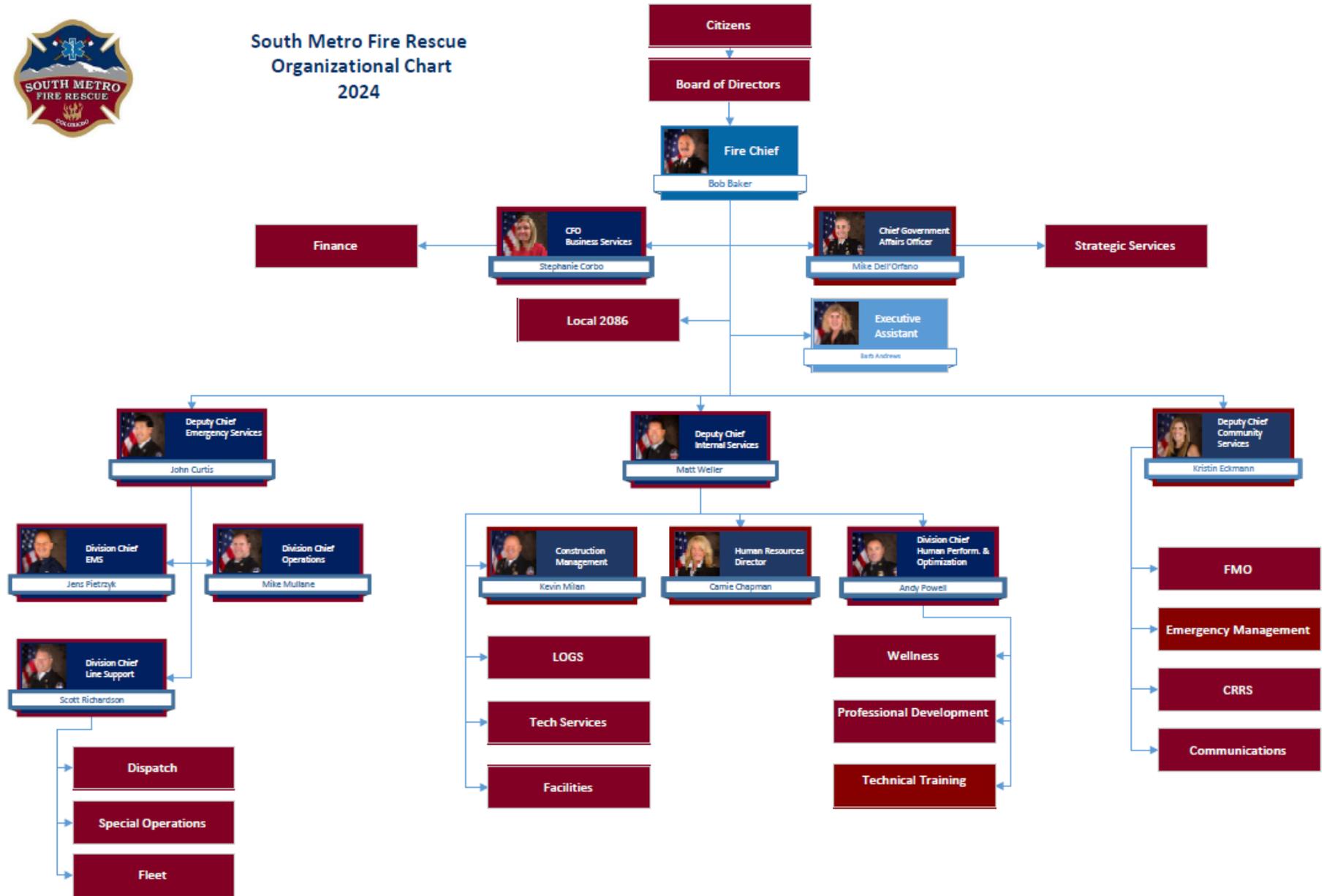
December 31, 2023

Christopher P. Morill

Executive Director/CEO



South Metro Fire Rescue Organizational Chart 2024



GOVERNANCE

As of December 31, 2024

Elected Officials, Board of Directors

Jim Albee, Chair

Renee Anderson, Vice Chair

Rich Sokol, Treasurer

Sue Roche, Secretary

Kevin Leung, Director

Bruce Stahlman, Director

Bill Shriver, Director

Executive Team

Bob Baker, Fire Chief

John Curtis, Deputy Chief of Emergency Services

Kristin Eckmann, Deputy Chief of Community Services

Matt Weller, Deputy Chief of Internal Services

Camie Chapman, Human Resources Director

Mike Dell'Orfano, Chief Government Affairs Officer

Stephanie Corbo, Chief Financial Officer

Independent Auditor's Report

Board of Directors
South Metro Fire Rescue Fire Protection District
Centennial, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Metro Fire Rescue Fire Protection District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Metro Fire Rescue Fire Protection District as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

As discussed in Note 1 and 14 to the financial statements, effective January 1, 2024, the District adopted GASB Statement Number 101, *Compensated Absences (GASB 101)*. Our opinions are not modified with respect to this matter.

As discussed in Note 14 to the financial statements, the 2023 financial statements have been restated to correct an error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The comparative fund financial statements and other schedules for the year ended December 31, 2024 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the comparative fund financial statements and other schedules for the year ended December 31, 2024 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended December 31, 2023 (not presented herein), and have issued our report thereon dated June 21, 2024 which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The comparative fund financial statements and other schedules for the year ended December 31, 2023 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2023 financial statements.

The information was subjected to the audit procedures applied in the audit of the 2023 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the comparative fund financial statements and other schedules is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2023.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Denver, Colorado

South Metro Fire Rescue Fire Protection District Management's Discussion and Analysis

As management of South Metro Fire Rescue Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ending December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages one through eight of this report.

Financial Highlights

- The total assets and deferred outflows of South Metro Fire Rescue exceeded its liabilities and deferred inflows of resources by \$156,262,663. Of this amount \$56,201,151 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position, after restatement, increased by \$25,786,233. The increase is largely due to a \$24 million rise in total cash and investments, driven by higher property tax collections in 2024.
- The District's total liabilities and deferred inflows of resources are \$208,762,684, representing an increase of \$5,162,490 or 2.5% from 2023. This change is primarily attributable to a \$2.5 million increase in deferred property tax revenue, which is expected to be collected in the subsequent fiscal year. Additionally, there was a \$1,975,589 increase in compensated absences, driven by the implementation of GASB Statement No. 101, *Compensated Absences*.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$81,542,702.
- The 2024 beginning balance net position has been restated due to the implementation of GASB Statement No. 101 and the correction of an error in the Self-Insured Internal Service Fund (ISF). During the current fiscal year, management identified an error in the previously issued financial statements related to the accrual of incurred but not reported (IBNR) medical and dental claims. Specifically, in the prior fiscal year, expenditures in the ISF were overstated by \$1,116,000 as a result of an incorrect IBNR accrual (see note 14).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to South Metro Fire Rescue Fire Protection District's basic financial statements. The District's basic financial statements are comprised of three components:

- government-wide financial statements
- fund financial statements
- notes to the financial statements

This report also contains other required and other supplementary information 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 District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two 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 District is improving or deteriorating.

The statement of activities presents information showing how the government'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 distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include Operations, Fire Marshal, Dispatch, and Administration. The business-type activities of the District include the Building Rental Fund.

The government-wide financial statements can be found on pages 28 - 29 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. South Metro Fire Rescue Fire Protection District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into two categories:

- governmental funds
- proprietary 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 inflow 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.

The District maintains three individual governmental funds. 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, Capital Projects Fund, and the Cherry Hills Property Tax Special Revenue Fund. The General Fund and Capital Projects Fund are considered to be major funds, while the Cherry Hills Property Tax Special Revenue Fund is considered to be a non-major fund.

The District adopts an annual appropriated budget for its general fund, capital projects fund, and special revenue fund. Budgetary comparison schedules have been provided as supplemental information for the general fund, the capital projects fund, and the special revenue fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 30 – 33 of this report.

Proprietary Funds. The District maintained two proprietary funds in 2024 which are the Building Rental Enterprise Fund and the Self-Insured Internal Service Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for and capture rental income, common area maintenance costs and items that relate to the maintenance of the administrative building. The Self-Insured Internal Service Fund is

created for the benefit of employees as it collects the medical and dental premiums to pay medical and dental claims of the insured, stop loss insurance and administration fees.

The proprietary fund financial statements provide separate information for the Building Rental Fund, a major fund of the District, and Self-Insured Internal Service Fund.

The basic proprietary fund financial statements can be found on pages 34-36 of this report.

Notes to the 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 the financial statements can be found on pages 37-84 of this report.

Supplemental Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information concerning the South Metro Fire Rescue Fire Protection District's financial and operational activity. This supplementary information and individual fund statements and schedules can be found on page 85-109 of this report.

Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the government's financial position. In the case of South Metro Fire Rescue Fire Protection District, assets exceeded liabilities by \$156,262,663 at the close of the most recent fiscal year.

A portion of the District's net position reflects its investment in capital assets (i.e., land, buildings, vehicles, equipment, lease and subscription assets); less any related debt used to acquire those assets that is still outstanding. The District uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

South Metro Fire Rescue Fire Protection District
Statement of Net Position

| | Governmental Activities 2024 | Business-Type Activities 2024 | Total 2024 | Governmental Activities 2023, restated | Business-Type Activities 2023 | Total 2023, restated |
|--------------------------------------|------------------------------------|-------------------------------------|-----------------------|--|-------------------------------------|-------------------------|
| Current and other assets | \$ 252,366,489 | \$ 1,833,648 | \$ 254,200,137 | \$ 226,908,229 | \$ 2,274,034 | \$ 229,182,263 |
| Capital and lease assets, net | 91,021,707 | 5,091,769 | 96,113,476 | 82,132,186 | 5,347,107 | 87,479,293 |
| Total assets | 343,388,196 | 6,925,417 | 350,313,613 | 309,040,415 | 7,621,141 | 316,661,556 |
| Total deferred outflows of resources | 14,711,734 | — | 14,711,734 | 17,415,068 | — | 17,415,068 |
| Current and other liabilities | 16,812,288 | 65,478 | 16,877,766 | 11,402,494 | 36,353 | 11,438,847 |
| Noncurrent and other liabilities | 30,839,340 | — | 30,839,340 | 34,635,231 | — | 34,635,231 |
| Total liabilities | 47,651,628 | 65,478 | 47,717,106 | 46,037,725 | 36,353 | 46,074,078 |
| Total deferred inflows of resources | 159,741,242 | 1,304,336 | 161,045,578 | 156,121,510 | 1,773,141 | 157,894,651 |
| Net position: | | | | | | |
| Net investments in capital assets | 85,092,014 | 5,091,769 | 90,183,783 | 77,571,659 | 5,347,107 | 82,918,766 |
| Restricted | 9,877,729 | — | 9,877,729 | 8,013,074 | — | 8,013,074 |
| Unrestricted | 55,737,317 | 463,834 | 56,201,151 | 38,711,515 | 464,540 | 39,176,055 |
| Total net position | <u>\$ 150,707,060</u> | <u>\$ 5,555,603</u> | <u>\$ 156,262,663</u> | <u>\$ 124,296,248</u> | <u>\$ 5,811,647</u> | <u>\$ 130,107,895</u> |

At the end of the current fiscal year, the District is able to report a positive balance in all categories of net position, both for the government as a whole as well as for its business-type activities. The District’s net position increased by \$26,154,768, after the restatement, during the current fiscal year. The increase is largely due to a \$24 million rise in total cash and investments, driven by higher property tax collections in 2024.

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (TABOR) contains the requirement of setting an emergency reserve. This reserve cannot be accessed except for during an unexpected disaster. This reserve amounts to \$6,046,465 as of December 31, 2024.

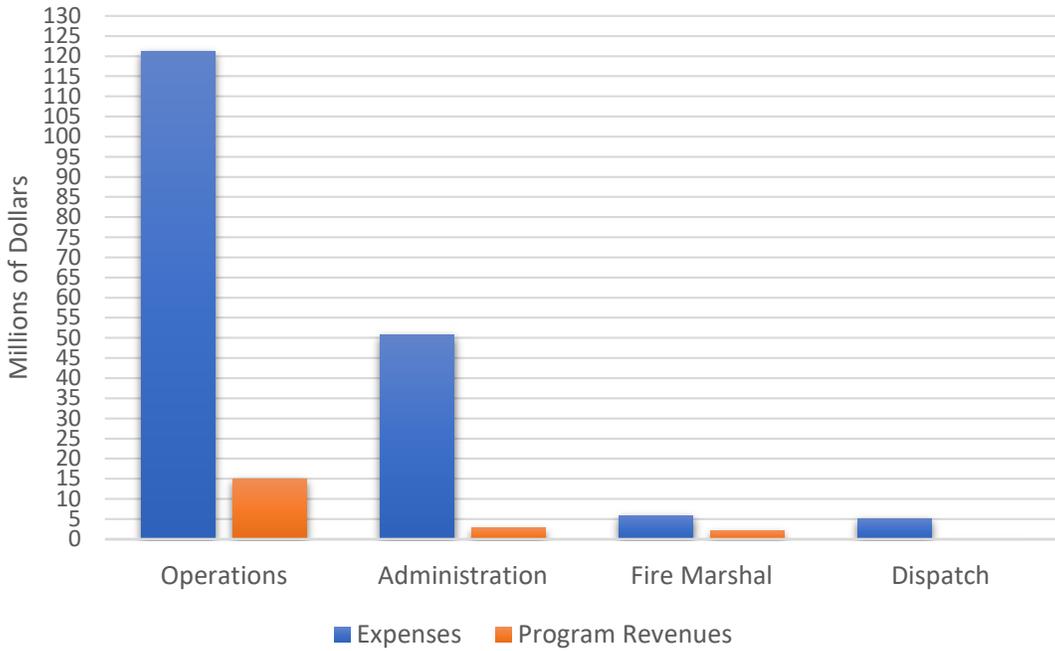
Governmental Activities. Governmental activities increased South Metro Fire Rescue Fire Protection District’s net position by \$26,410,812. Key elements of this decrease are as follows:

- Revenues ended the year at \$209.3 million, showing an increase of \$38.6 million over prior year. The increase is primarily driven by a \$39.7 million year-over-year growth in property and other tax revenues. This gain more than offset a \$1.9 million decline in grant and contribution revenues compared to the previous year.
- Expenses ended the year at \$182.9 million, showing an increase of \$11.5 million over prior year. This increase is primarily related to the operational costs increase in 2024 is attributed to market adjustments to current salaries, increases in benefit costs, and a modest rise in costs of goods and services due to inflation.

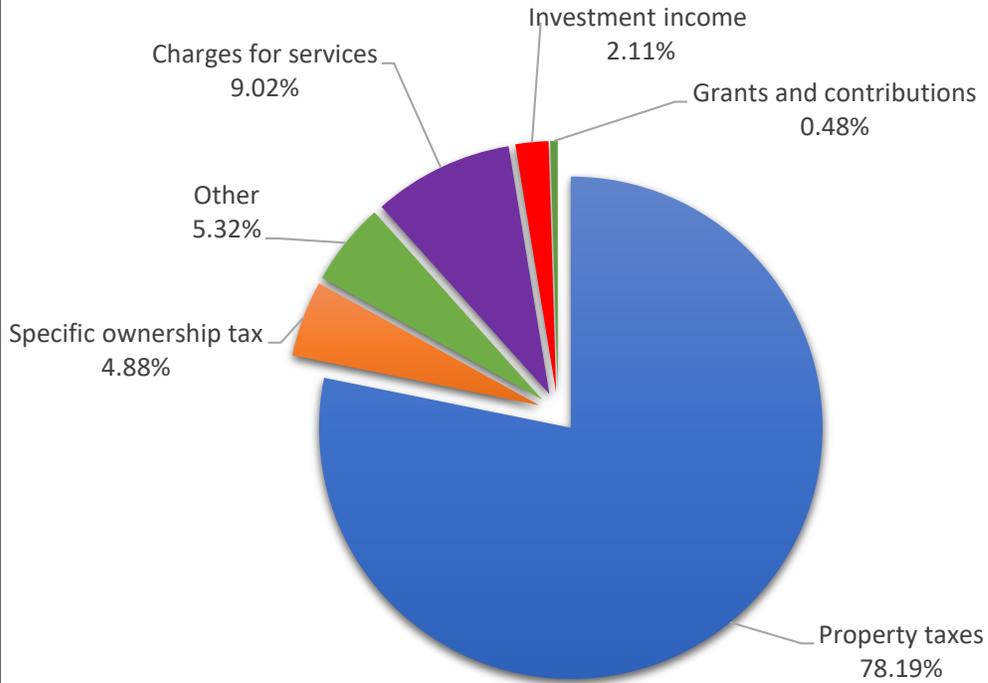
South Metro Fire Rescue Fire Protection District
Changes in Net Position

| | Governmental Activities 2024 | Business-Type Activities 2024 | Total 2024 | Governmental Activities 2023, restated | Business-Type Activities 2023 | Total 2023, restated |
|---|------------------------------------|-------------------------------------|----------------------|--|-------------------------------------|-------------------------|
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 18,883,529 | \$ — | \$ 18,883,529 | \$ 17,739,579 | \$ — | \$ 17,739,579 |
| Operating Grants and Contributions | 629,830 | 650,362 | 1,280,192 | 1,243,490 | 639,111 | 1,882,601 |
| Capital Grants and Contributions | 370,889 | — | 370,889 | 1,695,000 | — | 1,695,000 |
| General revenues: | | | | | | |
| Property and other taxes | 173,878,317 | — | 173,878,317 | 134,170,832 | — | 134,170,832 |
| Other income | 15,538,550 | — | 15,538,550 | 15,823,529 | — | 15,823,529 |
| Total revenues | 209,301,115 | 650,362 | 209,951,477 | 170,672,430 | 639,111 | 171,311,541 |
| Expenses: | | | | | | |
| Operations | 121,239,386 | — | 121,239,386 | 114,395,426 | — | 114,395,426 |
| Administration | 50,706,031 | — | 50,706,031 | 47,068,391 | — | 47,068,391 |
| Fire Marshal | 5,906,884 | — | 5,906,884 | 5,665,557 | — | 5,665,557 |
| Dispatch | 5,038,002 | — | 5,038,002 | 4,658,298 | — | 4,658,298 |
| Rental building | — | 906,406 | 906,406 | — | 965,340 | 965,340 |
| Total expenses | 182,890,303 | 906,406 | 183,796,709 | 171,787,672 | 965,340 | 172,753,012 |
| Increase (decrease) in net position | 26,410,812 | (256,044) | 26,154,768 | (1,115,242) | (326,229) | (1,441,471) |
| Net position - beginning of year, as previously presented | 124,664,783 | 5,811,647 | 130,476,430 | 125,411,490 | 6,137,876 | 131,549,366 |
| Restatement - GASB 101 implementation | (1,484,535) | — | (1,484,535) | — | — | — |
| Restatement - correction of an error | 1,116,000 | — | 1,116,000 | — | — | — |
| Net position - beginning of year, as restated | 124,296,248 | 5,811,647 | 130,107,895 | — | — | — |
| Net position - end of year | \$ 150,707,060 | \$ 5,555,603 | \$156,262,663 | \$ 124,296,248 | \$ 5,811,647 | \$ 130,107,895 |

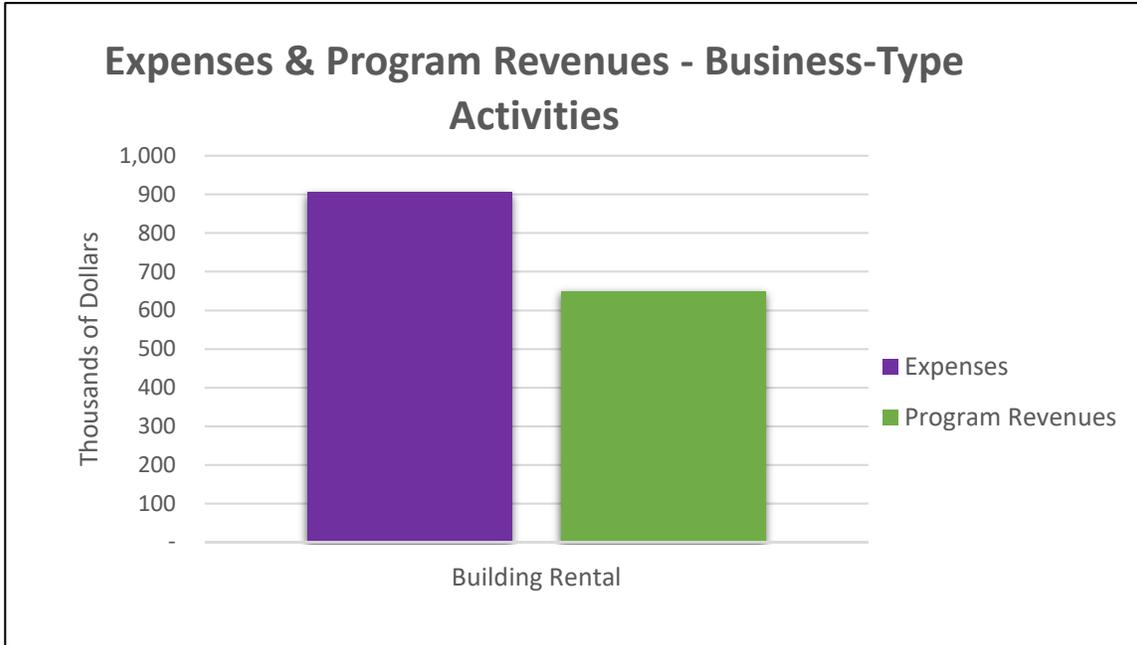
Expenses and Program Revenues - Governmental Activities



Revenues by Sources - Governmental Activities



Business-Type Activities. Business-type activities decreased the District’s net position by \$256,044. This decline is primarily attributed to a \$695,000 reduction in total assets due to capital asset depreciation, along with a \$439,000 decrease linked to a \$26,000 increase in accounts payable and \$468,000 in deferred inflows related to lease obligations.



Financial Analysis of the Government’s Funds

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

Governmental Funds. The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, 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 District’s governmental funds reported combined fund balances of \$81,542,702, an increase of \$19,169,873 from the beginning of the year. A large portion of the District’s fund balance constitutes unassigned fund balance, of which \$46,626,952 is held as operating reserve intended to be used in limited circumstances. The TABOR emergency reserve of \$6,046,465 is legally restricted. The non-spendable inventory and prepaid items along with the amount restricted for pension payments, excise tax revenue, and JACC projects are also not available for spending by the District.

The general fund is the principle operating fund of the District. At the end of the current fiscal year, total fund balance was \$54,854,825, which represents 32% of total general fund expenditures.

The fund balance of the District's general fund increased by approximately \$4.9 million during the current fiscal year. This is primarily related to the increase in property tax revenues of \$39.2 million, which was offset by total expenditures increase of \$12.3 million and a transfer to the Capital Projects Fund of \$30 million.

During the current fiscal year, the fund balance of the District's capital projects fund increased by \$13.9 million, primarily due to a \$30 million transfer from the general fund to support capital investments. Major capital projects in 2024 included \$6.9 million for the continued construction of Station 15, \$1.0 million for remodels of Stations 16, 17, 18, and 35, \$8.5 million for the purchase of 12 new apparatus, and \$1.0 million toward the implementation of the District's ERP software system.

Proprietary Funds. The District's proprietary funds provide details of the activity of the Building Rental Fund and the Self-Insured Internal Service Fund.

The Building Rental Fund has a positive unrestricted net position balance of \$463,834, which decreased by \$706 from prior year.

The Self-Insured Internal Service Fund has a positive unrestricted net position balance of \$4,036,869, which increased by \$2,047,907 from the original net position. \$1.1 million of this increase was due to a beginning net position restatement. During the current fiscal year, management identified an error in the previously issued financial statements related to the Self-Insured Internal Service Fund (ISF). In the prior fiscal year, expenditures were overstated by \$1,116,000 due to an error in the accrual of IBNR medical and dental claims expenses. This error resulted in an understatement of the beginning net position for the ISF as of January 1, 2024.

Additionally, the District experienced a modest increase in revenue of \$1.3 million over the prior year, driven by higher medical and dental premiums, stop-loss refunds, and pharmacy rebates in 2024. On the expenditure side, overall costs rose by \$2.4 million compared to the previous year, primarily due to increased medical claims expenses.

Capital, Lease and Subscription Assets and Debt Administration

Capital, Lease and Subscription Assets. The District’s investment in capital, lease and subscription assets for its governmental and business type activities as of December 31, 2024 amounts to \$96,113,476 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, vehicles, equipment, lease, and subscription assets. Notes 4 and 6 give more details related to capital, lease, and subscription assets.

| | Governmental Activities | Business Type Activities | Total | Governmental Activities | Business Type Activities | Total |
|--------------------------|----------------------------|-----------------------------|---------------------|----------------------------|-----------------------------|---------------------|
| | 2024 | 2024 | 2024 | 2023 | 2023 | 2023 |
| Land | \$ 6,406,796 | \$ 2,598,566 | \$ 9,005,362 | \$ 6,406,796 | \$ 2,598,566 | \$ 9,005,362 |
| Buildings | 46,820,401 | 2,238,792 | 49,059,193 | 47,538,270 | 2,511,806 | 50,050,076 |
| Vehicles | 14,336,148 | — | 14,336,148 | 13,552,373 | — | 13,552,373 |
| Equipment | 10,266,283 | 168,868 | 10,435,151 | 7,827,252 | 224,545 | 8,051,797 |
| Construction in Progress | 9,796,771 | 85,543 | 9,882,314 | 2,798,616 | 12,190 | 2,810,806 |
| Lease Assets | 2,040,737 | — | 2,040,737 | 2,598,554 | — | 2,598,554 |
| Subscription assets | 1,354,571 | — | 1,354,571 | 1,410,325 | — | 1,410,325 |
| Total | \$91,021,707 | \$ 5,091,769 | \$96,113,476 | \$82,132,186 | \$ 5,347,107 | \$87,479,293 |

Long-term debt. State statutes limit the general obligation debt of the District to 50% of total assessed valuation. At the end of the current fiscal year there was no bonded debt outstanding or any authorized but unissued debt for the District. Should the District enter into leases, they would not be general obligations of the District and would be paid solely from the District’s revenues as appropriated in the annual budget. The District currently does not have any outstanding general obligation debt.

The District’s long-term liabilities decreased during the current fiscal year by \$1,227,964 largely due to compensated absences increasing by \$491,054, net pension liability decreased by \$1,453,250, lease liability decreased by 529,176, and subscription assets liability increased by \$266,466. Due to a projected decrease in revenues over the next 10 years, the District identified long-term financing needs and is evaluating its financial policies related to long-term debt and considering available and alternative financing options in the coming years.

Additional information on the District’s long-term obligations can be found in note 7 and 8 on page 57 in the notes section of this report.

| | Governmental Activities | Business Type Activities | Total | Governmental Activities | Business Type Activities | Total |
|------------------------|----------------------------|-----------------------------|----------------------|----------------------------|-----------------------------|----------------------|
| | 2024 | 2024 | 2024 | 2023, restated | 2023 | 2023, restated |
| Compensated absences | \$ 11,131,502 | \$ — | \$ 11,131,502 | \$ 10,640,448 | \$ — | \$ 10,640,448 |
| Net pension liability | 3,077,814 | — | 3,077,814 | 4,531,064 | — | 4,531,064 |
| Lease liability | 2,136,051 | — | 2,136,051 | 2,665,223 | — | 2,665,223 |
| Subscription liability | 1,618,126 | — | 1,618,126 | 1,355,660 | — | 1,355,660 |
| OPEB RHS liability | 19,135,573 | — | 19,135,573 | 19,134,635 | — | 19,134,635 |
| | <u>\$ 37,099,066</u> | <u>\$ —</u> | <u>\$ 37,099,066</u> | <u>\$ 38,327,030</u> | <u>\$ —</u> | <u>\$ 38,327,030</u> |

Economic Factors and Next Year’s Budgets

The District remains affected by rising costs driven by ongoing inflation and tariffs. While the local economy continues to demonstrate stability, there is uncertainty surrounding future real estate values, primarily due to elevated interest rates. Additionally, the potential for a recession remains unclear, influenced in part by evolving political and fiscal policies.

The District continues to experience legislative initiatives that has the potential to negatively affect future property tax revenues. Such initiatives are consistently monitored and analyzed as part of the budget and planning processes.

Request for Information

This financial report is designed to provide a general overview of South Metro Fire Rescue Fire Protection District’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, South Metro Fire Rescue Fire Protection District, 9195 E. Mineral Avenue, Centennial, CO 80112.

BASIC FINANCIAL STATEMENTS

SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------|
| ASSETS | | | |
| Cash and investments | \$ 71,918,543 | \$ 468,660 | \$ 72,387,203 |
| Cash and investments - restricted | 7,266,537 | — | 7,266,537 |
| Receivables (net of allowance for uncollectable) | 10,749,827 | 15,496 | 10,765,323 |
| Interest receivable | 152,129 | — | 152,129 |
| Property taxes receivable | 155,591,936 | — | 155,591,936 |
| Prepays | 4,733,072 | — | 4,733,072 |
| Inventories | 1,304,681 | — | 1,304,681 |
| Lease receivable | 606,256 | 1,349,492 | 1,955,748 |
| Net pension asset | 43,508 | — | 43,508 |
| Capital assets, not being depreciated: | | | |
| Land | 6,406,796 | 2,598,566 | 9,005,362 |
| Construction in progress | 9,796,771 | 85,543 | 9,882,314 |
| Capital assets (net of accumulated depreciation): | | | |
| Building | 46,820,401 | 2,238,792 | 49,059,193 |
| Vehicles | 14,336,148 | — | 14,336,148 |
| Equipment | 10,266,283 | 168,868 | 10,435,151 |
| Lease assets, net of amortization | 2,040,737 | — | 2,040,737 |
| Subscription assets, net of amortization | 1,354,571 | — | 1,354,571 |
| Total capital, lease and subscription assets | 91,021,707 | 5,091,769 | 96,113,476 |
| Total assets | 343,388,196 | 6,925,417 | 350,313,613 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | 14,222,097 | — | 14,222,097 |
| Deferred outflows related to OPEB RHS | 489,637 | — | 489,637 |
| Total deferred outflows of resources | 14,711,734 | — | 14,711,734 |
| LIABILITIES | | | |
| Accounts and wages payables | 9,258,714 | 65,478 | 9,324,192 |
| Unearned revenue | 17,848 | — | 17,848 |
| Long-term liabilities: | | | |
| Due within one year | | | |
| Compensated absences | 3,791,813 | — | 3,791,813 |
| Dental IBNR liability | 35,000 | — | 35,000 |
| Medical IBNR liability | 1,241,000 | — | 1,241,000 |
| Lease liability | 643,326 | — | 643,326 |
| Subscription liability | 784,233 | — | 784,233 |
| OPEB RHS liability | 1,040,354 | — | 1,040,354 |
| Due beyond one year | | | |
| Compensated absences | 7,339,689 | — | 7,339,689 |
| Net pension liability | 3,077,814 | — | 3,077,814 |
| Lease liability | 1,492,725 | — | 1,492,725 |
| Subscription liability | 833,893 | — | 833,893 |
| OPEB RHS liability | 18,095,219 | — | 18,095,219 |
| Total liabilities | 47,651,628 | 65,478 | 47,717,106 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred property tax revenue | 155,591,936 | — | 155,591,936 |
| Deferred inflows related to leases | 598,912 | 1,304,336 | 1,903,248 |
| Deferred inflows related to pensions | 269,495 | — | 269,495 |
| Deferred inflows related to OPEB RHS | 3,280,899 | — | 3,280,899 |
| Total deferred inflows of resources | 159,741,242 | 1,304,336 | 161,045,578 |
| NET POSITION | | | |
| Net investment in capital assets | 85,092,014 | 5,091,769 | 90,183,783 |
| Restricted: | | | |
| Emergency reserve (TABOR) | 6,046,465 | — | 6,046,465 |
| Pension funds | 1,222,106 | — | 1,222,106 |
| Net pension asset | 43,508 | — | 43,508 |
| Excise tax revenue | 2,565,650 | — | 2,565,650 |
| Unrestricted | 55,737,317 | 463,834 | 56,201,151 |
| Total net position | \$ 150,707,060 | \$ 5,555,603 | \$ 156,262,663 |

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

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Program Revenues | | | Net (Expenses) Revenue & Changes in Net Position | | | |
|---|-------------------------|----------------------|------------------------------------|--|-------------------------|--------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business Type Activities | Total |
| FUNCTIONS/PROGRAMS | | | | | | | |
| Governmental activities | | | | | | | |
| Operations | \$ (121,239,386) | \$ 14,951,171 | \$ 41,532 | \$ — | \$ (106,246,683) | \$ — | \$ (106,246,683) |
| Administration | (50,706,031) | 1,744,459 | 588,298 | 370,889 | (48,002,385) | — | (48,002,385) |
| Fire Marshal | (5,906,884) | 2,030,546 | — | — | (3,876,338) | — | (3,876,338) |
| Dispatch | (5,038,002) | 157,353 | — | — | (4,880,649) | — | (4,880,649) |
| Total governmental activities | <u>(182,890,303)</u> | <u>18,883,529</u> | <u>629,830</u> | <u>370,889</u> | <u>(163,006,055)</u> | <u>—</u> | <u>(163,006,055)</u> |
| Business-type activities: | | | | | | | |
| Building rental | (906,406) | — | 650,362 | — | — | (256,044) | (256,044) |
| Total business-type activities | <u>(906,406)</u> | <u>—</u> | <u>650,362</u> | <u>—</u> | <u>—</u> | <u>(256,044)</u> | <u>(256,044)</u> |
| Total government | <u>\$ (183,796,709)</u> | <u>\$ 18,883,529</u> | <u>\$ 1,280,192</u> | <u>\$ 370,889</u> | <u>(163,006,055)</u> | <u>(256,044)</u> | <u>(163,262,099)</u> |
| General revenues | | | | | | | |
| Property taxes | | | | | 163,666,831 | — | 163,666,831 |
| Specific ownership tax | | | | | 10,211,486 | — | 10,211,486 |
| Excise taxes | | | | | 413,856 | — | 413,856 |
| Medicaid supplemental fee | | | | | 7,234,628 | — | 7,234,628 |
| Investment income | | | | | 4,406,879 | — | 4,406,879 |
| Intergovernmental and other reimbursements | | | | | 3,194,274 | — | 3,194,274 |
| Miscellaneous income | | | | | 242,283 | — | 242,283 |
| Gain on sale of assets | | | | | 46,630 | — | 46,630 |
| Total general revenues | | | | | <u>189,416,867</u> | <u>—</u> | <u>189,416,867</u> |
| Change in net position | | | | | 26,410,812 | (256,044) | 26,154,768 |
| Net position - beginning of year, as previously presented | | | | | 124,664,783 | 5,811,647 | 130,476,430 |
| Restatement - GASB 101 implementation | | | | | (1,484,535) | — | (1,484,535) |
| Restatement - correction of an error | | | | | 1,116,000 | — | 1,116,000 |
| Net position - beginning of year, as restated | | | | | <u>124,296,248</u> | <u>5,811,647</u> | <u>130,107,895</u> |
| Net position - end of year | | | | | <u>\$ 150,707,060</u> | <u>\$ 5,555,603</u> | <u>\$ 156,262,663</u> |

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

SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2024

| | General Fund | Capital Projects Fund | Non Major - Cherry Hills Property Tax Special Revenue Fund | Total Governmental Funds |
|--|-----------------------|----------------------------------|---|---|
| ASSETS | | | | |
| Cash and investments | \$ 42,393,371 | \$ 23,545,949 | \$ — | \$ 65,939,320 |
| Cash and investments - restricted | 6,046,465 | — | 1,220,072 | 7,266,537 |
| Accounts receivable, net | 10,589,477 | 136,651 | 2,034 | 10,728,162 |
| Lease receivable | 606,256 | — | — | 606,256 |
| Interest receivable | 152,129 | — | — | 152,129 |
| Due from Self-Insured Internal Service Fund | 12,515 | — | — | 12,515 |
| Property taxes receivable | 155,220,100 | — | 371,836 | 155,591,936 |
| Prepays | 774,385 | 3,958,687 | — | 4,733,072 |
| Inventories | 1,304,681 | — | — | 1,304,681 |
| Total assets | <u>\$ 217,099,379</u> | <u>\$ 27,641,287</u> | <u>\$ 1,593,942</u> | <u>\$ 246,334,608</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 1,948,445 | \$ 2,175,516 | \$ — | \$ 4,123,961 |
| Accrued wages | 4,459,249 | — | — | 4,459,249 |
| Unearned revenue | 17,848 | — | — | 17,848 |
| Total liabilities | <u>6,425,542</u> | <u>2,175,516</u> | <u>—</u> | <u>8,601,058</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflow related to leases | 598,912 | — | — | 598,912 |
| Unavailable property tax revenue | 155,220,100 | — | 371,836 | 155,591,936 |
| Total deferred inflows of resources | <u>155,819,012</u> | <u>—</u> | <u>371,836</u> | <u>156,190,848</u> |
| FUND BALANCES | | | | |
| Non-spendable: | | | | |
| Inventory | 1,304,681 | — | — | 1,304,681 |
| Prepays | 774,385 | 3,958,687 | — | 4,733,072 |
| Restricted: | | | | |
| Emergency reserve | 6,046,465 | — | — | 6,046,465 |
| Pension funds | — | — | 1,222,106 | 1,222,106 |
| Excise tax revenue | — | 2,565,650 | — | 2,565,650 |
| JACC projects | 102,342 | — | — | 102,342 |
| Committed: | | | | |
| Capital Projects Reserve | — | 18,941,434 | — | 18,941,434 |
| Unassigned: | | | | |
| Total fund balance | <u>54,854,825</u> | <u>25,465,771</u> | <u>1,222,106</u> | <u>81,542,702</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 217,099,379</u> | <u>\$ 27,641,287</u> | <u>\$ 1,593,942</u> | <u>\$ 246,334,608</u> |

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

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024**

| | |
|---|-----------------------|
| Total Governmental fund balances | 81,542,702 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital, lease and subscription assets used in governmental activities are not financial resources, and therefore are not reported in the funds | 91,021,707 |
| The net pension asset is not available to pay current period expenditures and, therefore, is not recorded in the funds | 43,508 |
| Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position. | |
| Deferred outflows related to pensions | 14,222,097 |
| Deferred outflows related to OPEB RHS | 489,637 |
| Deferred inflows related to pensions | (269,495) |
| Deferred inflows related to OPEB RHS | (3,280,899) |
| Long term liabilities that are not due and payable in the current period and therefore are not reported in these funds: | |
| Compensated absences | (11,131,502) |
| Lease liability | (2,136,051) |
| Net pension liability | (3,077,814) |
| OPEB RHS liability | (19,135,573) |
| Subscription assets liability | (1,618,126) |
| Internal service fund assets and liabilities are reported as governmental-type activities in the statement of net position | 4,036,869 |
| Net position of governmental activities | <u>\$ 150,707,060</u> |

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

SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

| | General Fund | Capital Projects Fund | Non Major - Cherry Hills Property Tax Special Revenue Fund | Totals |
|--|----------------------|--------------------------|--|----------------------|
| REVENUES | | | | |
| Property taxes | \$ 163,300,275 | \$ — | \$ 366,556 | \$ 163,666,831 |
| Specific ownership taxes | 10,189,828 | — | 21,658 | 10,211,486 |
| Excise taxes | — | 413,856 | — | 413,856 |
| Grants | 629,830 | — | — | 629,830 |
| Investment income | 2,960,143 | 1,083,487 | 67,793 | 4,111,423 |
| Charges for service - transports | 14,951,172 | — | — | 14,951,172 |
| Charges for service - plan review fees | 2,030,546 | — | — | 2,030,546 |
| Medicaid supplemental fee | 7,234,628 | — | — | 7,234,628 |
| Dispatch fees | 157,353 | — | — | 157,353 |
| Intergovernmental and other reimbursements | 3,194,274 | — | — | 3,194,274 |
| Lease rental income | 206,885 | — | — | 206,885 |
| Contribution revenue | — | 370,889 | — | 370,889 |
| Miscellaneous revenue | 242,283 | — | — | 242,283 |
| Total revenues | <u>205,097,217</u> | <u>1,868,232</u> | <u>456,007</u> | <u>207,421,456</u> |
| EXPENDITURES | | | | |
| Public safety | | | | |
| Operations | 118,331,749 | 500,133 | — | 118,831,882 |
| Administration | 40,590,354 | 51,163 | 222,244 | 40,863,761 |
| Fire Marshal | 5,881,224 | — | — | 5,881,224 |
| Dispatch | 4,276,404 | — | — | 4,276,404 |
| Debt service lease and subscriptions - principal | 1,691,769 | — | — | 1,691,769 |
| Debt service lease and subscriptions - interest | 111,408 | — | — | 111,408 |
| Capital outlay | 998,462 | 17,326,776 | — | 18,325,238 |
| Total expenditures | <u>171,881,370</u> | <u>17,878,072</u> | <u>222,244</u> | <u>189,981,686</u> |
| Excess of Revenues Over (Under) Expenditures | <u>33,215,847</u> | <u>(16,009,840)</u> | <u>233,763</u> | <u>17,439,770</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers to other funds | (30,000,000) | — | — | (30,000,000) |
| Transfers from other funds | — | 30,000,000 | — | 30,000,000 |
| Lease and subscriptions issuance | 1,537,574 | — | — | 1,537,574 |
| Sale of capital assets | 192,529 | — | — | 192,529 |
| Total other financing sources (uses) | <u>(28,269,897)</u> | <u>30,000,000</u> | <u>—</u> | <u>1,730,103</u> |
| Net change in fund balances | 4,945,950 | 13,990,160 | 233,763 | 19,169,873 |
| Fund balances - beginning of year | 49,908,875 | 11,475,611 | 988,343 | 62,372,829 |
| Fund balances - end of year | <u>\$ 54,854,825</u> | <u>\$ 25,465,771</u> | <u>\$ 1,222,106</u> | <u>\$ 81,542,702</u> |

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

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Net change in fund balances - Total Governmental Funds \$ 19,169,873

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

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 or amortization expense.

| | |
|--|-------------|
| Capital asset additions | 18,325,238 |
| Capital asset disposals | (145,899) |
| Depreciation expense | (8,676,247) |
| Lease and subscriptions additions | 1,528,172 |
| Lease and subscriptions disposals | (114,649) |
| Lease and subscriptions amortization expense | (2,027,094) |

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 governmental funds.

| | |
|---|-------------|
| Change in liability - compensated absences | (491,054) |
| Changes in liability, deferred inflow of resources, deferred outflow of resources - pension | (1,075,104) |
| Change in liability - leases and subscriptions | 266,706 |
| Changes in liability, deferred inflow of resources, deferred outflow of resources - OPEB RHS | (1,222,092) |

Internal service fund net revenue (expense) is included in the governmental activities. 872,962

| | |
|--|---------------|
| Changes in net position of governmental activities | \$ 26,410,812 |
|--|---------------|

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

SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

| | Business Type Activities - Building Rental Fund | Governmental Activities - Self- Insured Internal Service Fund |
|---|--|--|
| ASSETS | | |
| Current assets: | | |
| Cash and investments | \$ 468,660 | \$ 5,979,223 |
| Receivables (net of allowance for uncollectable) | 15,496 | 21,665 |
| Lease receivable | 1,349,492 | — |
| Total current assets | <u>1,833,648</u> | <u>6,000,888</u> |
| Capital assets: | | |
| Land | 2,598,566 | — |
| Construction in progress | 85,543 | — |
| Buildings | 5,936,538 | — |
| Equipment | 370,282 | — |
| Less accumulated depreciation | (3,899,160) | — |
| Total capital assets (net of accumulated depreciation) | <u>5,091,769</u> | <u>—</u> |
| Total assets | <u>6,925,417</u> | <u>6,000,888</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 65,478 | 675,504 |
| Due to General Fund | — | 12,515 |
| Dental IBNR liability | — | 35,000 |
| Medical IBNR liability | — | 1,241,000 |
| Total current liabilities | <u>65,478</u> | <u>1,964,019</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to leases | <u>1,304,336</u> | <u>—</u> |
| Total deferred inflows of resources | <u>1,304,336</u> | <u>—</u> |
| NET POSITION | | |
| Net investment in capital assets | 5,091,769 | — |
| Unrestricted | 463,834 | 4,036,869 |
| Total net position | <u>\$ 5,555,603</u> | <u>\$ 4,036,869</u> |

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

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Business Type Activities - Building Rental Fund | Governmental Activities - Self-Insured Internal Service Fund |
|---|--|---|
| OPERATING REVENUES | | |
| Charges for services | \$ — | \$ 17,781,838 |
| Lease and non-lease component revenue | 644,564 | — |
| Lease interest income | 5,798 | — |
| Total operating revenues | <u>650,362</u> | <u>17,781,838</u> |
| OPERATING EXPENSES | | |
| Building and grounds maintenance | 577,715 | — |
| Depreciation | 328,691 | — |
| Medical and Dental | — | 19,267,208 |
| Total operating expenses | <u>906,406</u> | <u>19,267,208</u> |
| Operating income (loss) | <u>(256,044)</u> | <u>(1,485,370)</u> |
| NONOPERATING INCOME | | |
| Investment income | — | 295,456 |
| Miscellaneous | — | 1,680,786 |
| Stop loss refunds | — | 382,090 |
| Total nonoperating income | <u>—</u> | <u>2,358,332</u> |
| Change in net position | (256,044) | 872,962 |
| Net position - beginning of year, as previously presented | <u>5,811,647</u> | <u>2,047,907</u> |
| Restatements | — | 1,116,000 |
| Net position - beginning of year, as restated | <u>5,811,647</u> | <u>3,163,907</u> |
| Total net position - end of year | <u>\$ 5,555,603</u> | <u>\$ 4,036,869</u> |

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

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Business Type Activities - Building Rental Fund | Governmental Activities - Self- Insured Internal Service Fund |
|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers and users | \$ 647,803 | \$ — |
| Receipts from interfund services provided | — | 17,781,838 |
| Payments for interfund services provided | — | (19,167,976) |
| Payments to suppliers | (548,590) | — |
| Stop loss refunds | — | 382,090 |
| Miscellaneous | — | 1,680,786 |
| | <u>99,213</u> | <u>676,738</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital purchases | (73,353) | — |
| Net cash (used) by capital and related financing activities | <u>(73,353)</u> | <u>—</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment income | — | 295,456 |
| Net cash provided by investing activities | <u>—</u> | <u>295,456</u> |
| Net increase in cash and cash equivalents | 25,860 | 972,194 |
| Cash and cash equivalents, January 1 | 442,800 | 5,007,029 |
| Cash and cash equivalents, December 31 | <u>\$ 468,660</u> | <u>\$ 5,979,223</u> |
| Reconciliation of operating loss to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ (256,044) | \$ (1,485,370) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation expense | 328,691 | — |
| Nonoperating revenues | — | 2,062,876 |
| Increase in: | | |
| Accounts receivable and lease receivable | 466,246 | 130 |
| Deferred inflows related to leases | (468,805) | — |
| Increase in: | | |
| Accounts payable | 29,125 | 99,102 |
| Total adjustments | <u>355,257</u> | <u>2,162,108</u> |
| Net cash provided by operating activities | <u>\$ 99,213</u> | <u>\$ 676,738</u> |
| Reconciliation of cash and cash equivalents to statement of net position: | | |
| Unrestricted cash and cash equivalents | \$ 468,660 | \$ 5,979,223 |
| Total cash and investments | <u>\$ 468,660</u> | <u>\$ 5,979,223</u> |

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

SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Definition of Reporting Entity

South Metro Fire Rescue Fire Protection District was legally established on December 14, 2015. The District was formerly operating in an Authority model established on November 16, 2017 by the Creation and Pre-Unification Agreement, whereby South Metro Fire Rescue Fire Protection District and Cunningham Fire Protection District (CFPD) agreed to integrate all aspects of their operations, administration, and services through the formation of a separate legal entity pursuant to §29-1-203(4), C.R.S. Prior to the Authority, South Metro Fire Rescue Fire Protection District was created on April 24, 2008, by the Creation and Pre-Inclusion Agreement, as amended, whereby Parker Fire Protection District and South Metro Fire Rescue agreed to unify all operations. On January 1, 2019 the Authority included areas formerly serviced by the City of Littleton (Littleton Fire) into the service area. All Littleton Fire employees formerly employed by the City of Littleton became Authority employees along with all assets and liabilities. On January 1, 2020, the entity started operating as South Metro Fire Rescue Fire Protection District.

The District is governed, pursuant to provisions of the Colorado Special District Act, by a seven member Board of Directors. The District's Fire Chief has all powers and authorities provided for a fire chief under §32-1- 1002, C.R.S., and oversees and manages all business and affairs of the District, including the operation, maintenance, management, administration, and provision of all facilities, improvements, equipment, services and personnel. The District's service areas are located in Douglas, Arapahoe and Jefferson Counties, Colorado. The District was established to provide fire protection and paramedic rescue services.

The District 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.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The more significant accounting policies of the District are described below.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, and which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 and proprietary funds. Major and non-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, as are the proprietary fund financial statements. 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 and amortization are computed and recorded as an

operating expense. Expenditures for property, apparatus, equipment and infrastructure are shown as increases in assets.

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 current period. For this purpose, the District considers revenues, excluding emergency medical service fees, intergovernmental and other reimbursement revenues, to be available if they are collected within 60 days following the end of the current fiscal period. Emergency medical service fees, intergovernmental and other reimbursement revenues are considered available if they are collected within 6 months of the end of the current fiscal period. The major sources of revenues susceptible to accrual are property taxes, specific ownership taxes, permit fees and emergency medical service fees. All other revenue items are considered to be measurable and available only when incurred by the District. Expenditures are recorded when the liability is incurred.

The District reports the following major governmental funds:

- The General Fund is the District's primary operating fund. It is used to account for all financial resources except those required to be accounted for in other funds.
- The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, apparatus and equipment (other than those financed in the proprietary fund types).

Non-major:

- The Cherry Hills Property Tax Special Revenue Fund is used to collect the property tax receipts from the former Cherry Hills Fire Protection District in order to fund the Cherry Hills Old Hire Pension. The fund is not accumulating assets to pay retirees, but it collects money to fund the employer contribution that it sends to FPPA annually. As part of the inclusion of the Cherry Hills Fire Protection District into South Metro Fire Rescue, the District was allowed to assess a mill levy to provide for the pensions of the employees of the Cherry Hills Fire Protection District who had already retired and belonged to this defined benefit pension plan. This mill levy can only be used for contributions to that pension plan. The mill levy may be decreased as the financial requirements of the plan decrease.

The District reports the following major proprietary funds:

Enterprise Fund:

- The Building Rental Fund provides for the maintenance of the administration headquarters which is also rented or leased to outside governments on both the state and federal level.

In addition, the District reports the following Internal Service Fund as non-major.

Internal Service Fund:

- The SMFR Medical Self-Insured Fund collects the District and employee medical and dental premiums. The funds are used to pay for medical and dental claims of the insured, Stop Loss Insurance, and administration fees to the third-party administrator.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions of this general rule include elimination of charges that would distort the direct costs and program revenues for functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

SMFR participants in pension plans administered by the Fire and Police Association of Colorado (FPPA) for the purposes of measuring the net pension liability (asset) and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the (FPPA) plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by FPPA. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Budgets

In accordance with State Budget Law, the Board holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. Annual budgets are adopted on a basis consistent with GAAP for all governmental, enterprise and internal service funds. The appropriation is at the total fund expenditures level and lapses at year end. The Board 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. Unused appropriations lapse at the end of the fiscal year.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from pooled bank accounts. 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 and investments.

Investments are carried at fair value except for local government investment pools and the affiliated local plan pool which are reported at the net asset value per share which is determined based upon how the fund is valued (i.e. fair value or amortized cost). Investment income includes increases and decreases in the fair value of investments. Changes in fair value during the year do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

Cash Equivalents

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

Capital, Lease and Subscription Assets

Capital, lease, and subscription assets, which include property, equipment, infrastructure assets and software are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital, lease, and subscription assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life greater than one year. Such assets are recorded at

historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art or similar items, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation. Intangible assets follow the same capitalization policies as tangible assets and are reported in the appropriate capital asset class.

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

| <u>Assets</u> | <u>Years</u> |
|-------------------------------|--------------|
| Buildings | 30-50 |
| Building Improvements | 7-20 |
| Ambulances | 5-12 |
| Fire Apparatus | 9-10 |
| Staff Vehicles | 3-5 |
| Equipment | 5-7 |
| Lease and Subscription Assets | * |

*The shorter of the lease/subscription or useful life.

Compensated Absences

The District has a policy that allows employees to accumulate unused vacation and sick leave benefits and compensatory time up to certain maximum hours. The District has implemented a benefit to pay a portion of unused leave based on years of service upon termination. A liability is accrued for compensated absences as the benefits are earned if the leave is more likely than not to be used for time off or settled in cash.

Compensated absence liabilities are computed using the regular pay and termination pay rates, as applicable, in effect at the balance sheet date plus an additional amount for salary-related payments such as Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability expected to be paid more than one year after the balance sheet date is included in other long-term liabilities.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessors generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurers collect the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurers remit the taxes collected monthly to the District. Property taxes are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred inflow is then recorded as revenue in the year they are available or collected. The District also collects Excise Taxes from the Town of Parker through an agreement entered into in 2019 for newly constructed residential and nonresidential buildings.

Accounts Receivable, Allowance for Uncollectable Accounts

All trade accounts receivables are shown net of an allowance for uncollectible accounts. In the General Fund, a portion of the ambulance transport related trade accounts receivable balance comprises the allowance for uncollectable accounts. Analysis is performed annually to determine this amount deemed uncollectible.

Inventories

Inventories are valued at cost using the first-in, first-out method. Inventories in the General Fund consist of expendable supplies held for consumption, medical supplies, vehicle parts and uniforms. The cost is recorded as expenditures at the time individual inventory items are consumed.

Prepaid Expense

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased. The District considers items to be prepayments when payment is made for services and/or goods delivered in future periods and the amount of the payment is more than \$20,000. Items less than \$20,000 are expensed when purchased.

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category which are shown as pension and OPEB. Pension-related amounts include items related to the District's portion of the Colorado Fire and Police Pension Association (FPPA) 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 dates. See Note 12 for additional information.

In addition to liabilities, the statement of net position 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 assets that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. Deferred inflows related to leases is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The District also has deferred inflows related to pensions and OPEB. For additional information refer to Note 12 in the notes section of this report. The governmental funds report deferred inflow from property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts are received by the District.

Fund Balance

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, the Board of Directors. The constraint may be removed or changed only through formal action of the Board. The Board will either pass an ordinance or resolution as the highest level of decision making dependent on the subject matter.

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 Board 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.

Unassigned fund balance operating reserve – The residual portion of fund balance that does not meet any of the criteria described above. The District has adopted a policy to maintain a fund balance of 20% of budgeted general fund expenditures as an operating reserve. This reserve is intended to be used in limited circumstances for one-time use when deemed appropriate and necessary. Uses may include providing temporary resources in times of economic downturn, unexpected events such as natural disasters or accidents, strategic expenditures or one-time capital outlay expenses.

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

Net Position

Net position represents the difference between assets and deferred outflow of resources and liabilities and deferred inflow of resources. Net investment in capital assets consists of capital, lease and subscription assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings used to finance the purchase, use, or construction of those assets. Net position is reported as restricted when there are limitations

imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation that are legally enforceable.

Implementation of New Accounting Standard

In 2024, the District implemented GASB Statement No. 100 *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62. This statement improves financial reporting by providing more understandable and comparable information for making decisions or assessing accountability. There was no financial impact as a direct result of implementation.

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model.

Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements.

The District adopted this standard on January 1, 2024, and applied it retrospectively to the earliest period presented. The cumulative effect adjustment to beginning net position at the date of initial application was \$1,484,535. For additional information refer to Note 14.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2024 are as follow:

| Cash and Investments | Governmental Activities | Business-Type Activities | Total |
|-----------------------------------|------------------------------------|-------------------------------------|----------------------|
| Cash and cash equivalents | \$ 56,357,496 | \$ 468,660 | \$ 56,826,156 |
| Investments | 15,561,047 | - | 15,561,047 |
| Restricted investments | 7,266,537 | - | 7,266,537 |
| Total cash and investments | \$ 79,185,080 | \$ 468,660 | \$ 79,653,740 |

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 fair value of the collateral must be equal to 102% of the aggregate uninsured deposits to secure uninsured public funds on deposit with the banks. Thus, the PDPA provides protection of public deposits beyond the Federal Deposit Insurance Corporation (FDIC) insurance of \$250,000.

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, 2024, the District balance that exceeded FDIC and PDPA coverage was \$12,994.

Investments

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The allowed investments include local government investment pools.

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 governmental 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

The District has additional investments under the management of asset management firms: Chandler Asset Management (Chandler) and PFM Asset Management LLC (PFM). The individual securities are held in the name of the District by a third party custodian.

The District's categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices

in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (Chandler and PFM); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee). Level 2 investment values are derived from associated traded securities as reported by the District’s asset management firms. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Fixed income securities and derivatives within all asset classes that are classified in Level 2 are valued using either a bid evaluation, matrix pricing or various relational pricing model techniques. Level 2 fixed income securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

The District does not have recurring fair value measurements as of December 31, 2024, that are valued using quoted prices in active markets for identical assets (Level 1) or significant unobservable inputs (Level 3).

| <u>Investment</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Net Asset Value (NAV)</u> | <u>Total</u> |
|-------------------|----------------|----------------|----------------|------------------------------|---------------|
| CSIP** | \$ - | \$ - | \$ - | \$ 54,052,353 | \$ 54,052,353 |
| Chandler | - | 22,743,023 | - | - | 22,743,023 |
| Total* | \$ - | \$ 22,743,023 | \$ - | \$ 54,052,353 | \$ 76,795,376 |

*Money Market Funds of \$83,666, Cash of \$268, and Local Government Investment Pool (LGIP) of \$627 are not categorized within the fair value hierarchy.

** Money Market Funds and LGIP are considered cash equivalents for financial statement presentation.

As of December 31, 2024, the District had the following investments in a Chandler Asset Management externally managed investment portfolio. This portfolio is managed by the investment manager at their discretion. Modified duration is shown in years.

| <u>Investment</u> | <u>Fair Value</u> | <u>Modified Duration</u> | <u>S&P/Moody’s Rating</u> |
|-------------------------|-------------------|--------------------------|-------------------------------|
| US Treasuries | \$ 14,790,583 | 2.95 | Aaa/AA+ |
| US Agencies | 3,955,701 | 2.52 | Aaa/AA+ |
| Supranational Bonds | 1,365,639 | 1.86 | Aaa/AAA |
| Corporate Bonds | 1,587,971 | 1.53 | Aaa/AAA |
| Municipal Bonds | 901,549 | 0.81 | Aaa/AAA |
| Money Market Fund | 83,666 | — | Aaa/AAAm |
| Cash | 268 | — | — |
| Certificates of Deposit | 141,580 | 0.81 | Aa3/AA- |
| Total Fair Value | \$ 22,826,957 | 2.6 | |

As of December 31, 2024, the District had the following investments in a third managed portfolio managed by PFM Asset Management LLC. Modified duration is shown in years.

| <u>Investment</u> | <u>Fair Value</u> | <u>Modified Duration</u> | <u>S&P/Moody's Rating</u> |
|-------------------|-------------------|--------------------------|-------------------------------|
| LGIP | \$ 627 | — | AAAm/NR |
| Total Fair Value | <u>\$ 627</u> | — | |

Local Government Investment Pools – As of December 31, 2024, the District had funds invested in local government investment pools which are rated AAA.

- CSIP: The District invested in the Colorado Statewide Investment Program (CSIP), an investment vehicle established for local government entities in Colorado to pool surplus funds. CSIP Liquid Portfolio is managed by PFM Asset Management LLC (PFMAM), a subsidiary of U.S. Bancorp Asset Management, Inc. As the fund's investment adviser and administrator, PFMAM is responsible for the purchase and sale of all portfolio assets. PFMAM is registered with the SEC under the Investment Advisers Act of 1940 and specializes in creating investment strategies and managing funds for public sector, not-for-profit and other institutional clients. CSIP offers a fully liquid, variable rate investment option known as the CSIP Liquid Portfolio, and the ability for participants to invest in shares of fixed-rate, fixed-term investments through the CSIP Term Portfolio. Investments in the CSIP portfolios seek to comply with those authorized under 24-75-601 et. seq. of the Colorado Revised Statutes. Both the CSIP Liquid Portfolio and the Term Portfolio can be utilized for many types of government funds including general funds, operating funds, bond proceeds, debt service funds, operating reserves and debt service reserve funds. A short-term portfolio rated AAAM by Standard & Poor's and AAAMmf by Fitch Ratings.
- The money market fund of the PFM managed account is the Colorado Statewide Investment Program (CSIP) and is rated AAAM. As an investment pool these firms operate under the Colorado Revised Statutes (24-75-701) and are overseen by the Colorado Securities Commissioner. They invest in securities that are specified by the Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). They operate similar to a money market fund with a share value equal to \$1.00. CSIP doesn't have any redemption restrictions.

Interest Rate Risk: Through its investment policy the District manages its exposure to fair value losses arising from increasing interest rates by limiting the modified duration of the managed portfolio to less than 3 years. It is expected that these funds are excess funds and that the District will provide for short term needs from funds invested in the state pools.

The government investment pools operate similar to a money market fund. Therefore, no disclosure is required.

Credit Risk: The District’s investment policy applies the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The District’s investment policy limits investments in corporate bonds to the top three ratings issued by nationally recognized statistical rating organizations and they must be rated by at least two such organizations. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District’s direct investment in bank CD’s must be rated Excellent or better to be covered by FDIC insurance.

Concentration of risk. The District’s investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government’s total investments. External investment pools are excluded from the five percent disclosure requirement.

Custodial credit risk. In the case of deposits, this is the risk that in the event of bank failure, the District’s deposits may not be returned to it. If the District’s deposits exceed the amount insured by the FDIC, the excess balance will be transferred to the PDPA public account the following month.

NOTE 3 – RECEIVABLES

Receivables as of the year end for the District’s individual major funds, including the applicable allowance for uncollectible accounts in the amount of \$5.4 million, are as follows:

| | General Fund | Capital Projects | Non Major - Cherry Hills Property Tax Special Revenue Fund | Self-Insured Internal Service Fund | Total Governmental Activities |
|---------------------------|-----------------------|-------------------|--|------------------------------------|-------------------------------|
| Accounts, net | \$ 10,589,477 | \$ 136,651 | \$ 2,034 | \$ 21,665 | \$ 10,749,827 |
| Lease | 606,256 | — | — | — | 606,256 |
| Property taxes receivable | 155,220,100 | — | 371,836 | — | 155,591,936 |
| Interest | 152,129 | — | — | — | 152,129 |
| Total Receivables | <u>\$ 166,567,962</u> | <u>\$ 136,651</u> | <u>\$ 373,870</u> | <u>\$ 21,665</u> | <u>\$ 167,100,148</u> |

| | Building Rental Fund | Total Business-Type Funds | Total All Funds |
|---------------------------|-------------------------|---------------------------------|-----------------------|
| Accounts, net | \$ 15,496 | \$ 15,496 | \$ 10,765,323 |
| Lease | 1,349,492 | 1,349,492 | 1,955,748 |
| Property taxes receivable | — | — | 155,591,936 |
| Interest | — | — | 152,129 |
| Total Receivables | <u>\$ 1,364,988</u> | <u>\$ 1,364,988</u> | <u>\$ 168,465,136</u> |

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

Property Tax Revenue

| | |
|---|-----------------------|
| General Fund Property taxes receivable | \$ 155,220,100 |
| Cherry Hills Property taxes receivable (Special Revenue Fund) | 371,836 |
| | <u>\$ 155,591,936</u> |

NOTE 4 - CAPITAL ASSETS

| | Beginning Balance | Increases | Transfers | Decreases | Ending Balance |
|--|----------------------|--------------|-------------|-------------|-------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 6,406,796 | \$ — | \$ — | \$ — | \$ 6,406,796 |
| Construction in progress | 2,798,616 | 8,145,495 | (1,138,955) | 8,385 | 9,796,771 |
| Total capital assets, not being depreciated | 9,205,412 | 8,145,495 | (1,138,955) | 8,385 | 16,203,567 |
| Capital assets, being depreciated/amortized: | | | | | |
| Buildings | 79,675,852 | 1,390,876 | 88,553 | — | 81,155,281 |
| Vehicles | 47,619,049 | 3,825,566 | 834,780 | 896,663 | 51,382,732 |
| Equipment | 20,588,231 | 4,963,301 | 215,622 | 1,525,515 | 24,241,639 |
| Lease assets | 4,368,433 | 327,131 | — | 379,723 | 4,315,841 |
| Subscription assets | 2,606,843 | 1,201,041 | — | 172,930 | 3,634,954 |
| Total capital assets, being depreciated/amortized | 154,858,408 | 11,707,915 | 1,138,955 | 2,974,831 | 164,730,447 |
| Less accumulated depreciation/amortization for: | | | | | |
| Buildings | (32,137,582) | (2,197,298) | — | — | (34,334,880) |
| Vehicles | (34,066,676) | (3,876,571) | — | (896,663) | (37,046,584) |
| Equipment | (12,760,979) | (2,602,378) | — | (1,388,001) | (13,975,356) |
| Lease assets | (1,769,879) | (770,299) | — | (265,074) | (2,275,104) |
| Subscription assets | (1,196,518) | (1,256,795) | — | (172,930) | (2,280,383) |
| Total accumulated depreciation/amortization | (81,931,634) | (10,703,341) | — | (2,722,668) | (89,912,307) |
| Total capital assets, being depreciated/amortized, net | 72,926,774 | 1,004,574 | 1,138,955 | 252,163 | 74,818,140 |
| Governmental activities capital assets, net | 82,132,186 | 9,150,069 | — | 260,548 | 91,021,707 |
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | 2,598,566 | — | — | — | 2,598,566 |
| Construction in progress | 12,190 | 73,353 | — | — | 85,543 |
| Total capital assets, not being depreciated | 2,610,756 | 73,353 | — | — | 2,684,109 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 5,936,538 | — | — | — | 5,936,538 |
| Equipment | 370,282 | — | — | — | 370,282 |
| Total capital assets, being depreciated | 6,306,820 | — | — | — | 6,306,820 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (3,424,732) | (273,014) | — | — | (3,697,746) |
| Equipment | (145,737) | (55,677) | — | — | (201,414) |
| Total accumulated depreciation | (3,570,469) | (328,691) | — | — | (3,899,160) |
| Total capital assets, being depreciated, net | 2,736,351 | (328,691) | — | — | 2,407,660 |
| Business-type activities capital assets, net | \$ 5,347,107 | \$ (255,338) | \$ — | \$ — | \$ 5,091,769 |

See Note 6 for additional information on lease and subscription assets.

Depreciation expense was charged to functions, programs of the primary government as follows:

| | |
|---|---------------------|
| Governmental activities: | |
| Operations | \$ 832,276 |
| Administration | 7,098,319 |
| Dispatch | 745,652 |
| Total depreciation expense - governmental activities | <u>\$ 8,676,247</u> |
| | |
| Business-type activities: | |
| Building Rental | \$ 328,691 |
| Total depreciation expense - business-type activities | <u>\$ 328,691</u> |

NOTE 5 - INTERFUND TRANSFERS AND BALANCES

The transfer from the General Fund to the Capital Projects Fund is intended to cover capital expenditures.

Transfers between funds during 2024 were as follows:

| | | |
|----------------------|-------------------------|----------------------|
| | Transfers In: | |
| | <u>Capital Projects</u> | |
| | Fund | Total Transfers In |
| Transfer Out: | | |
| <u>General Fund</u> | <u>\$ 30,000,000</u> | <u>\$ 30,000,000</u> |
| Total Transfers Out | <u>\$ 30,000,000</u> | <u>\$ 30,000,000</u> |

Interfund receivable and payable balances arise due to short-term cash flow needs. At December 31, 2024, the balances are as follows:

| | | |
|---------------------|---------------------|--|
| | Due From: | |
| | <u>Self-Insured</u> | |
| | Internal Service | |
| | Fund | |
| Due to: | | |
| <u>General Fund</u> | <u>\$ 12,515</u> | |
| Total | <u>\$ 12,515</u> | |

NOTE 6 – LEASES AND SUBSCRIPTION ASSETS

Lessee

The District leases real estate, copy machines and staff vehicles under annually cancelable leases. The total lease payments in 2024 were \$868,129, including \$865,705, in principal payments and \$2,424 in interest payments.

Lease Assets

Lease asset activity for the year ended December 31, 2024, was as follows:

| | Balance January 1, 2024 | Additions | Deletions | Balance December 31, 2024 |
|--|----------------------------|---------------------|-------------------|---------------------------------|
| Lease Assets: | | | | |
| Vehicles | \$ 2,144,979 | \$ 327,131 | \$ 379,723 | \$ 2,092,387 |
| Real Estate | 2,042,732 | - | - | 2,042,732 |
| Copiers | 180,722 | - | - | 180,722 |
| Total Lease Assets, Being Amortized | 4,368,433 | 327,131 | 379,723 | 4,315,841 |
| Less accumulated amortization: | | | | |
| Vehicles | 1,246,604 | 443,051 | 265,074 | 1,424,581 |
| Real Estate | 413,410 | 291,819 | - | 705,229 |
| Copiers | 109,865 | 35,429 | - | 145,294 |
| Total Accumulated Amortization: | 1,769,879 | 770,299 | 265,074 | 2,275,104 |
| Total Lease Assets, Net | \$ 2,598,554 | \$ (443,168) | \$ 114,649 | \$ 2,040,737 |

Lease Liabilities

The following is a summary of changes in lease liabilities of the District for the year ended December 31, 2024:

| | Balance January 1, 2024 | Additions | Deletions | December 31, 2024 | Due Within One Year |
|---------------|----------------------------|-------------------|-------------------|----------------------|------------------------|
| Leases | | | | | |
| Vehicles | \$ 909,208 | \$ 336,533 | \$ 561,891 | \$ 683,850 | \$ 325,323 |
| Real Estate | 1,684,762 | - | 268,252 | 1,416,510 | 282,312 |
| Copiers | 71,253 | - | 35,562 | 35,691 | 35,691 |
| Total | \$ 2,665,223 | \$ 336,533 | \$ 865,705 | \$ 2,136,051 | \$ 643,326 |

Future Lease Payments

The future lease payments for all leases discussed above are expected to be paid as follows:

| Maturity Analysis | Principal | Interest | Total |
|--------------------------------|------------------|-----------------|------------------|
| 01/01/2025 - 12/31/2025 | 643,326 | 41,592 | 684,918 |
| 01/01/2026 - 12/31/2026 | 430,498 | 30,880 | 461,378 |
| 01/01/2027 - 12/31/2027 | 445,040 | 20,167 | 465,207 |
| 01/01/2028 - 12/31/2028 | 403,752 | 9,681 | 413,433 |
| 01/01/2029 - 12/31/2029 | 213,434 | 1,379 | 214,814 |
| Total | 2,136,051 | 103,700 | 2,239,750 |

Lessor

Government-Wide Activities

The District leases space in five of its buildings and on its communication tower to four cell phone wireless companies. The communications tower has space leased to one neighboring fire district, a Communications District in a nearby county, and a school district for placement of antennas. In 2024, total receipts for renting this space were \$206,885. Lease revenue was \$203,947 and lease interest revenue was \$2,938.

Business-Type Activities

The primary function of the building rental fund is the leasing of office space. The District leases a portion of its administrative building, and in 2024 total receipts of renting this space were \$487,540. Lease revenue was \$481,742 and lease interest revenue was \$5,798.

The future lease receipts for Business-Type leases are expected to be as follows:

| Maturity Analysis - Receivables | Lease Payments | Interest | Principal |
|--|-----------------------|-----------------|------------------|
| 01/01/2025 - 12/31/2025 | 487,540 | 4,061 | 483,479 |
| 01/01/2026 - 12/31/2026 | 487,540 | 2,318 | 485,223 |
| 01/01/2027 - 12/31/2027 | 381,382 | 592 | 380,790 |
| Total | 1,356,462 | 6,971 | 1,349,492 |

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the

subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Subscription asset activity for the years ended December 31, 2024, was:

| Assets: | Balance | Additions | Deletions | Balance |
|--|-----------------|--------------|------------|-------------------|
| | January 1, 2024 | | | December 31, 2024 |
| Subscription IT assets | \$ 2,606,843 | \$ 1,201,041 | \$ 172,930 | \$ 3,634,954 |
| Total Subscription Assets, Being Amortized | 2,606,843 | 1,201,041 | 172,930 | 3,634,954 |
| Less accumulated amortization: | | | | |
| Subscription IT assets | 1,196,518 | 1,256,795 | 172,930 | 2,280,383 |
| Total Accumulated Amortization | 1,196,518 | 1,256,795 | 172,930 | 2,280,383 |
| Subscription Assets, Net | \$ 1,410,325 | \$ (55,754) | \$ - | \$ 1,354,571 |

Subscription Liabilities

The District has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2028. Variable payments of certain subscriptions are based upon the Consumer Price Index (Index). The subscriptions were measured based upon the treasury rate at commencement of the SBITA term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance.

The following is a summary of changes in subscription liabilities of the District for the year ended December 31, 2024:

| Liability: | Balance | Additions | Deletions | Balance | Due Within |
|---------------|-----------------|--------------|------------|-------------------|------------|
| | January 1, 2024 | | | December 31, 2024 | One Year |
| Subscriptions | \$ 1,355,660 | \$ 1,201,041 | \$ 938,575 | \$ 1,618,126 | \$ 784,233 |
| Total | \$ 1,355,660 | \$ 1,201,041 | \$ 938,575 | \$ 1,618,126 | \$ 784,233 |

During the year ended December 31, 2024, the District recognized \$47,024 of subscription expense for variable payments not previously included in the measurement of the subscription liability.

The following is a schedule by year of payments under the SBITAs as of December 31, 2024:

| Maturity Analysis | Principal | Interest | Total |
|--------------------------------|------------------|-----------------|------------------|
| 01/01/2025 - 12/31/2025 | 784,233 | 49,715 | 833,948 |
| 01/01/2026 - 12/31/2026 | 573,107 | 24,139 | 597,247 |
| 01/01/2027 - 12/31/2027 | 231,263 | 3,394 | 234,657 |
| 01/01/2028 - 12/31/2028 | 29,523 | 477 | 30,000 |
| Total | 1,618,126 | 77,726 | 1,695,852 |

Capital, Lease, and Subscription Asset Impairment

The District evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the year ended December 31, 2024.

NOTE 7 - GENERAL OBLIGATION DEBT

The District does not have any general obligation debt outstanding and has no authorization for issuing general obligation debt.

NOTE 8 - CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2024 was as follows:

| | Beginning Balance, restated | Additions | Retirements | Ending Balance | Due within one year |
|---------------------------------|--------------------------------|---------------------|---------------------|----------------------|---------------------|
| Governmental Activities: | | | | | |
| Compensated Absences | \$ 10,640,448 | \$ 491,054 | \$ — | \$ 11,131,502 | \$ 3,791,813 |
| Net pension liability | 4,531,064 | 436,061 | 1,889,311 | 3,077,814 | — |
| Lease liability | 2,665,223 | 336,533 | 865,705 | 2,136,051 | 643,326 |
| OPEB RHS liability | 19,134,635 | 938 | — | 19,135,573 | 1,040,354 |
| Subscription assets liability | 1,355,660 | 1,201,041 | 938,575 | 1,618,126 | 784,233 |
| Long-Term Liabilities | <u>\$ 38,327,030</u> | <u>\$ 2,465,627</u> | <u>\$ 3,693,591</u> | <u>\$ 37,099,066</u> | <u>\$ 6,259,726</u> |

The General Fund will typically be used to liquidate these liabilities.

The change in the compensated absences liability is presented as a net change.

NOTE 9 - TAX ABATEMENTS

In accordance with GASB Statement No. 77, the District has disclosed all agreements entered into with other entities that involve property tax abatements. It is important to note that the District has not directly entered into any abatement agreements. The terms of the agreements and payment amounts as of December 31, 2024 are detailed as follows:

The District is subject to four Tax Increment Financing (TIF) under three Urban Renewal Authorities (URA) and one Downtown Development Authority (DDA). The creation of the URA and DDA allows for Tax Increment Financing (TIF) as described under section 31-25-101 of the Colorado Revised Statutes. The three URAs and one DDA have retained all property taxes categorized as TIF within the designated areas and has not entered into any agreement to share those revenues with the District.

The three URAs are as follows. The Town of Parker approved the creation of the Parker Authority for Reinvestment that in turn adopted three urban renewal plans, namely the Parker Road Plan, Parker Central Plan and Cottonwood Plan that are within the District's boundaries. The City of Castle Pines approved the creation of the Castle Pines Urban Renewal Authority within the District's boundaries with the purpose of revitalizing and redevelop blighted areas of the community. The City of Lone Tree approved the creation of Lone Tree Urban Renewal Authority with the plan to reduce blight and stimulate redevelopment. Finally, the Littleton Downtown Development Authority (DDA) was established to promote economic development and revitalization of the downtown area.

As a result, \$1,004,767 of property tax revenue was diverted from the District during the year ending December 31, 2024. The total TIF amounts are outlined below:

| | Prior Years | 2024 |
|-----------|--------------|--------------|
| Total TIF | \$ 3,126,033 | \$ 1,004,767 |

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God. The District is a member of the Colorado Special District Property and Liability Pool (Pool) as of December 31, 2024. The Pool is an organization created by intergovernmental agreement to provide workers compensation coverage to its members.

The District pays annual premiums to the Pool for workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance

contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

The District provides health and dental benefits to employees through the SMFR Medical Self-Insured Fund that is reported as an Internal Service Fund. The SMFR Medical Self-Insured Fund collects the District and employee medical and dental premiums. The funds are used to pay for the Stop Loss Insurance, administration fees to the third-party administrator and to medical and dental claims of the insured. IBNR activity for this year and prior year are as follows:

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| IBNR liability, beginning of year | \$ 1,158,000 | \$ 1,260,000 |
| Current year medical and dental claims incurred and changes in estimates for claims incurred in prior years | 17,483,622 | 14,127,116 |
| Medical and dental claims and expenses paid | <u>(17,365,622)</u> | <u>(14,229,116)</u> |
| IBNR liability, end of year | <u>\$ 1,276,000</u> | <u>\$ 1,158,000</u> |

The District also pays annual premiums to McNeil & Company for property and liability insurance.

NOTE 11 - RELATED PARTY TRANSACTIONS

South Metro Safety Foundation

The District provides services for South Metro Safety Foundation, which is a non-profit corporation 501(c)3, formed through a donation received in 1992. The Foundation provides community training in First Aid, CPR, babysitting classes and teen driving among other things. One member of the District Board sits on the Foundation Board, as well as one employee.

Related party transactions

In 2024, eight employees were paid a total of \$23,623 for services performed. The services performed were related to landscaping services, appliance repairs, embroidery and leather work for equipment used in the operations.

Additionally, the District conducted transactions totaling \$18,341 with three companies that were considered related parties of the District either because the district employee's

family owned the company or the District employee worked for the company. The District feels these transactions are priced competitively and are accurately characterized as “arm’s length” transactions.

NOTE 12 – PENSION AND OTHER POST EMPLOYMENT BENEFITS

Defined Contribution Benefit Plans

1) Paid Firefighters and Administration Plan

The District contributes to the South Metro Fire Rescue 401(a) Plan, a defined contribution pension plan, for all of its full-time and permanent part-time employees. The plan is administered by Voya Financial.

Benefit terms, including contribution requirements, for the Plan are established by the Board of Directors. State statutes require the District to contribute at least 8% to the firefighter pension plan. The District currently contributes 12% of base pay for all employees to the pension plan. The employees, also, contribute 12% of base pay. For the year ended December 31, 2024 the District contributed and recognized as expense \$8,420,346 and employees contributed a total of \$8,420,346.

Employees are immediately vested in their own contributions and become vested in the District contributions over 3 years. Thirty-three and one third percent is vested each year so that at the end of 3 years they are fully vested. Non-vested District contributions are forfeited upon termination of employment. Forfeitures can be used to decrease District contributions. Forfeitures totaling \$23,026 were returned to the plan during 2024.

Defined Benefit Plans

The Fire and Police Pension Association of Colorado (FPPA) administers a statewide multiple-employer public employee retirement system providing defined benefit plan coverage for police officers and firefighters throughout the State of Colorado. The Affiliated Local Plans are plans for which FPPA has been asked to and has undertaken investment and recordkeeping responsibility but are not plans for which FPPA has determined or set the benefits or set the funding policy. Volunteer Plans that have chosen to affiliate with FPPA for investment and administrative purposes are still governed by their local plan document or by the Colorado statutes and local pension board, each has a separate actuarial valuation completed every two years.

In 2024, the Defined Benefit Plan (SWDB) and Statewide Hybrid Plan (SWH) merged to form the Statewide Retirement Plan (SRP). The District contributes to the Statewide Retirement Plan, which is a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. Some of the employees from former Cunningham Fire Protection District and Littleton Fire Rescue participate in the SRP. The unification with Cunningham Fire Rescue occurred on January 1, 2018 and the unification with Littleton Fire Rescue occurred on January 1, 2019. Employees hired after January 1, 2019 are not eligible to participate in the SRP plan.

In addition, the District has affiliated with FPPA for the administration of its old hire and volunteer plans that have occurred through mergers or name changes over the years. There are a total of three such plans which include Parker Fire Protection District Volunteer Plan, South Metro Fire Rescue Volunteer Plan, and Cherry Hills Old Hire Plan. The plans are part of an agent multiple-employer Public Employees Retirement System (PERS) administered by FPPA. When the last participant of the plan passes away, the residual assets will transfer to the District and can only be used for fire related purposes. The plan is excluded from being reported as a fiduciary component unit since it is not material to the District.

Net pension liability (asset) is the difference between the total pension liability and the fiduciary net position as of the measurement date. If the fiduciary net position exceeds the total pension liability as of the measurement date, there is a net pension asset.

Deferred inflows of resources and deferred outflows of resources are the amounts that are required to be deferred and recognized in subsequent periods. Deferred outflows of resources are reported on the statement of net position or balance sheet below assets, while deferred inflows are reported below liabilities. These amounts refer to items that are not yet recognized in the net pension liability (asset) or pension expense and include:

- Differences between expected and actual plan experience
- Changes in actuarial assumptions
- Differences between projected and actual investment earnings on pension plan investments
- Changes in proportion
- Employer contributions made subsequent to the measurement date through the fiscal year end

Deferred outflows of resources and deferred inflows of resources will be recognized as follows:

- Differences in plan experience, changes in assumptions, and changes in proportion will be amortized over the remaining service lives of current and former employees, and retirees.
- The differences between expected and actual investment earnings will be amortized over a five-year period.
- Contributions made subsequent to the measurement date will be recognized as a reduction (increase) of the net pension liability (asset) in the subsequent year.

FPPA issues a publicly available annual comprehensive financial report that includes the assets of these plans. That report may be obtained by calling FPPA at 303-770-3772 in the Denver Metro area, or 1-800-332-3772 from outside the metro area or on the FPPA website at <http://www.fppaco.org>.

The following table summarizes each of the District’s FPPA plans and the respective pension activity recorded in the financials:

| | Net Pension Liability | Net Pension (Asset) | Pension Expense (Income) | Deferred Inflows | Deferred Outflows |
|--|-----------------------|---------------------|--------------------------|------------------|-------------------|
| Parker Fire Protection District Volunteer Plan | \$ 686,251 | \$ — | \$ 53,672 | \$ — | \$ 99,801 |
| South Metro Fire Rescue Volunteer Plan | 363,185 | — | 27,737 | — | 51,709 |
| Cherry Hills Old Hire Plan | 2,028,378 | — | 721,905 | — | 356,381 |
| South Metro FPPA Plan - SRP | — | (43,508) | 2,428,369 | 269,495 | 13,714,206 |
| Totals | \$ 3,077,814 | \$ (43,508) | \$ 3,231,683 | \$ 269,495 | \$ 14,222,097 |

2) Parker Fire Protection District Volunteer Pension Plan

The Pension Fund’s Board of Trustees is comprised of the seven Directors of the South Metro Fire Rescue Fire Protection District plus two retired volunteer members of the plan. At December 31, 2023, there are 17 retired volunteers and/or beneficiaries receiving benefits. The volunteer plan is a closed plan and there are no active members. There are no inactive members not yet receiving benefits. The benefit amount is \$800 per month after reaching 50 years of age and 20 years of service. Any member having a minimum of 10 years of service and reaching 50 years of age may receive a benefit of \$40 per month for each year of service for a minimum of \$400. There is no COLA attached to this plan. In addition, the plan provides death and disability benefits. The plan is funded based on the bi-annual actuarial study. The contribution made by the District is the full amount of the required contribution. Plan members do not make contributions. Contributions to the volunteer plan from the District were \$87,599 for the year ended December 31, 2024. The latest actuarial study was performed as of January 1, 2023. The next study will be performed January 1, 2025. The actuarial study as of January 2023 was revised and updated

on January 8, 2024, and has determined the annual contributions for 2024 and 2025 is \$87,599.

The changes in the net pension liability for the measurement period at December 31, 2023 are calculated as follows:

| | |
|--|--------------------------|
| A. Total Pension Liability | |
| Interest on the Total Pension Liability | \$ 62,834 |
| Benefit payments | (109,440) |
| Net change in total pension liability | <u>\$ (46,606)</u> |
| Total pension liability - beginning | 951,421 |
| Total pension liability - ending | <u><u>\$ 904,815</u></u> |
| B. Plan fiduciary net position | |
| Contributions - employer | \$ 94,767 |
| Net investment income | 18,034 |
| Benefit payments | (109,440) |
| Pension plan administrative expense | <u>(7,242)</u> |
| Net change in plan fiduciary net position | \$ (3,881) |
| Plan fiduciary net position - beginning (Fair value of assets at beginning of year) | <u>222,445</u> |
| Plan fiduciary net position - ending (Fair value of assets at end of year) | <u><u>\$ 218,564</u></u> |
| C. Net pension liability | <u><u>\$ 686,251</u></u> |
| D. Plan fiduciary net position as a percentage of the total pension liability | 24.16 % |

For the year ended December 31, 2024, the District recognized pension expense of \$53,672. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 12,202 | \$ — |
| Contributions subsequent to the measurement date | 87,599 | — |
| Total | <u><u>\$ 99,801</u></u> | <u><u>\$ —</u></u> |

Contributions subsequent to the measurement date of December 31, 2023, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction in the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending December 31 | Net Deferred Outflows/ (Inflows) of Resources |
|----------------------------|--|
| 2025 | \$ 1,974 |
| 2026 | 3,761 |
| 2027 | 7,111 |
| 2028 | (644) |
| Total | \$ 12,202 |

Actuarial Assumptions

The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Withdrawal Rate | 20% of members age 50 and eligible for a terminated vested benefit which would commence immediately are assumed to withdraw each year |
| Asset Valuation Method | 5-Year Smoothed Fair value |
| Inflation | 2.50% |
| Salary Increases | N/A |
| Investment Rate of Return | 7.00% |
| Retirement Age | 50% per year of eligibility until 100% at age 65. |
| Mortality Tables | <p>Pre-Retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.</p> <p>Post-Retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p> <p>Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p> |

The actuarial assumptions shown above are associated with the Actuarially Determined Contribution for the Fiscal Year Ending December 31, 2023. The actuarial assumptions were changed for the Actuarial Valuation as of January 1, 2023 and as such, the Total Pension Liability was measured using those assumptions.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2023 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------|--------------------------|---|
| Cash | 1.00 % | 4.32 % |
| Fixed income - Rates | 10.00 % | 5.35 % |
| Fixed income - Credit | 5.00 % | 5.89 % |
| Absolute return | 9.00 % | 6.39 % |
| Long short | 6.00 % | 7.27 % |
| Global equity | 35.00 % | 8.33 % |
| Private markets | 34.00 % | 10.31 % |
| Total | 100.00 % | |

Single Discount Rate Sensitivity. Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plans’ net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the plans’ net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher.

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|---|--------------------|---------------------------------|-----------------------|
| Proportion share of the net pension liability | \$ 748,054 | \$ 686,251 | \$ 631,490 |

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in FPPA’s annual comprehensive financial report, which can be obtained at <http://www.fppaco.org>.

3) South Metro Fire Rescue Volunteer Pension Plan

Retirement, disability and death benefits are paid in accordance with the plan provisions established by the Board of Trustees. Full retirement benefit of \$800 per month may commence when the retiree has twenty years of qualified service and is at least 50 years of age. Reduced benefits of \$40 per month may be earned after ten years of qualified service

at age 50 up to a maximum of \$400. Spouses of deceased firefighters may receive 50% of the current pension benefits. There is a \$500 funeral benefit.

At December 31, 2023 there are 11 retirees and/or beneficiaries receiving benefits. The plan is funded based on the bi-annual actuarial study. The contribution made by the District is the full amount of the required contribution. Plan members do not make contributions. The volunteer plan is a closed plan and there are no active members. There are no inactive members not yet receiving benefits. Contributions to the volunteer plan from the District were \$41,127 for the year ended December 31, 2024. The latest actuarial study was performed as of January 1, 2023. The next study will be performed January 1, 2025. The actuarial study as of January 2023 determines that \$41,127 of contributions are needed annually for the 2024 and 2025 years.

The changes in the net pension liability for the measurement period at December 31, 2023 is calculated as follows:

| | |
|--|--------------------------|
| A. Total Pension Liability | |
| Interest on the Total Pension Liability | \$ 41,600 |
| Benefit payments | <u>(65,400)</u> |
| Net change in total pension liability | \$ (23,800) |
| Total pension liability - beginning | <u>626,430</u> |
| Total pension liability - ending | <u><u>\$ 602,630</u></u> |
| B. Plan fiduciary net position | |
| Contributions - employer | \$ 48,233 |
| Net investment income | 20,967 |
| Benefit payments | (65,400) |
| Pension plan administrative expense | <u>(5,281)</u> |
| Net change in plan fiduciary net position | \$ (1,481) |
| Plan fiduciary net position - beginning (Fair value of assets at beginning of year) | <u>240,926</u> |
| Plan fiduciary net position - ending (Fair value of assets at end of year) | <u><u>\$ 239,445</u></u> |
| C. Net pension liability | <u><u>\$ 363,185</u></u> |
| D. Plan fiduciary net position as a percentage of the total pension liability | 39.73 % |

For the year ended December 31, 2024, the District recognized pension expense of \$27,737. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 10,582 | \$ — |
| Contributions subsequent to the measurement date | 41,127 | — |
| Total | \$ 51,709 | \$ — |

Contributions subsequent to the measurement date of December 31, 2023, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction in the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending December 31 | Net Deferred Outflows/ (Inflows) of Resources |
|----------------------------|--|
| 2025 | \$ 756 |
| 2026 | 3,404 |
| 2027 | 7,397 |
| 2028 | (975) |
| Total | \$ 10,582 |

Actuarial Assumptions

The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Withdrawal Rate | 20% of members age 50 and eligible for a terminated vested benefit which would commence immediately are assumed to withdraw each year |
| Asset Valuation Method | 5-Year smoothed fair value |
| Inflation | 2.50% |
| Salary Increases | N/A |
| Investment Rate of Return | 7.00% |
| Retirement Age | 50% per year of eligibility until 100% at age 65. |
| Mortality Tables | Pre-Retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. Post-Retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 |

projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

The actuarial assumptions shown above are associated with the Actuarially Determined Contribution for the Fiscal Year Ending December 31, 2023. The actuarial assumptions were changed for the Actuarial Valuation as of January 1, 2023 and as such, the Total Pension Liability was measured using those assumptions.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2023 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------|--------------------------|---|
| Cash | 1.00 % | 4.32 % |
| Fixed income - Rates | 10.00 % | 5.35 % |
| Fixed income - Credit | 5.00 % | 5.89 % |
| Absolute return | 9.00 % | 6.39 % |
| Long short | 6.00 % | 7.27 % |
| Global equity | 35.00 % | 8.33 % |
| Private markets | 34.00 % | 10.31 % |
| Total | 100.00 % | |

Single Discount Rate Sensitivity

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plans' net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the plans' net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher.

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|---|-----------------------|---------------------------------|-----------------------|
| Proportion share of the net pension liability | \$ 409,682 | \$ 363,185 | \$ 322,585 |

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in FPPA’s annual comprehensive financial report, which can be obtained at <http://www.fppaco.org>.

4) Cherry Hills Old Hire Firefighter Plan

The Plan is a defined benefit pension plan covering substantially all full-time employees of a police or fire department in Colorado hired on or after April 8, 1978 (New Hires) provided that they are not already covered by a statutory exempt plan. The Plan became effective on January 1, 1980.

A firefighter’s normal retirement is after reaching 50 years of age and 20 years of service. Any member having a minimum of 10 years of credited service is eligible for a deferred retirement at reaching 50 years of age. The monthly deferred retirement is equal to 2.5% of their monthly salary at the date of termination multiplied by their number of years of credited service not to exceed 70% of their salary.

If a retired firefighter dies, the surviving spouse shall receive, until death or remarriage, a monthly pension equal to one third of the monthly salary of a first-grade firefighter at time of death.

If a terminated firefighter who is eligible to receive or is receiving a vested benefit dies, the surviving spouse shall receive until death or remarriage, a monthly pension equal to one third of the monthly salary of a first-grade firefighter at the time of termination, payable on the date the firefighter would have reached age 50.

Effective January 1, 1993, the District Board adopted a partial rank escalation clause for this plan for all current and past participants. This provision applies only to rank increases subsequent to January 1, 1993.

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.

At December 31, 2023, there are 8 retirees and/or beneficiaries receiving benefits from this plan. This plan was closed upon the merger of Cherry Hills Fire Protection District and South Metro Fire Rescue. This is a closed plan and there are no active members. There are no inactive members not yet receiving benefits.

Contributions are dependent on the biannual actuarial studies done by FPPA, which at January 1, 2024 determined a \$216,735 contribution be made in 2025 and 2026. The next actuarial study will be done as of January 1, 2026. The contribution was recorded from the Cherry Hills Property Tax Special Revenue Fund, which collects the property tax receipts from the properties in the old Cherry Hills Fire Protection District which are used to fund the Old Hire Pension Trust Fund.

The changes in the net pension liability for the measurement period at December 31, 2023 is calculated as follows:

| | |
|--|----------------------------|
| A. Total pension liability | |
| Interest on the Total Pension Liability | \$ 223,462 |
| Difference between expected and actual experience of the Total Pension Liability | 109,848 |
| Changes of assumptions | 506,873 |
| Benefit Payments | <u>(365,404)</u> |
| Net change in pension liability | \$ 474,779 |
| Total pension liability - beginning | <u>3,617,716</u> |
| Total pension liability - ending | <u><u>\$ 4,092,495</u></u> |
| B. Plan fiduciary net position | |
| Contributions - employer | \$ 216,735 |
| Net investment income | 126,427 |
| Benefit payments | (365,404) |
| Pension Plan Administrative Expense | <u>(4,083)</u> |
| Net change in plan fiduciary net position | <u>\$ (26,325)</u> |
| Plan fiduciary net position - beginning (Fair value of assets at beginning of year) | <u>2,090,443</u> |
| Plan fiduciary net position - ending (Fair value of assets at end of year) | <u><u>\$ 2,064,118</u></u> |
| C. Net pension liability | <u><u>\$ 2,028,377</u></u> |
| D. Plan fiduciary net position as a percentage of the total pension liability | 50.44 % |

For the year ended December 31, 2024, the District recognized a pension expense of \$721,905. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 139,646 | \$ — |
| Contributions subsequent to the measurement date | 216,735 | — |
| Total | \$ 356,381 | \$ — |

Contributions subsequent to the measurement date of December 31, 2023, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction in the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending December 31 | Net Deferred Outflows/ (Inflows) of Resources | |
|----------------------------|--|---------|
| 2025 | \$ | 30,242 |
| 2026 | | 43,757 |
| 2027 | | 64,734 |
| 2028 | | 913 |
| Total | \$ | 139,646 |

Actuarial Assumptions

The total pension liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Withdrawal Rate | 20% of members age 50 and eligible for a terminated vested benefit which would commence immediately are assumed to withdraw each year |
| Asset Valuation Method | 5-Year smoothed fair value |
| Inflation | 2.50% |
| Salary Increases | N/A |
| Investment Rate of Return | 4.50% |
| Retirement Age | Any remaining actives are assumed to retire immediately. |
| Mortality Tables | Healthy retirees, beneficiaries, and disabled retirees (retired after January 1, 1980) : Pub-2010 Public Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, projected with the ultimate values of the MP-2020 projection scale. |

Disabled Retirees (retired before January 1, 1980):

Post-retirement mortality rates set forward three years.

Changes in Actuarial Assumptions

The global assumption set for plans administered by FPPA was changed in the 2022 Experience Study and effective as of January 1, 2023. This is the first valuation for this plan with the new assumptions. The mortality assumptions were updated to use the Pub-2010 Public Safety Mortality tables projected with the ultimate rates of the MP-2020 projection scale.

There were no changes in assumptions from the prior valuation. The actuarial assumptions were set by the FPPA Board based on a regularly scheduled experience study in 2024.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2023 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------|--------------------------|---|
| Cash | 10.00 % | 5.50 % |
| Fixed income - Rates | 70.00 % | 5.40 % |
| Fixed income - Credit | 10.00 % | 5.90 % |
| Diversifiers | 0% | 7.40 % |
| Long short | 0% | 7.00 % |
| Global public equity | 10.00 % | 8.30 % |
| Private markets | 0% | 10.20 % |
| Total | 100.00 % | |

Single Discount Rate Sensitivity

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plans' net pension liability, calculated using a Single

Discount Rate of 4.5%, as well as what the plans' net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher.

| | 1% Decrease (3.5%) | Current Discount Rate (4.5%) | 1% Increase (5.5%) |
|---|-----------------------|---------------------------------|--------------------|
| Proportion share of the net pension liability | \$ 2,361,877 | \$ 2,028,378 | \$ 1,736,074 |

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in FPPA's annual comprehensive financial report, which can be obtained at <http://www.fppaco.org>.

The Pension Plan is funded entirely by a mill levy assessed on the former Cherry Hills Fire Protection District. For 2024 the mill levy was 0.500 mills.

5) Fire and Police Pension Plan (FPPA) – Statewide Retirement Plan

Plan description. The Statewide Retirement Plan (SRP) is a cost-sharing multiple – employer defined benefit pension plan. The SRP plan is administered by FPPA.

During 2022, House Bill 22-1034 was signed into law. This legislation combined the assets and liabilities of the Statewide Defined Benefit Plan and Statewide Hybrid Plan to form the Statewide Retirement Plan (SRP) effective January 1, 2023.

Colorado Revised Statutes, Title 31, Article 31 grants the District to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. FPPA issues a publicly available financial report that can be obtained at www.fppaco.org.

Benefits provided. A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. Benefit adjustments paid to retired members are evaluated annually 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 for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited 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' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement at age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's participating percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at the entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct investments of their DROP funds.

Contributions. Contribution rates for the Plan are set by state statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election of both employers and members.

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2023, members of the SRP plan and their employers are contributing at the rate of 12.0 percent and 9.5 percent, respectively, of pensionable earnings for a total contribution rate of 21.5 percent.

Members of the Social Security Component contribute 6.0 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through

2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2023, the total combined member and employer contribution rate was 10.75 percent.

Members of the Defined Benefit Component contribution rate as of December 31, 2024 was 12.0 percent and the District's contribution rate was 10.0 percent. Contributions to the SRP plan from the District were \$1,811,118 for the year ended December 31, 2024.

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

At December 31, 2024, the District reported a net pension asset of \$43,508 for its proportionate share of the SRP net pension asset. The net pension asset was measured as of December 31, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2024, which was unchanged from December 31, 2023. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2023, the District's proportion was 1.910 percent, which was a decrease of 0.248 percent from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the District recognized pension expense of \$2,428,369. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|----------------------------------|
| Difference between actual and expected experience | \$ 3,636,976 | \$ 174,745 |
| Changes of assumptions or other inputs | 2,109,590 | — |
| Net difference between projected and actual earnings on pension plan investments | 2,611,016 | — |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 3,545,506 | 94,750 |
| Contributions subsequent to the measurement date | 1,811,118 | — |
| Total | \$ 13,714,206 | \$ 269,495 |

Total reported deferred outflows of resources related to pension were \$1,811,118 resulting from District contributions subsequent to measurement date will be recognized as a

reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending December 31 | Net Deferred Outflows/ (Inflows) of Resources |
|----------------------------|--|
| 2025 | \$ 2,112,620 |
| 2026 | 2,711,840 |
| 2027 | 3,554,179 |
| 2028 | 938,184 |
| 2029 | 917,519 |
| Thereafter | 1,399,251 |
| Total | <u>\$ 11,633,593</u> |

Actuarial Assumptions. The January 1, 2024 actuarial valuation used the following actuarial assumptions and other inputs:

| | <u>Total Pension Liability</u> |
|---|--------------------------------|
| Actuarial valuation date | January 1, 2024 |
| Actuarial method | Entry Age Normal |
| Amortization method | N/A |
| Amortization period | N/A |
| Long-term investment rate of return, net* | 7.00% |
| Projected salary increases* | 4.25% - 11.25% |
| Cost of living adjustments (COLA) | 0.00% |
| *Includes inflation at | 2.50% |

For determining the total pension liability post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumptions uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with ultimate values of the MP-2020 projection scales. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Comoany, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2023 are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|-----------------------|--------------------------|---|
| Global equity | 35% | 8.33% |
| Equity long/short | 6% | 7.27% |
| Private markets | 34% | 10.31% |
| Fixed income - Rates | 10% | 5.35% |
| Fixed income - Credit | 5% | 5.89% |
| Absolute return | 9% | 6.39% |
| Cash | 1% | 4.32% |
| Total | 100% | |

Discount Rate. The discount rate used to measure the total pension liability was 7.00 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 Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Statewide Retirement 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 liability.

As of the measurement period ending December 31, 2023, the COLA assumption, which was previously 0.00%, was revised to reflect the true nature of Board’s Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board’s policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

Sensitivity of the District’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent, as well as what the District’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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|---|-------------------------------|---|-------------------------------|
| Proportion share of the net pension liability (asset) | \$ (10,708,610) | \$ (43,508) | \$ - |

Pension Plan Fiduciary Net Position. Detailed information about the SRP’s fiduciary net position is available in FPPA’s annual comprehensive financial report, which can be obtained at <http://www.fppaco.org>.

6) Other Postemployment Benefit Plan

Retiree Health Savings Plan

The District has a single-employer defined benefit other postemployment benefit (OPEB) plan, Retiree Health Savings Plan (RHS). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the OPEB. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

The District contributes to the Retiree Health Savings Plan (RHS), a single-employer defined benefit other postemployment benefit (OPEB) plan covering substantially all employees. This RHS plan has investment management services performed by Voya

Financial and it is administrated by Total Administrative Services Corporation (TASC). No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and the plan is funded on a “pay-as-you-go” basis. Benefit provisions are contained in Districts working agreement and were established and can be amended by action of the District’s governing body.

Benefits Provided

The RHS benefit is provided by the District to assist employees in building a fund for retirement health care expenses. Individuals are eligible to access these funds at the time of separation from service. Employees are automatically enrolled in the plan upon hire. There are two components to the RHS plan. First, the annual contribution for active employees where firefighter employees receive a District contribution of \$2,558 annually and administrative staff employees receive a District contribution of \$1,516 annually. Second, the District guarantees a minimum RHS balance at separation of employment to eligible employees. This eligibility is determined using a combination of years of service and employees’ age upon separation and the minimum guaranteed RHS balance is reduced based on age.

Actuarial Assumptions

For the total OPEB liability in December 31, 2024, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| Measurement Date | December 31, 2024 |
|-------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Discount Rate | 4.08% per annum |
| Benefit Increase Rate | 3% per annum |
| Medical Eligibility | All current and future retirees |
| Mortality | Due to the nature of the benefit design and the current structure that the employee's RHS fund balance is not lost or reverted to the employer upon death, mortality assumption is not reflected as a conservative approach given the employee's estate can fully utilize the benefit. |

The actuarial assumptions used in the December 31, 2024, valuations were based on the results of an actuarial experience study for the period January 1, 2024 through December

31, 2024. At the end December 31, 2024, there were 774 active and eligible employees covered by the benefit.

The discount rate was based on the 20-year, tax-exempt municipal bond rate. The discount rate was updated from 3.26% to 4.08% since the beginning of the fiscal year.

Total OPEB Liability

The District’s total OPEB liability of \$19,135,573 was measured as of December 31, 2024, and was determined by actuarial valuations as of that date.

Changes in the total OPEB liability are:

| | <u>2024</u> |
|---|----------------------|
| Total OPEB liability, beginning of year | \$ 19,134,635 |
| Changes for the year: | |
| Service cost | 1,851,783 |
| Interest cost | 684,157 |
| Difference between expected and actual experience | (280,180) |
| Changes in assumptions | (1,214,468) |
| Benefit payment | (1,040,354) |
| Net changes | <u>938</u> |
| Total OPEB liability, end of year | <u>\$ 19,135,573</u> |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The total OPEB liability of the District has been calculated using a discount rate of 4.08%. The following presents the total OPEB liability using a discount rate 1 percent higher and 1 percent lower than the current discount rate:

| | 1% Decrease (3.08%) | Current Discount Rate (4.08%) | 1% Increase (5.08%) |
|---------------------------------|------------------------|----------------------------------|------------------------|
| District's total OPEB liability | \$ 20,447,000 | \$ 19,135,573 | \$ 17,934,000 |

The total OPEB liability of the District has been calculated using health care cost trend rates of 3 percent. The following presents the total OPEB liability using health care cost trend rates 1 percent higher and 1 percent lower than the current health care cost trend rates.

| | Current Health Care Cost | | |
|---------------------------------|--------------------------|---------------|---------------|
| | 1% Decrease | Trend Rates | 1% Increase |
| District's total OPEB liability | \$ 17,248,000 | \$ 19,135,573 | \$ 21,337,000 |

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

For the year ended December 31, 2024, the District recognized OPEB expense of \$1,222,092. At December 31, 2024, the District reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ — | \$ 621,918 |
| Changes of assumptions or other inputs | 489,637 | 2,658,981 |
| Total | \$ 489,637 | \$ 3,280,899 |

Other amounts reported as deferred inflows of resources at December 31, 2024, related to OPEB will be recognized in OPEB expense as follows:

| Year Ending December 31 | Net Deferred Outflows/ (Inflows) of Resources |
|----------------------------|--|
| 2025 | \$ (273,496) |
| 2026 | (273,496) |
| 2027 | (273,496) |
| 2028 | (273,496) |
| 2029 | (273,496) |
| Thereafter | (1,423,782) |
| Total | \$ (2,791,262) |

7) **Other Employee savings plans**

Deferred compensation plans

The District has a deferred compensation plan, South Metro Fire 457(B) Plan, created in accordance with Internal Revenue Code Section 457. The plan is administered by Voya Financial. The plan allows the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement,

death or unforeseen emergencies. Employees are eligible to participate and to receive a match on the first date of hire.

The District has a matching program up to 4% for the Deferred Compensation Plan. The first 2% is contributed on the date of hire and requires no match. In the 5th year of service, an employee may receive total of 3% but the employee must contribute 1% to the Deferred Compensation Plan. In the 10th year of service, an employee may receive total of 4% but the employee must contribute 2% to the Deferred Compensation Plan. Employee and employer contributions are fully vested on the first day of participation in the plan.

For the year ended December 31, 2024, District contributed and recognized as expense \$2,892,850. Employees are 100% vested upon date of hire, therefore, there were no forfeitures returned to the plan during 2024.

NOTE 13 - 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 that apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

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.

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 District'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 and qualifications will require judicial interpretation.

NOTE 14 – RESTATEMENTS OF BEGINNING BALANCES

| | Reporting Units Affected by Adjustments to and Restatements of Beginning Balances | |
|---|--|---|
| | Government-Wide | Proprietary Funds |
| | Governmental Activities | Self-Insured Internal Service Fund |
| 12/31/2023, as previously reported | \$ 124,664,783 | \$ 2,047,907 |
| Error correction for overstatement of prior year expenses | 1,116,000 | 1,116,000 |
| GASB 101 implementation for compensated absences | (1,484,535) | — |
| 12/31/2023, as restated | \$ 124,296,248 | \$ 3,163,907 |

Correction of an error in previously issued financial statements

During the current fiscal year, management identified an error in the previously issued financial statements related to the Self-Insured Internal Service Fund (ISF). In the prior fiscal year, expenditures were overstated by \$1,116,000 due to an error in the accrual of IBNR medical and dental claims expenses. This error resulted in an understatement of the beginning net position for the ISF as of January 1, 2024.

This adjustment affects only the beginning net position and has no impact on the current year’s revenues or expenditures.

Adoption of a new standard

During the current year, the District implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the District now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized in the table above.

NOTE 15 – CONTINGENCY

Litigation

Based on the nature of operations, the District is often named as a defendant in a variety of litigation claims. As of the date of this report, management is not aware of any material asserted claims against the District that are considered probable and would require accrual in the financial statements. While it is not possible to forecast the outcome of litigation or the timing of costs, in the opinion of management, it is not probable and is unlikely that litigation will have a material adverse effect on the financial position of the District.

NOTE 16 – SUBSEQUENT EVENT

Appointment of New Fire Chief

Subsequent to the fiscal year-end, on December, 31, 2024, the District's Board of Directors appointed Chief John Curtis as the new Fire Chief, effective April 24, 2024. Chief John Curtis succeeds Chief Bob Baker, who will retire in June 2025. This leadership change is expected to support the District's ongoing strategic initiatives and operational goals.

REQUIRED SUPPLEMENTARY INFORMATION

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|----------------------|----------------------|----------------------|------------------------------------|
| REVENUES | | | | |
| Property taxes | \$ 161,912,193 | \$ 161,912,193 | \$ 163,300,275 | \$ 1,388,082 |
| Specific ownership taxes | 9,690,566 | 9,690,566 | 10,189,828 | 499,262 |
| Grants | 842,010 | 842,010 | 629,830 | (212,180) |
| Charges for service - transports | 14,357,722 | 14,357,722 | 14,951,172 | 593,450 |
| Charges for service - plan review fees | 2,243,109 | 2,243,109 | 2,030,546 | (212,563) |
| Medicaid supplemental fee | 7,842,240 | 7,842,240 | 7,234,628 | (607,612) |
| Dispatch fees | 140,000 | 140,000 | 157,353 | 17,353 |
| Intergovernmental and other reimbursements | 1,339,000 | 2,014,000 | 3,194,274 | 1,180,274 |
| Investment income | 2,000,000 | 2,000,000 | 2,960,143 | 960,143 |
| Lease rental income | 182,500 | 182,500 | 206,885 | 24,385 |
| Miscellaneous revenue | 129,500 | 129,500 | 242,283 | 112,783 |
| Total revenues | <u>200,678,840</u> | <u>201,353,840</u> | <u>205,097,217</u> | <u>3,743,377</u> |
| EXPENDITURES | | | | |
| Public safety | | | | |
| Operations | 119,414,047 | 120,159,047 | 118,331,749 | 1,827,298 |
| Administration | 42,241,647 | 42,591,647 | 40,590,354 | 2,001,293 |
| Fire Marshal | 5,984,121 | 5,984,121 | 5,881,224 | 102,897 |
| Dispatch | 4,769,289 | 4,769,289 | 4,276,404 | 492,885 |
| Debt service lease and subscriptions - principal | — | — | 1,691,769 | (1,691,769) |
| Debt service lease and subscriptions - interest | — | — | 111,408 | (111,408) |
| Capital outlay | — | — | 998,462 | (998,462) |
| Total expenditures | <u>172,409,104</u> | <u>173,504,104</u> | <u>171,881,370</u> | <u>1,622,734</u> |
| Excess of revenues over (under) expenditures | <u>28,269,736</u> | <u>27,849,736</u> | <u>33,215,847</u> | <u>5,366,111</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers to other funds | (30,000,000) | (30,000,000) | (30,000,000) | — |
| Lease and subscriptions issuance | 194,980 | 194,980 | 1,537,574 | 1,342,594 |
| Sale of capital assets | — | — | 192,529 | 192,529 |
| Total other financing sources (uses) | <u>(29,805,020)</u> | <u>(29,805,020)</u> | <u>(28,269,897)</u> | <u>1,535,123</u> |
| Net change in fund balances | (1,535,284) | (1,955,284) | 4,945,950 | 6,901,234 |
| Fund balances - beginning of year | 42,304,032 | 42,436,631 | 49,908,875 | 7,472,244 |
| Fund balances - end of year | <u>\$ 40,768,748</u> | <u>\$ 40,481,347</u> | <u>\$ 54,854,825</u> | <u>\$ 14,373,478</u> |

See the independent auditor's report and notes to the required supplementary information.

Parker Fire Protection District Volunteer Pension Plan
Schedule of Required Supplemental Information
Schedule of Changes in Net Pension Liability/(Asset) and
Related Ratios Multiyear Last Ten Fiscal Years

| Measurement period ending December 31, | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Total Pension Liability | | | | | | | | | | |
| Service Cost | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Interest on Total Pension Liability | 48,963 | 48,346 | 46,295 | 45,556 | 43,700 | 41,885 | 40,058 | 37,551 | 34,085 | 62,834 |
| Benefit changes | | — | — | — | — | — | — | — | 510,948 | - |
| Difference between Expected and Actual Experience | 20,301 | — | (14,675) | — | 24,121 | — | (10,046) | — | (22,627) | - |
| Changes of Assumptions | — | — | 30,490 | — | 17,714 | — | — | — | (2,005) | - |
| Benefit Payments | (77,243) | (77,742) | (73,559) | (70,308) | (70,308) | (69,265) | (66,682) | (64,932) | (109,960) | (109,440) |
| Net Change in Pension Liability | \$ (7,979) | \$ (29,396) | \$ (11,449) | \$ (24,752) | \$ 15,227 | \$ (27,380) | \$ (36,670) | \$ (27,381) | \$ 410,441 | \$ (46,606) |
| Total Pension Liability - Beginning | 690,760 | 682,781 | 653,385 | 641,936 | 617,184 | 632,411 | 605,031 | 568,361 | 540,980 | 951,421 |
| Total Pension Liability - Ending | \$ 682,781 | \$ 653,385 | \$ 641,936 | \$ 617,184 | \$ 632,411 | \$ 605,031 | \$ 568,361 | \$ 540,980 | \$ 951,421 | \$ 904,815 |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Employer Contributions | \$27,895 | \$27,596 | \$28,670 | \$28,670 | \$ — | \$61,238 | \$ 45,550 | \$45,550 | \$ 94,767 | \$ 94,767 |
| Pension Plan Net Investment Income | 26,156 | 6,604 | 17,007 | 41,017 | 1,128 | 33,879 | 26,007 | 33,793 | (20,991) | 18,034 |
| Benefit Payments | (77,243) | (77,742) | (73,559) | (70,308) | (70,308) | (69,265) | (66,682) | (64,932) | (109,960) | (109,440) |
| Pension Plan Administrative Expense | (978) | (1,865) | (788) | (4,773) | (4,733) | (5,348) | (4,496) | (7,271) | (5,341) | (7,242) |
| Net Change in Fiduciary Net Position | \$ (24,170) | \$ (45,407) | \$ (28,670) | \$ (5,394) | \$ (73,913) | \$ 20,504 | \$ 379 | \$ 7,140 | \$ (41,525) | \$ (3,881) |
| Plan Fiduciary Net Position - Beginning | 413,501 | 389,331 | 343,924 | 315,254 | 309,860 | 235,947 | 256,451 | 256,830 | 263,970 | 222,445 |
| Plan Fiduciary Net Position - Ending | \$ 389,331 | \$ 343,924 | \$ 315,254 | \$ 309,860 | \$ 235,947 | \$ 256,451 | \$ 256,830 | \$ 263,970 | \$ 222,445 | \$ 218,564 |
| Net Pension Liability/(Asset) Ending | \$ 293,450 | \$ 309,461 | \$ 326,682 | \$ 307,324 | \$ 396,464 | \$ 348,580 | \$ 311,531 | \$ 277,010 | \$ 728,976 | \$ 686,251 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 57.02 % | 52.64 % | 49.11 % | 50.21 % | 37.31 % | 42.39 % | 45.19 % | 48.79 % | 23.38 % | 24.16 % |
| Covered Employee Payroll | N/A |
| Net Pension Liability as a Percentage of Covered Employee Payroll | N/A |

See the independent auditor's report and notes to the required supplementary information.

South Metro Fire Rescue Volunteer Pension Plan
Schedule of Required Supplemental Information
Schedule of Changes in Net Pension Liability/(Asset) and
Related Ratios Multiyear Last Ten Fiscal Years

| Measurement period ending December 31, | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|
| Total Pension Liability | | | | | | | | | | |
| Service Cost | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Interest on Total Pension Liability | 23,088 | 23,439 | 22,781 | 23,373 | 22,456 | 24,080 | 23,225 | 22,995 | 21,094 | 41,600 |
| Benefit Changes | — | — | — | — | — | — | — | — | 347,399 | — |
| Difference between Expected and Actual Experience | 21,632 | — | 5,285 | — | 46,692 | — | 9,345 | — | (11,614) | — |
| Changes of Assumptions | — | — | 13,362 | — | 11,763 | — | — | — | 1,457 | — |
| Benefit Payments | (47,577) | (32,220) | (32,220) | (34,907) | (36,300) | (36,300) | (36,300) | (35,400) | (65,400) | (65,400) |
| Net Change in Pension Liability | \$ (2,857) | \$ (8,781) | \$ 9,208 | \$ (11,534) | \$ 44,611 | \$ (12,220) | \$ (3,730) | \$ (12,405) | \$ 292,936 | \$ (23,800) |
| Total Pension Liability - Beginning | 331,202 | 328,345 | 319,564 | 328,772 | 317,238 | 361,849 | 349,629 | 345,899 | 333,494 | 626,430 |
| Total Pension Liability - Ending | \$328,345 | \$ 319,564 | \$ 328,772 | \$ 317,238 | \$ 361,849 | \$ 349,629 | \$ 345,899 | \$ 333,494 | \$ 626,430 | \$ 602,630 |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Employer Contributions | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 4,140 | \$ 11,311 | \$ 11,311 | \$ 48,233 | \$ 48,233 |
| Pension Plan Net Investment Income | 24,758 | 6,357 | 16,253 | 42,320 | 573 | 36,827 | 31,368 | 38,253 | (22,662) | 20,967 |
| Benefit Payments | (47,577) | (32,220) | (32,220) | (34,907) | (36,300) | (36,300) | (36,300) | (35,400) | (65,400) | (65,400) |
| Pension Plan Administrative Expense | (941) | (1,631) | (766) | (3,458) | (3,227) | (3,889) | (3,224) | (5,627) | (3,715) | (5,281) |
| Net Change in Fiduciary Net Position | \$ (23,760) | \$ (27,494) | \$ (16,733) | \$ 3,955 | \$ (38,954) | \$ 778 | \$ 3,155 | \$ 8,537 | \$ (43,544) | \$ (1,481) |
| Plan Fiduciary Net Position - Beginning | 374,986 | 351,226 | 323,732 | 306,999 | 310,954 | 272,000 | 272,778 | 275,933 | 284,470 | 240,926 |
| Plan Fiduciary Net Position - Ending | \$351,226 | \$ 323,732 | \$ 306,999 | \$ 310,954 | \$ 272,000 | \$ 272,778 | \$ 275,933 | \$ 284,470 | \$ 240,926 | \$ 239,445 |
| Net Pension Liability/(Asset) Ending | \$ (22,881) | \$ (4,168) | \$ 21,773 | \$ 6,284 | \$ 89,849 | \$ 76,851 | \$ 69,966 | \$ 49,024 | \$ 385,504 | \$ 363,185 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 106.97 % | 101.30 % | 93.38 % | 98.02 % | 75.17 % | 78.02 % | 79.77 % | 85.30 % | 38.46 % | 39.73 % |
| Covered Employee Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Net Pension Liability as a Percentage of Covered Employee Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

See the independent auditor's report and notes to the required supplementary information.

Cherry Hills Old Hire Plan
Schedule of Required Supplemental Information
Schedule of Changes in Net Pension Liability/(Asset) and
Related Ratios Multiyear Last Ten Fiscal Years

| Measurement period ending December 31, | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | | | | | | | |
| Service Cost | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Interest on Total Pension Liability | 323,296 | 317,279 | 321,975 | 316,762 | 311,152 | 305,634 | 254,807 | 247,687 | 231,930 | 223,462 |
| Benefit Changes | — | — | — | — | — | — | — | — | — | — |
| Difference between Expected and Actual Experience | — | (151,064) | — | (2,929) | — | (353,791) | — | (132,085) | — | 109,848 |
| Assumption Changes | — | 296,129 | — | — | — | 268,236 | — | — | — | 506,873 |
| Benefit Payments | (404,573) | (402,436) | (396,933) | (385,824) | (391,541) | (377,681) | (371,496) | (356,974) | (359,091) | (365,404) |
| Net Change in Pension Liability | \$ (81,277) | \$ 59,908 | \$ (74,958) | \$ (71,991) | \$ (80,389) | \$ (157,602) | \$ (116,689) | \$ (241,372) | \$ (127,161) | \$ 474,779 |
| Total Pension Liability - Beginning | 4,509,247 | 4,427,970 | 4,487,878 | 4,412,920 | 4,340,929 | 4,260,540 | 4,102,938 | 3,986,249 | 3,744,877 | 3,617,716 |
| Total Pension Liability - Ending | \$4,427,970 | \$ 4,487,878 | \$ 4,412,920 | \$ 4,340,929 | \$ 4,260,540 | \$ 4,102,938 | \$ 3,986,249 | \$ 3,744,877 | \$ 3,617,716 | \$ 4,092,495 |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Employer Contributions | \$ 201,921 | \$ 201,921 | \$ 201,921 | \$ 214,110 | \$ — | \$ 430,845 | \$ 216,735 | \$ 216,735 | \$ 216,735 | \$ 216,735 |
| Employee Contributions | — | — | — | — | — | — | — | — | — | — |
| Pension Plan Net Investment Income | 160,764 | 45,805 | 118,377 | 298,155 | 5,886 | 255,681 | 208,704 | 249,749 | (167,473) | 126,426 |
| Benefit Payments | (404,573) | (402,436) | (396,933) | (385,824) | (391,541) | (377,681) | (371,496) | (356,974) | (359,090) | (365,404) |
| Pension Plan Administrative Expense | (6,875) | (3,687) | (5,643) | (2,568) | (5,157) | (3,070) | (4,457) | (3,089) | (5,220) | (4,083) |
| Net Change in Fiduciary Net Position | \$ (48,763) | \$ (158,397) | \$ (82,278) | \$ 123,873 | \$ (390,812) | \$ 305,775 | \$ 49,486 | \$ 106,421 | \$ (315,048) | \$ (26,326) |
| Plan Fiduciary Net Position - Beginning | 2,500,186 | 2,451,423 | 2,293,026 | 2,210,748 | 2,334,621 | 1,943,809 | 2,249,584 | 2,299,070 | 2,405,491 | 2,090,443 |
| Plan Fiduciary Net Position - Ending | \$2,451,423 | \$ 2,293,026 | \$ 2,210,748 | \$ 2,334,621 | \$ 1,943,809 | \$ 2,249,584 | \$ 2,299,070 | \$ 2,405,491 | \$ 2,090,443 | \$ 2,064,117 |
| Net Pension Liability/(Asset) Ending | \$1,976,547 | \$ 2,194,852 | \$ 2,202,172 | \$ 2,006,308 | \$ 2,316,731 | \$ 1,853,354 | \$ 1,687,179 | \$ 1,339,386 | \$ 1,527,273 | \$ 2,028,378 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 55.36 % | 51.09 % | 50.10 % | 53.78 % | 45.62 % | 54.83 % | 57.68 % | 64.23 % | 57.78 % | 50.44 % |
| Covered Employee Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Net Pension Liability as a Percentage of Covered Employee Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

See the independent auditor's report and notes to the required supplementary information.

Retiree Health Savings Plan
Schedule of Required Supplemental Information
Schedule of Changes in Total OPEB Liability and
Related Ratios Multiyear Last Ten Fiscal Years
(to be built prospectively)

| Measurement period ending December 31, | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|---|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | |
| Service cost | \$ 2,262,960 | \$ 1,801,638 | \$ 1,851,783 |
| Interest cost | 400,035 | 691,429 | 684,157 |
| Changes of benefit terms | — | — | — |
| Differences between expected and actual experience | — | (435,082) | (280,180) |
| Changes of assumptions or other inputs | (2,040,939) | 585,116 | (1,214,468) |
| Benefit Payments | (1,398,985) | (587,246) | (1,040,354) |
| Net Change in OPEB Liability | \$ (776,929) | \$ 2,055,855 | \$ 938 |
| Total OPEB Liability - Beginning | 17,855,709 | 17,078,780 | 19,134,635 |
| Total OPEB Liability - Ending | \$ 17,078,780 | \$ 19,134,635 | \$ 19,135,573 |
| | | | |
| Covered Employee Payroll | \$ 82,142,530 | \$ 88,903,331 | \$93,090,092 |
| | | | |
| Total OPEB Liability as a Percentage of Covered Employee Payroll | 21% | 22% | 21% |

| | |
|----------------------------|---|
| Actuarial measurement date | December 31, 2024 |
| Actuarial method | Entry Age Normal based on level of percentage of projected salary |
| Amortization method | Experience/Assumptions gains and losses are amortized over a closed period of 12.5 years starting the current fiscal year, equal to the average remaining service of active and inactive plan members (who have no future service). |
| Benefit increase rate | 3% per annum. The rate is discretionary. |
| Termination | The rate of withdrawal is based on the withdrawal assumption used in the 2024 Fire and Police Pension Association Statewide Defined Benefit Plan Actuarial valuation. The rate of withdrawal for reasons other than death and retirement is dependent on an employee's age and years of service. Sample rates are provided below. |
| Retirement age | Sample retirement ages and associated probabilities are provided in the table below. These values are based on the 2024 Fire and Police Pension Association Statewide Defined Benefit Plan Actuarial Valuation. In order to account for the Plan's additional SMFR contribution per the rule of 75, we have extended the over 25 YoS retirement age table through age 64. |

Note: There are no assets accumulated to pay related benefits for the OPEB RHS plan.

See the independent auditor's report and notes to the required supplementary information.

South Metro Fire Rescue FPPA Plan
Schedule of Required Supplemental Information
Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)
Statewide Defined Benefit Plan
Last Ten Fiscal Years
(to be built prospectively)

| Measurement period ending December 31, | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--------------|----------------|----------------|----------------|-----------------|---------------|
| District's proportionate (percentage) of the collective net pension liability (asset) | 0.871% | 2.998% | 2.781% | 2.613% | 2.414% | 2.128% |
| District's proportionate share of the collective pension liability (asset) | \$ 1,253,117 | \$ 3,790,142 | \$ (1,572,926) | \$ (5,673,024) | \$ (13,079,974) | \$ 1,889,311 |
| Covered payroll | \$ 5,126,225 | \$ 5,954,853 * | \$ 18,688,319 | \$ 19,514,338 | \$ 19,806,860 | \$ 18,526,902 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 24.45% | 63.65% | -8.42% | -29.07% | -66.04% | 10.20% |
| Plan fiduciary net position as a percentage of the total pension liability | 106.34% | 95.20% | 101.90% | 106.70% | 116.20% | 97.60% |

Notes:

*Covered payroll does not include Littleton Fire Rescue employees as data is not available.

**The amounts presented for each fiscal year were determined as of December 31 is based on the measurement date of the Plan. Information earlier than 2017 is available under Cunningham Fire Protection District and City of Littleton and is not reflected here.

***Plan was combined with the Statewide Hybrid Plan effective 1/1/2023. See Statewide Retirement Plan for current year information.

See the independent auditor's report and notes to the required supplementary information.

South Metro Fire Rescue FPPA Plan
Schedule of Required Supplemental Information
Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)
Statewide Hybrid Plan
Last Ten Fiscal Years

| Measurement period ending December 31, | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--------------|----------------|----------------|----------------|-------------|
| District's proportionate (percentage) of the collective net pension liability (asset) | 6.858% | 5.217% | 4.654% | 4.847% | 3.384% |
| District's proportionate share of the collective pension liability (asset) | \$ (946,680) | \$ (1,015,894) | \$ (1,279,952) | \$ (1,837,850) | \$ (49,363) |
| Covered payroll | N/A * | \$ 807,926 | \$ 790,383 | \$ 820,057 | \$ 623,520 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | N/A * | -125.74% | -161.94% | -224.11% | -7.92% |
| Plan fiduciary net position as a percentage of the total pension liability | 123.46% | 130.06% | 137.99% | 149.01% | 101.38% |

Notes:

*Covered payroll is not available and is reflected under City of Littleton.

**The amounts presented for each fiscal year were determined as of December 31 is based on the measurement date of the Plan. Information earlier than 2018 is available under City of Littleton and is not reflected here.

***Plan was combined with the Statewide Defined Benefit Plan effective 1/1/2023. See Statewide Retirement Plan for current year information.

See the independent auditor's report and notes to the required supplementary information.

South Metro Fire Rescue FPPA Plan
Schedule of Required Supplemental Information
Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)
Statewide Retirement Plan
Last Ten Fiscal Years
(to be built prospectively)

| Measurement period ending December 31, | <u>2023</u> |
|---|---------------|
| District's proportionate (percentage) of the collective net pension liability (asset) | 1.910% |
| District's proportionate share of the collective pension liability (asset) | \$ (43,508) |
| Covered payroll | \$ 18,227,216 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | -0.24% |
| Plan fiduciary net position as a percentage of the total pension liability | 10.00% |

Notes:

* Information not currently available for prior years as the plan began January 1, 2023; additional years will be displayed as they become available.

** This plan was created by combination of the Statewide Hybrid Plan and Statewide Defined Benefit Plan effective 1/1/2023.

See the independent auditor's report and notes to the required supplementary information.

**Parker Fire Protection District Volunteer Pension Plan
Schedule of Contributions Multiyear
Last Ten Fiscal Years**

| FY Ending December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|---------------------------------------|--|--------------------------------|---|----------------------------|--|
| 2024 | \$ 87,599 | \$ 87,599 | \$ — | N/A | N/A |
| 2023 | 94,767 | 94,767 | — | N/A | N/A |
| 2022 | 94,767 | 94,767 | — | N/A | N/A |
| 2021 | 45,550 | 45,550 | — | N/A | N/A |
| 2020 | 45,550 | 45,550 | — | N/A | N/A |
| 2019 | 30,619 | 30,619 | — | N/A | N/A |
| 2018 | 30,619 | 30,619 | — | N/A | N/A |
| 2017 | 28,670 | 28,670 | — | N/A | N/A |
| 2016 | 28,670 | 28,670 | — | N/A | N/A |
| 2015 | 27,895 | 27,596 | 299 | N/A | N/A |

Note: 2018 contribution of \$30,619 was made in January 2019.

See the independent auditor's report and notes to the required supplementary information.

**South Metro Fire Rescue Volunteer Pension Plan
Schedule of Contributions Multiyear
Last Ten Fiscal Years**

| FY Ending December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|-----------------------------------|--|--------------------------------|---|----------------------------|--|
| 2024 | \$ 43,067 | \$ 41,127 | \$ 1,940 | N/A | N/A |
| 2023 | 48,233 | 48,233 | — | N/A | N/A |
| 2022 | 48,233 | 48,233 | — | N/A | N/A |
| 2021 | 11,311 | 11,311 | — | N/A | N/A |
| 2020 | 11,311 | 11,311 | — | N/A | N/A |
| 2019 | 2,070 | 2,070 | — | N/A | N/A |
| 2018 | 2,070 | 2,070 | — | N/A | N/A |
| 2017 | — | — | — | N/A | N/A |
| 2016 | — | — | — | N/A | N/A |
| 2015 | — | — | — | N/A | N/A |

Note: 2024 actual contribution of \$41,127 was based on the initial actuarial valuation and budget.

See the independent auditor's report and notes to the required supplementary information.

**Cherry Hills Old Hire Pension Plan
Schedule of Contributions Multiyear
Last Ten Fiscal Years**

| FY Ending December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|-----------------------------------|--|--------------------------------|---|----------------------------|--|
| 2024 | \$ 216,735 | \$ 216,735 | \$ — | N/A | N/A |
| 2023 | 216,735 | 216,735 | — | N/A | N/A |
| 2022 | 216,735 | 216,735 | — | N/A | N/A |
| 2021 | 216,735 | 216,735 | — | N/A | N/A |
| 2020 | 216,735 | 216,735 | — | N/A | N/A |
| 2019 | 216,735 | 216,735 | — | N/A | N/A |
| 2018 | 214,110 | 214,110 | — | N/A | N/A |
| 2017 | 214,110 | 214,110 | — | N/A | N/A |
| 2016 | 201,921 | 201,921 | — | N/A | N/A |
| 2015 | 201,921 | 201,921 | — | N/A | N/A |

See the independent auditor's report and notes to the required supplementary information.

**South Metro Fire Rescue FPPA Plan
Statewide Defined Benefit Plan
Schedule of Contributions Multiyear
Last Ten Fiscal Years**

| FY Ending December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contribution as a % of Covered Payroll |
|---------------------------|---|------------------------|--|--------------------|--|
| 2023 | \$ 1,726,851 | \$ 1,726,851 | \$ — | \$ 17,946,057 | 9.62% |
| 2022 | 1,666,658 | 1,666,658 | — | 18,526,902 | 9.00% |
| 2021 | 1,655,277 | 1,655,277 | — | 19,806,860 | 8.36% |
| 2020 | 1,679,084 | 1,679,084 | — | 19,514,338 | 8.60% |
| 2019 | 1,611,495 | 1,611,495 | — | 18,688,319 | 8.62% |
| 2018 | 458,903 | 458,903 | — | 5,954,853 | 7.71% |

Notes:

*Information earlier than 2018 is available under Cunningham Fire Protection District and City of Littleton and is not reflected here.

** Plan was combined with the Statewide Hybrid Plan effective 1/1/2023. See Statewide Retirement Plan for current year information.

| | Actuarial Determined Contributions |
|--------------------------------------|---------------------------------------|
| Actuarial valuation date | January 1, 2022 |
| Actuarial method | Entry Age Normal |
| Amortization method | Level % of Payroll, Open |
| Amortization period | 30 years |
| Long-term investment rate of return* | 7.00% |
| Projected salary increases* | 4.25% - 11.25% |
| Cost of living adjustments (COLA) | 0.00% |
| *Includes inflation at | 2.50% |

See the independent auditor's report and notes to the required supplementary information.

**South Metro Fire Rescue FPPA Plan
Statewide Hybrid Plan
Schedule of Contributions Multiyear
Last Ten Fiscal Years**

| FY Ending December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contribution as a % of Covered Payroll |
|---------------------------|---|------------------------|--|--------------------|--|
| 2023 | \$ 56,334 | \$ 56,334 | \$ — | \$ 563,342 | 10.00% |
| 2022 | 62,306 | 59,850 | 2,456 | 623,520 | 9.99% |
| 2021 | 82,057 | 82,057 | — | 820,057 | 10.01% |
| 2020 | 79,038 | 79,038 | — | 790,383 | 10.00% |
| 2019 | 80,793 | 80,793 | — | 807,926 | 10.00% |

Notes:

*Information earlier than 2019 is available under City of Littleton and is not reflected here.

** Plan was combined with the Statewide Defined Benefit Plan effective 1/1/2023. See Statewide Retirement Plan for current year information.

| | Actuarial Determined Contributions |
|---|---------------------------------------|
| Actuarial valuation date | January 1, 2022 |
| Actuarial method | Entry Age Normal |
| Amortization method | Level % of Payroll, Open |
| Amortization period | 30 years |
| Long-term investment rate of return, net* | 7.00% |
| Projected salary increases* | 4.25% - 11.25% |
| Cost of living adjustments (COLA) | 0.00% |
| *Includes inflation at | 2.50% |

See the independent auditor's report and notes to the required supplementary information.

**South Metro Fire Rescue FPPA Plan
Statewide Retirement Plan
Schedule of Contributions Multiyear
Last Ten Fiscal Years**

| FY Ending December 31, | Acturially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contribution as a % of Covered Payroll |
|-----------------------------------|---|--------------------------------|---|----------------------------|---|
| 2024 | \$ 1,811,118 | \$ 1,811,118 | \$ — | \$ 18,227,216 | 9.94% |

Notes:

*Information earlier than 2018 is available under Cunningham Fire Protection District and City of Littleton and is not reflected here.

*In 2024, Statewide Defined Benefit Plan and Statewide Hybrid Plan merged and became Statewide Retirement Plan. Information earlier than 2024 is available under the legacy individual plans and is not reflected here.

| | <u>Actuarial Determined Contributions</u> |
|--------------------------------------|---|
| Actuarial valuation date | January 1, 2023 |
| Actuarial method | Entry Age Normal |
| Amortization method | Level % of Payroll, Open |
| Amortization period | 30 years |
| Long-term investment rate of return* | 7.00% |
| Projected salary increases* | 4.25% - 11.25% |
| Cost of living adjustments (COLA) | 0.00% |
| *Includes inflation at | 2.50% |

See the independent auditor's report and notes to the required supplementary information.

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 DECEMBER 31, 2024**

NOTE 1 – BUDGETARY BASIS

In accordance with State Budget Law, the Board holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. Annual budgets are adopted on a basis consistent with GAAP for all governmental and internal service funds. The appropriation is at the total fund expenditures level and lapses at year end. The Board 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. Unused appropriations lapse at the end of the fiscal year, except for multi-year projects in the General Fund and Capital Projects Fund.

NOTE 2 – SCHEDULE OF CONTRIBUTIONS

Significant actuarial methods and assumptions used to determine the contribution rates for the pension plans are as follows:

1. Parker Fire Protection District Volunteer Pension Fund

| | |
|-----------------|--|
| Valuation Date: | Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2021 determine the contribution amounts for 2022 and 2023. No changes in assumptions or benefit terms since the prior valuation. |
|-----------------|--|

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Dollar, Open* |
| Remaining Amortization Period | 16 Years* |
| Asset Valuation Method | 5-Year smoothed fair value |
| Inflation | 2.5% |
| Salary Increases | N/A |
| Investment Rate of Return | 7.00% |
| Retirement Age | 50% per year of eligibility until 100% at age 65. |
| Mortality | Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the |

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 DECEMBER 31, 2024**

(Continued)

ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.

Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

*Plans that are heavily weighted with retiree liabilities as an amortization period based on the expected remaining lifetime of the participants.

2. South Metro Fire Rescue Volunteer Pension Fund

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2021, determines the contribution amounts for 2022 and 2023. No changes in assumptions or benefit terms since the prior valuation.

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Dollar, Open* |
| Remaining Amortization Period | 18 Years* |
| Asset Valuation Method | 5-Year smoothed fair value |
| Inflation | 2.5% |
| Salary Increases | N/A |
| Investment Rate of Return | 7.00% |
| Retirement Age | 50% per year of eligibility until 100% at age 65 |

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2024

(Continued)

Mortality

Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.

Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

*Plans that are heavily weighted with retiree liabilities as an amortization period based on the expected remaining lifetime of the participants.

3. Cherry Hills Old Hire Fire Pension Fund

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2022, determines the contribution amounts for 2023 and 2024.

| | |
|-------------------------------|----------------------------|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | N/A |
| Remaining Amortization Period | N/A |
| Asset Valuation Method | 5-Year smoothed fair value |
| Inflation | 2.50% |
| Salary Increases | N/A |

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2024

(Continued)

| | |
|---------------------------|--|
| Investment Rate of Return | 6.50% |
| Retirement Age | Any remaining actives are assumed to retire immediately. |
| Mortality | <p>Post-Retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p> <p>Disabled (pre-1980): Post-retirement rates set forward three years.</p> |

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

| | 2024 | 2023 |
|--|----------------------|----------------------|
| REVENUE | | |
| Property taxes | \$ 163,300,275 | \$ 124,029,742 |
| Specific ownership taxes | 10,189,828 | 9,841,160 |
| Grants | 629,830 | 1,243,490 |
| Charges for service - transports | 14,951,172 | 14,092,457 |
| Charges for service - plan review fees | 2,030,546 | 2,241,971 |
| Medicaid supplemental fee | 7,234,628 | 7,433,403 |
| Dispatch fees | 157,353 | 140,092 |
| Intergovernmental and other reimbursements | 3,194,274 | 3,583,844 |
| Investment income | 2,960,143 | 2,932,163 |
| Lease rental income | 206,885 | 251,140 |
| Miscellaneous revenue | 242,283 | 195,706 |
| | 205,097,217 | 165,985,168 |
| EXPENDITURES | | |
| Public Safety | | |
| Operations | 118,331,749 | 109,614,007 |
| Administration | 40,590,354 | 37,412,168 |
| Fire Marshal | 5,881,224 | 5,630,848 |
| Dispatch | 4,276,404 | 3,992,537 |
| Debt service lease and subscriptions - principal | 1,691,769 | 1,996,317 |
| Debt service lease and subscriptions - interest | 111,408 | 123,714 |
| Capital outlay | 998,462 | 815,307 |
| | 171,881,370 | 159,584,898 |
| Excess (deficiency) of revenue over expenditures | 33,215,847 | 6,400,270 |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers to other funds | (30,000,000) | - |
| Lease and subscriptions issuance | 1,537,574 | 1,069,348 |
| Sale of capital assets | 192,529 | 412,771 |
| | (28,269,897) | 1,482,119 |
| Net change in fund balance | 4,945,950 | 7,882,389 |
| Fund balances - beginning of year | 49,908,875 | 42,026,486 |
| Fund balances - end of year | \$ 54,854,825 | \$ 49,908,875 |

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CHERRY HILLS PROPERTY TAX SPECIAL REVENUE FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

| | 2024 | 2023 |
|-------------------------------------|--------------|-------------|
| REVENUE | | |
| Property taxes | \$ 366,556 | \$ 281,353 |
| Specific ownership taxes | 21,658 | 18,577 |
| Investment income | 67,793 | 56,643 |
| Total revenue | 456,007 | 356,573 |
| EXPENDITURES | | |
| Administration | 5,509 | 4,228 |
| Contribution to pension plan | 216,735 | 216,735 |
| Total expenditures | 222,244 | 220,963 |
| | | |
| Excess of revenue over expenditures | 233,763 | 135,610 |
| | | |
| Fund balances - beginning of year | 988,343 | 852,733 |
| | | |
| Fund balances - end of year | \$ 1,222,106 | \$ 988,343 |

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
CHERRY HILLS PROPERTY TAX – SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|-------------------------------------|--------------------------------------|---------------------|---|
| REVENUE | | | |
| Property taxes | \$ 367,678 | \$ 366,556 | \$ (1,122) |
| Specific ownership taxes | 17,000 | 21,658 | 4,658 |
| Investment income | 15,000 | 67,793 | 52,793 |
| Total revenue | <u>399,678</u> | <u>456,007</u> | <u>56,329</u> |
| EXPENDITURES | | | |
| Administration | 5,515 | 5,509 | 6 |
| Contribution to pension plan | 216,735 | 216,735 | — |
| Total expenditures | <u>222,250</u> | <u>222,244</u> | <u>6</u> |
| Excess of revenue over expenditures | <u>177,428</u> | <u>233,763</u> | <u>56,335</u> |
| Fund balances - beginning of year | <u>980,866</u> | <u>988,343</u> | <u>7,477</u> |
| Fund balance - end of year | <u>\$ 1,158,294</u> | <u>\$ 1,222,106</u> | <u>\$ 63,812</u> |

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

| | 2024 | 2023 |
|---|----------------------|----------------------|
| REVENUE | | |
| Investment income | \$ 1,083,487 | \$ 348,550 |
| Excise taxes | 413,856 | 728,625 |
| Contribution revenue | 370,889 | 1,695,000 |
| Total revenue | <u>1,868,232</u> | <u>2,772,175</u> |
| EXPENDITURES | | |
| Equipment capital outlay | 3,484,476 | 4,439,826 |
| Vehicle capital outlay | 4,803,882 | 4,076,553 |
| Buildings and grounds capital outlay | 8,598,789 | 2,601,148 |
| Software | 969,644 | 223,047 |
| Leases - building and equipment | 21,281 | 76,203 |
| Total expenditures | <u>17,878,072</u> | <u>11,416,777</u> |
| Deficiency of revenue over expenditures | <u>(16,009,840)</u> | <u>(8,644,602)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers from other funds | 30,000,000 | — |
| Total other financing sources (uses) | <u>30,000,000</u> | <u>—</u> |
| Net change in fund balance | 13,990,160 | (8,644,602) |
| Fund balances - beginning of year | <u>11,475,611</u> | <u>20,120,213</u> |
| Fund balances - end of year | <u>\$ 25,465,771</u> | <u>\$ 11,475,611</u> |

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|--|--------------------------------------|----------------------|---|
| REVENUE | | | |
| Investment income | \$ 150,000 | \$ 1,083,487 | \$ 933,487 |
| Excise taxes | 551,040 | 413,856 | (137,184) |
| Contribution revenue | — | 370,889 | 370,889 |
| Total revenue | <u>701,040</u> | <u>1,868,232</u> | <u>1,167,192</u> |
| EXPENDITURES | | | |
| Operations | 2,915,000 | 500,132 | 2,414,868 |
| Administration | 18,566,932 | 51,163 | 18,515,769 |
| Dispatch | 50,000 | — | 50,000 |
| Capital outlay | — | 17,326,777 | (17,326,777) |
| Total expenditures | <u>21,531,932</u> | <u>17,878,072</u> | <u>3,653,860</u> |
| Excess (deficiency) of revenue over expenditures | <u>(20,830,892)</u> | <u>(16,009,840)</u> | <u>2,486,668</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers from other funds | <u>30,000,000</u> | <u>30,000,000</u> | <u>—</u> |
| Total other financing sources (uses) | <u>30,000,000</u> | <u>30,000,000</u> | <u>—</u> |
| Net change in fund balance | 9,169,108 | 13,990,160 | 4,821,052 |
| Fund balance - beginning of year | <u>12,480,299</u> | <u>11,475,611</u> | <u>(1,004,688)</u> |
| Fund balance - end of year | <u>\$ 21,649,407</u> | <u>\$ 25,465,771</u> | <u>\$ 3,816,364</u> |

**SOUTH METRO FIRE RESCUE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS AVAILABLE
BUDGET TO ACTUAL - BUDGETARY BASIS
BUILDING RENTAL FUND
YEAR ENDED DECEMBER 31, 2024**

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|--|--------------------------------------|---------------------|---|
| REVENUE | | | |
| Lease rental income | \$ 655,540 | \$ 644,564 | \$ (10,976) |
| Lease interest income | — | 5,798 | 5,798 |
| Total revenue | <u>655,540</u> | <u>650,362</u> | <u>(5,178)</u> |
| EXPENDITURES | | | |
| Building and grounds maintenance | 663,500 | 571,918 | 91,582 |
| Capital outlay | 66,500 | 79,150 | (12,650) |
| Total expenditures | <u>730,000</u> | <u>651,068</u> | <u>78,932</u> |
| Net change in fund balances | <u>(74,460)</u> | <u>(706)</u> | <u>73,754</u> |
| Funds available - beginning of year | <u>455,798</u> | <u>464,540</u> | <u>8,742</u> |
| Funds available - end of year | <u>\$ 381,338</u> | <u>\$ 463,834</u> | <u>\$ 82,496</u> |
| Reconciliation to GAAP basis | | | |
| Excess of revenue (under) expenditures | | \$ (706) | |
| Capital purchases | | 73,353 | |
| Depreciation | | (328,691) | |
| Net income - GAAP basis | | <u>\$ (256,044)</u> | |
| Funds available at December 31, 2024 are computed as follows: | | | |
| Funds available - end of year | | \$ 463,834 | |
| Net investment in capital assets | | 5,091,769 | |
| | | <u>\$ 5,555,603</u> | |

DESCRIPTION OF STATISTICAL SECTION CONTENTS

December 31, 2024

This part of the District’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Contents:

Schedules:

Financial Trends:

These schedules contain trend information that may assist the reader in understanding how the District’s financial performance has changed over time.

111-114

Revenue Capacity:

These schedules contain information that may assist the reader in assessing the viability of the District’s largest revenue source, property taxes.

115-119

Debt Capacity:

These tables present information to help the reader assess the District’s current level of overlapping debt and the ability to issue general obligation debt in the future.

120-122

Demographic and Economic Statistics:

These schedules offer demographic and economic indicators that may help the reader to understand the environment within which the District’s financial activity takes place.

123-125

Operating Information:

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

126-128

South Metro Fire Rescue Fire Protection District
Net Position by Component
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|---------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2015 | 2016 | 2017 | 2018 Restated | 2019 Restated | 2020 | 2021 | 2022 | 2023 Restated | 2024 |
| Governmental activities | | | | | | | | | | |
| Net invested in capital assets | \$40,310,492 | \$ 45,859,677 | \$ 49,544,941 | \$ 63,425,921 | \$ 75,411,948 | \$ 76,995,272 | \$ 75,283,384 | \$ 74,406,518 | \$ 77,571,659 | \$ 85,092,014 |
| Restricted | 1,677,229 | 1,859,413 | 1,907,503 | 1,216,495 | 1,453,217 | 5,024,028 | 6,073,619 | 22,002,083 | 8,013,074 | 9,877,729 |
| Unrestricted | 41,729,011 | 33,889,278 | 31,389,743 | 31,821,955 | 53,509,303 | 52,421,108 | 58,224,837 | 29,002,889 | 38,711,515 | 55,737,317 |
| Total governmental activities net position | <u>\$83,716,732</u> | <u>\$ 81,608,368</u> | <u>\$ 82,842,187</u> | <u>\$ 96,464,371</u> | <u>\$ 130,374,468</u> | <u>\$ 134,440,408</u> | <u>\$ 139,581,840</u> | <u>\$ 125,411,490</u> | <u>\$ 124,296,248</u> | <u>\$ 150,707,060</u> |
| Business-type activities | | | | | | | | | | |
| Net invested in capital assets | \$ 7,080,071 | \$ 6,760,140 | \$ 5,623,230 | \$ 6,303,231 | \$ 5,987,080 | \$ 5,994,538 | \$ 5,990,896 | \$ 5,654,670 | \$ 5,347,107 | \$ 5,091,769 |
| Unrestricted | 5,323,063 | 6,722,583 | 2,673,249 | 2,273,623 | 2,433,901 | 2,413,718 | 402,427 | 483,206 | 464,540 | 463,834 |
| Total business-type activities net position | <u>\$12,403,134</u> | <u>\$ 13,482,723</u> | <u>\$ 8,296,479</u> | <u>\$ 8,576,854</u> | <u>\$ 8,420,981</u> | <u>\$ 8,408,256</u> | <u>\$ 6,393,323</u> | <u>\$ 6,137,876</u> | <u>\$ 5,811,647</u> | <u>\$ 5,555,603</u> |
| Primary government | | | | | | | | | | |
| Net invested in capital assets | \$47,390,563 | \$ 52,619,817 | \$ 55,168,171 | \$ 69,729,152 | \$ 81,399,028 | \$ 82,989,810 | \$ 81,274,280 | \$ 80,061,188 | \$ 82,918,766 | \$ 90,183,783 |
| Restricted | 1,677,229 | 1,859,413 | 1,907,503 | 1,216,495 | 1,453,217 | 5,024,028 | 6,476,046 | 22,002,083 | 8,013,074 | 9,877,729 |
| Unrestricted | 47,052,074 | 40,611,861 | 34,062,992 | 34,095,578 | 55,943,204 | 54,834,826 | 58,224,837 | 29,486,095 | 39,176,055 | 56,201,151 |
| Total primary government net position | <u>\$96,119,866</u> | <u>\$ 95,091,091</u> | <u>\$ 91,138,666</u> | <u>\$ 105,041,225</u> | <u>\$ 138,795,449</u> | <u>\$ 142,848,664</u> | <u>\$ 145,975,163</u> | <u>\$ 131,549,366</u> | <u>\$ 130,107,895</u> | <u>\$ 156,262,663</u> |

South Metro Fire Rescue Fire Protection District
Changes in Net Position
Last Ten Fiscal Years

| Expenses | Fiscal Year | | | | | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Governmental activities: | | | | Restated | Restated | | | | Restated | |
| Operations | \$ 37,210,868 | \$ 38,237,300 | \$ 47,931,085 | \$ 66,461,430 | \$ 90,702,140 | \$ 104,286,977 | \$ 101,426,388 | \$ 123,401,598 | \$ 114,395,426 | \$ 121,239,386 |
| Administration | 20,249,118 | 24,680,189 | 19,019,862 | 22,518,212 | 34,162,182 | 28,148,043 | 33,421,508 | 44,255,426 | 47,068,391 | 50,706,031 |
| Fire Marshal | 2,430,675 | 2,699,413 | 2,862,739 | 3,182,917 | 4,842,321 | 5,143,336 | 5,328,172 | 5,513,590 | 5,665,557 | 5,906,884 |
| Dispatch | - | - | - | - | - | 3,159,531 | 3,307,622 | 3,944,869 | 4,658,298 | 5,038,002 |
| Total governmental activities expenses | \$ 59,890,661 | \$ 65,616,902 | \$ 69,813,686 | \$ 92,162,559 | \$ 129,706,643 | \$ 140,737,887 | \$ 143,483,690 | \$ 177,115,483 | \$ 171,787,672 | \$ 182,890,303 |
| Business-type activities: | | | | | | | | | | |
| Building rental | \$ 1,087,384 | \$ 864,682 | \$ 858,801 | \$ 589,904 | \$ 988,600 | \$ 885,152 | \$ 824,751 | \$ 1,020,870 | \$ 965,340 | \$ 906,406 |
| Ambulance transports | 3,960,029 | 3,776,570 | 3,125,249 | - | - | - | - | - | - | - |
| Total business-type activities expenses | \$ 5,047,413 | \$ 4,641,252 | \$ 3,984,050 | \$ 589,904 | \$ 988,600 | \$ 885,152 | \$ 824,751 | \$ 1,020,870 | \$ 965,340 | \$ 906,406 |
| Total primary government expenses | \$ 64,938,074 | \$ 70,258,154 | \$ 73,797,736 | \$ 92,752,463 | \$ 130,695,243 | \$ 141,623,039 | \$ 144,308,441 | \$ 178,136,353 | \$ 172,753,012 | \$ 183,796,709 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Operations | \$ 647,132 | \$ 544,856 | \$ 848,205 | \$ 7,264,272 | \$ 12,906,023 | \$ 11,923,577 | \$ 9,722,230 | \$ 12,938,471 | \$ 14,900,005 | \$ 14,992,703 |
| Administration | 807,828 | 863,869 | 781,274 | 496,510 | 1,069,662 | 827,285 | 964,843 | 2,445,088 | 3,396,001 | 2,703,646 |
| Fire Marshal | 1,477,511 | 1,701,879 | 1,803,896 | 1,680,971 | 2,587,981 | 1,867,387 | 1,822,037 | 2,450,898 | 2,241,971 | 2,030,546 |
| Metcom/Technical service | - | 213,426 | 440,511 | 1,221,460 | 198,511 | - | - | - | - | - |
| Dispatch | - | - | - | - | - | 115,770 | 116,726 | 121,721 | 140,092 | 157,353 |
| Contracted services - City of Littleton | - | - | - | - | 9,092,902 | - | - | - | - | - |
| Total governmental activities program revenues | \$ 2,932,471 | \$ 3,324,030 | \$ 3,873,886 | \$ 10,663,213 | \$ 25,855,079 | \$ 14,734,019 | \$ 12,625,836 | \$ 17,956,178 | \$ 20,678,069 | \$ 19,884,248 |
| Business-type activities: | | | | | | | | | | |
| Building rental | \$ 1,450,494 | \$ 1,447,718 | \$ 1,287,984 | \$ 820,434 | \$ 781,682 | \$ 837,182 | \$ 809,823 | \$ 765,319 | \$ 639,111 | \$ 650,362 |
| Ambulance transports | 4,034,916 | 4,210,217 | 4,575,987 | - | - | - | - | - | - | - |
| Total governmental activities program revenues | \$ 5,485,410 | \$ 5,657,935 | \$ 5,863,971 | \$ 820,434 | \$ 781,682 | \$ 837,182 | \$ 809,823 | \$ 765,319 | \$ 639,111 | \$ 650,362 |
| Total primary government program revenues | \$ 8,417,881 | \$ 8,981,965 | \$ 9,737,857 | \$ 11,483,647 | \$ 26,636,761 | \$ 15,571,201 | \$ 13,435,659 | \$ 18,721,497 | \$ 21,317,180 | \$ 20,534,610 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (56,958,190) | \$ (62,292,872) | \$ (65,939,800) | \$ (81,499,346) | \$ (103,851,564) | \$ (126,003,868) | \$ (130,857,854) | \$ (159,159,305) | \$ (151,109,603) | \$ (163,006,055) |
| Business-type activities | 437,997 | 1,016,683 | 1,879,921 | 230,530 | (206,918) | (47,970) | (14,928) | (255,551) | (326,229) | (256,044) |
| Total primary government net expense | \$ (56,520,193) | \$ (61,276,189) | \$ (64,059,879) | \$ (81,268,816) | \$ (104,058,482) | \$ (126,051,838) | \$ (130,872,782) | \$ (159,414,856) | \$ (151,435,832) | \$ (163,262,099) |
| General Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property tax | \$ 51,684,596 | \$ 53,737,956 | \$ 54,069,865 | \$ 71,775,702 | \$ 97,206,003 | \$ 113,457,721 | \$ 114,866,725 | \$ 125,272,691 | \$ 124,311,095 | \$ 163,666,831 |
| Specific ownership tax | 4,485,684 | 4,542,980 | 5,263,971 | 6,208,669 | 8,665,297 | 8,924,544 | 9,420,319 | 9,526,233 | 9,859,737 | 10,211,486 |
| Excise taxes | - | - | - | - | - | 347,056 | 577,988 | 480,365 | 728,625 | 413,856 |
| Medicare/medicaid supplemental fee | - | - | - | - | - | 5,076,521 | 6,191,645 | 6,951,772 | 7,433,403 | 7,234,628 |
| Interest income (loss) | 315,995 | 556,239 | 381,539 | 897,067 | 1,956,095 | 1,229,751 | (93,890) | 90,614 | 3,506,064 | 4,406,879 |
| Gain (loss) on sale of assets | 85,914 | 47,236 | 71,745 | 1,392,020 | 162,270 | 14,554 | 348,898 | 532,658 | 320,453 | 46,630 |
| Intergovernmental and other reimbursement: | - | - | - | - | - | - | - | 1,822,409 | 3,583,844 | 3,194,274 |
| Miscellaneous income | 39,311 | 1,748,472 | 272,568 | 417,764 | 246,365 | 1,019,661 | 3,555,003 | 312,213 | 251,140 | 242,283 |
| Transfers | - | - | 7,164,540 | - | - | - | 1,132,598 | - | - | - |
| Total governmental activities | \$ 56,611,500 | \$ 60,632,883 | \$ 67,224,228 | \$ 80,691,222 | \$ 108,236,030 | \$ 130,069,808 | \$ 135,999,286 | \$ 144,988,955 | \$ 149,994,361 | \$ 189,416,867 |
| Business-type activities: | | | | | | | | | | |
| Miscellaneous income | \$ 113,212 | \$ 55,257 | \$ 4,528 | \$ - | \$ - | \$ 1,150 | \$ 99 | \$ - | \$ - | \$ - |
| Investment earnings | 1,193 | 7,649 | 93,847 | 49,845 | 51,045 | 34,095 | - | - | - | - |
| Transfers | - | - | (7,164,540) | - | - | - | (2,000,000) | - | - | - |
| Total business-type activities | \$ 114,405 | \$ 62,906 | \$ (7,066,165) | \$ 49,845 | \$ 51,045 | \$ 35,245 | \$ (1,999,901) | \$ - | \$ - | \$ - |
| Total primary government | \$ 56,725,905 | \$ 60,695,789 | \$ 60,158,063 | \$ 80,741,067 | \$ 108,287,075 | \$ 130,105,053 | \$ 133,999,385 | \$ 144,988,955 | \$ 149,994,361 | \$ 189,416,867 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | (346,690) | (1,659,989) | 1,284,428 | (808,124) | 4,384,466 | 4,065,940 | 5,141,432 | (14,170,350) | (1,115,242) | 26,410,812 |
| Business-type activities | 552,402 | 1,079,589 | (5,186,244) | 280,375 | (155,873) | (12,725) | (2,014,829) | (255,551) | (326,229) | (256,044) |
| Total primary government | \$ 205,712 | \$ (580,400) | \$ (3,901,816) | \$ (527,749) | \$ 4,228,593 | \$ 4,053,215 | \$ 3,126,603 | \$ (14,425,901) | \$ (1,441,471) | \$ 26,154,768 |

South Metro Fire Rescue Fire Protection District
Fund Balances, Governmental Funds
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| General Fund | | | | Restated | Restated | | | | | |
| Non-spendable | \$ 248,845 | \$ 1,421,568 | \$ 2,996,772 | \$ 2,825,564 | \$ 3,273,634 | \$ 3,813,422 | \$ 3,768,136 | \$ 4,185,744 | \$ 3,669,133 | \$ 2,079,066 |
| Restricted | 1,677,229 | 1,855,245 | 1,907,503 | 358,245 | 832,863 | 4,334,557 | 4,377,298 | 4,941,307 | 4,954,067 | 6,148,807 |
| Committed | — | — | — | — | — | — | 31,501,896 | — | — | — |
| Assigned | — | — | — | — | — | — | 132,598 | — | — | — |
| Unassigned | 34,078,639 | 33,265,913 | 34,738,963 | 33,822,836 | 47,181,196 | 46,192,185 | 8,580,938 | 32,899,435 | 41,285,675 | 46,626,952 |
| Total general fund | <u>\$ 36,004,713</u> | <u>\$ 36,542,726</u> | <u>\$ 39,643,238</u> | <u>\$ 37,006,645</u> | <u>\$ 51,287,693</u> | <u>\$ 54,340,164</u> | <u>\$ 48,360,866</u> | <u>\$ 42,026,486</u> | <u>\$ 49,908,875</u> | <u>\$ 54,854,825</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Non-spendable | — | — | — | — | — | — | 5,466,332 | 8,447,917 | 5,382,371 | 3,958,687 |
| Restricted: Cherry Hills Property Tax Fund | 443,110 | 448,375 | 498,984 | 558,250 | 620,354 | 689,471 | 753,516 | 852,733 | 988,343 | 1,222,106 |
| Restricted: Excise tax revenue | — | — | — | — | — | — | 942,805 | 1,423,170 | 2,151,795 | 2,565,650 |
| Committed | — | — | — | — | — | — | 5,056,912 | 10,249,126 | 3,941,445 | 18,941,434 |
| Assigned, reported in: | | | | | | | | | | |
| Capital project funds | 12,434,339 | 5,351,715 | 30,165 | — | — | — | — | — | — | — |
| Special revenue funds: | | | | | | | | | | |
| Parker Fire Protection District Fund | 149,945 | — | — | — | — | — | — | — | — | — |
| SMFR Fund | 150,006 | — | — | 150,000 | — | — | — | — | — | — |
| CFPD Fund | — | — | — | 150,000 | — | — | — | — | — | — |
| Total all other governmental funds | <u>\$ 13,177,400</u> | <u>\$ 5,800,090</u> | <u>\$ 529,149</u> | <u>\$ 858,250</u> | <u>\$ 620,354</u> | <u>\$ 689,471</u> | <u>\$ 12,219,565</u> | <u>\$ 20,972,946</u> | <u>\$ 12,463,954</u> | <u>\$ 26,687,877</u> |

South Metro Fire Rescue Fire Protection District
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Revenues | | | | Restated | Restated | | | | | |
| Property taxes | \$ 51,684,596 | \$ 53,737,957 | \$ 54,069,865 | \$ 71,775,702 | \$ 97,206,003 | \$ 113,457,721 | \$ 114,866,725 | \$ 125,272,691 | \$ 124,311,095 | \$ 163,666,831 |
| Specific ownership taxes | 4,485,684 | 4,542,980 | 5,263,971 | 6,208,669 | 8,665,297 | 8,924,544 | 9,420,319 | 9,526,233 | 9,859,737 | 10,211,486 |
| Excise taxes | - | - | - | - | - | 347,056 | 577,988 | 480,365 | 728,625 | 413,856 |
| Net investment earnings | 315,995 | 556,239 | 381,539 | 897,067 | 1,956,095 | 1,223,376 | (94,533) | 58,443 | 3,337,356 | 4,111,423 |
| Charges for service - transports* | - | - | - | 6,089,477 | 9,980,440 | 9,695,303 | 11,691,509 | 12,769,267 | 14,092,457 | 14,951,172 |
| Charges for service - plan review | - | - | - | 1,637,111 | 2,535,506 | 1,808,045 | 1,822,037 | 2,450,898 | 2,241,971 | 2,030,546 |
| Contracted services | - | - | - | - | 9,092,902 | 312,120 | 318,362 | - | - | - |
| Medicare/Medicaid supplemental fee | - | - | - | - | 2,345,340 | 5,543,184 | 6,191,645 | 6,951,772 | 7,433,403 | 7,234,628 |
| Dispatch fees** | - | - | - | 1,035,219 | 106,494 | 115,770 | 116,726 | 121,721 | 140,092 | 157,353 |
| Intergovernmental and other reimbursements** | - | - | - | 1,082,535 | 1,184,460 | 2,037,085 | 1,720,567 | 1,989,489 | 3,583,844 | 3,194,274 |
| Lease rental income | 203,673 | 217,357 | 155,553 | 151,091 | 173,195 | 180,249 | 209,527 | 209,514 | 195,706 | 206,885 |
| Grants and contributions | - | - | - | - | - | - | - | 167,080 | 2,938,490 | 1,000,719 |
| Other | 2,768,108 | 3,126,271 | 3,990,901 | 1,085,546 | 683,108 | 1,138,445 | 302,111 | 145,132 | 251,140 | 242,283 |
| Total Revenues | 59,458,056 | 62,180,804 | 63,861,829 | 89,962,417 | 133,928,840 | 144,782,898 | 147,142,983 | 160,142,605 | 169,113,916 | 207,421,456 |
| Expenditures | | | | | | | | | | |
| Public Safety | | | | | | | | | | |
| Administration | 17,954,589 | 21,497,558 | 22,069,455 | 27,541,683 | 33,425,842 | 31,675,249 | 31,338,790 | 39,609,550 | 37,905,821 | 40,863,761 |
| Operations | 37,132,243 | 38,150,318 | 41,677,165 | 60,006,147 | 85,370,644 | 93,884,423 | 99,043,648 | 103,467,049 | 109,746,801 | 118,831,882 |
| Fire Marshal | 2,484,518 | 2,698,514 | 2,889,075 | 3,164,295 | 4,736,858 | 5,076,746 | 5,326,911 | 5,486,597 | 5,630,848 | 5,881,224 |
| Dispatch | - | - | - | - | - | 3,095,996 | 3,164,907 | 3,930,886 | 3,992,537 | 4,276,404 |
| Debt Service *** | | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | 552,305 | 1,996,317 | 1,691,769 |
| Interest | - | - | - | - | - | - | - | 20,886 | 123,714 | 111,408 |
| Capital outlay | 7,273,541 | 7,764,767 | 5,576,244 | 9,539,066 | 3,101,567 | 8,062,884 | 6,480,942 | 8,589,936 | 11,826,600 | 18,325,238 |
| Total expenditures | 64,844,891 | 70,111,157 | 72,211,939 | 100,251,191 | 126,634,911 | 141,795,298 | 145,355,198 | 161,657,209 | 171,222,638 | 189,981,686 |
| Excess of revenue over (under) expenditures | \$ (5,221,983) | \$ (7,930,353) | \$ (8,350,110) | \$ (10,288,774) | \$ 7,293,929 | \$ 2,987,600 | \$ 1,787,785 | \$ (1,514,604) | \$ (2,108,722) | \$ 17,439,770 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Lease and subscriptions issuance | - | - | - | - | - | - | 2,041,002 | 2,237,700 | 1,069,348 | 1,537,574 |
| Sale of capital assets | 164,852 | 47,236 | 71,745 | 1,392,020 | 162,270 | 133,988 | 589,411 | 1,695,905 | 412,771 | 192,529 |
| Transfer from other funds | 55,182,986 | 1,445,577 | 6,107,936 | 88,794,752 | 106,889,940 | 30,000,000 | 17,497,415 | 15,000,000 | - | 30,000,000 |
| Transfer (to) other funds | (55,182,986) | (401,757) | - | (88,794,752) | (106,889,940) | (30,000,000) | (16,364,817) | (15,000,000) | - | (30,000,000) |
| Total other financing sources (uses) | 164,852 | 1,091,056 | 6,179,681 | 1,392,020 | 162,270 | 133,988 | 3,763,011 | 3,933,605 | 1,482,119 | 1,730,103 |
| Net change in fund balances | \$ (5,221,983) | \$ (6,839,297) | \$ (2,170,429) | \$ (8,896,754) | \$ 7,456,199 | \$ 3,121,588 | \$ 5,550,796 | \$ 2,419,001 | \$ (626,603) | \$ 19,169,873 |
| Debt service as a percentage of noncapital expenditures | —% | —% | —% | —% | —% | —% | —% | 0.4 % | 1.3 % | 1.1 % |

*Starting in 2018, ambulance transport revenue is included with the General Fund revenues.

**Prior to 2018, these revenues were included with Other General Fund revenues.

***Starting in 2022, lease and subscription assets Principal & Interest expense are reported on the Governmental Fund level.

South Metro Fire Rescue Fire Protection District
Tax Revenues by Source, Governmental Funds Last Ten Fiscal Years

| Fiscal Year | Property Tax | Specific Ownership Tax | Total |
|--------------------|---------------------|-------------------------------|--------------|
| 2015 | 51,684,596 | 4,485,684 | 56,170,280 |
| 2016 | 53,737,957 | 4,542,980 | 58,280,937 |
| 2017 | 54,069,865 | 5,263,971 | 59,333,836 |
| 2018 | 71,775,702 | 6,208,669 | 77,984,371 |
| 2019 | 97,206,003 | 8,665,297 | 105,871,300 |
| 2020 | 113,457,721 | 8,924,544 | 122,382,265 |
| 2021 | 114,866,725 | 9,420,319 | 124,287,044 |
| 2022 | 125,272,691 | 9,526,233 | 134,798,924 |
| 2023 | 124,311,095 | 9,859,737 | 134,170,832 |
| 2024 | 163,666,831 | 10,211,486 | 173,878,317 |

Source: Finance Department

**South Metro Fire Rescue Fire Protection District
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

| Fiscal Year | Real Assessed Value | Personal Assessed Value | Real Actual Value | Personal Actual Value | SMFR Mill Levy | Ratio of Total Assessed to Total Estimate Actual Value | Residential Property Assessment Ratio |
|---------------------|----------------------------|--------------------------------|--------------------------|------------------------------|-----------------------|---|--|
| 2015 ^(A) | 4,850,713,475 | 544,797,418 | 40,930,196,129 | 1,886,348,738 | 9.25 | 12.60 % | 7.96 % |
| 2016 | 5,663,707,647 | 585,259,348 | 48,575,497,159 | 2,033,871,376 | 9.25 | 12.35 % | 7.96 % |
| 2017 | 5,719,186,598 | 609,450,211 | 49,293,495,859 | 2,101,534,429 | 9.25 | 12.31 % | 7.96 % |
| 2018 ^(B) | 6,959,830,755 | 609,646,295 | 64,769,394,048 | 2,102,342,901 | 9.25 | 11.32 % | 7.20 % |
| 2019 ^(C) | 9,833,539,324 | 791,205,973 | 97,289,094,814 | 2,727,335,684 | 9.25 | 10.62 % | 7.20 % |
| 2020 | 12,050,269,207 | 896,312,573 | 120,934,573,594 | 3,091,455,902 | 9.25 | 10.44 % | 7.15 % |
| 2021 | 12,174,310,839 | 899,099,709 | 122,665,417,907 | 3,100,635,856 | 9.25 | 10.40 % | 7.15 % |
| 2022 | 13,273,841,117 | 877,088,648 | 132,820,283,126 | 3,026,518,643 | 9.32 | 10.42 % | 7.15 % |
| 2023 ^(D) | 13,178,700,013 | 888,912,602 | 135,036,508,481 | 3,066,961,882 | 9.29 | 10.19 % | 6.95 % |
| 2024 | 16,223,889,260 | 1,120,803,784 | 177,594,298,083 | 4,019,607,623 | 9.25 | 9.55 % | 6.70 % |

The commercial property assessment ratio is 29.00% for 2015-2023, and decreased to 27.90% in 2024.

Note: The 2017 Real Assessed Value includes \$9,824,938 of Assessed Value (Unknown amount of Real Value) that is part of a TIF District Increment

^(A) 2015 and beyond includes Cherry Hills Fire Assessed and Actual values.

^(B) 2018 and beyond includes Cunningham Fire Protection District Assessed and Actual values.

^(C) 2019 and beyond includes Littleton Fire Rescue Assessed and Actual values.

^(D) 2023 Residential assessment rate decreased to 6.80% (multifamily) and 6.95% (all other residential).

Source: Arapahoe, Douglas and Jefferson County Assessors

South Metro Fire Rescue Fire Protection District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(per \$1,000 of assessed value)

| <u>Government</u> | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|---------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|
| South Metro Fire Rescue | 9.250 | 9.250 | 9.250 | 9.250 | 9.250 | 9.250 | 9.250 | 9.319 | 9.288 | 9.250 |
| Cunningham Fire Protection District | — | — | — | 14.603 | 14.600 | 9.250 | — | — | — | — |
| Parker Fire Protection District | 12.978 | — | — | — | — | — | — | — | — | — |
| <u>Cities and Towns</u> | | | | | | | | | | |
| City of Castle Pines | 4.500 | 4.500 | 4.500 | 4.500 | 4.500 | 4.500 | 4.500 | 4.500 | 4.500 | 16.500 |
| City of Centennial | 5.030 | 5.026 | 2.087 | 5.003 | 5.002 | 5.033 | 5.033 | 5.013 | 5.008 | 5.010 |
| City of Greenwood Village | 2.932 | 2.932 | 2.932 | 2.932 | 2.932 | 2.932 | 2.932 | 2.932 | 2.932 | 2.932 |
| City of Lakewood | | | | | 4.711 | 4.711 | 4.711 | 4.711 | 4.711 | 4.280 |
| City of Littleton | | | | | 6.662 | 2.000 | 2.000 | 2.000 | 2.000 | 2.000 |
| City of Lone Tree | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Town of Foxfield | 20.400 | 20.400 | 20.400 | 4.982 | 4.982 | 4.982 | 4.982 | 4.982 | 4.982 | 4.982 |
| Town of Parker | 2.602 | 2.602 | 2.602 | 2.602 | 2.602 | 2.602 | 2.602 | 2.602 | 2.602 | 2.602 |
| <u>Counties</u> | | | | | | | | | | |
| Arapahoe County | 14.856 | 14.039 | 14.039 | 13.301 | 11.685 | 11.685 | 12.013 | 11.762 | 12.750 | 11.206 |
| Douglas County | 19.774 | 18.774 | 24.274 | 24.274 | 24.274 | 24.274 | 24.274 | 24.024 | 24.024 | 24.274 |
| Jefferson County | 25.978 | 26.978 | 26.978 | 26.978 | 24.274 | 22.332 | 23.578 | 26.241 | 26.978 | 21.478 |
| <u>School Districts</u> | | | | | | | | | | |
| Cherry Creek School District #5 | 49.703 | 53.232 | 49.687 | 49.995 | 46.997 | 49.724 | 49.012 | 49.012 | 49.863 | 47.567 |
| Douglas County School District | 42.439 | 42.439 | 41.064 | 44.950 | 43.840 | 43.504 | 43.504 | 43.797 | 42.836 | 40.730 |
| Littleton Public School District | 53.424 | 53.030 | 53.030 | 51.166 | 56.945 | 64.740 | 64.744 | 64.936 | 67.061 | 62.847 |
| Jefferson County R-1 School District | 50.170 | 47.490 | 45.940 | 42.878 | 49.410 | 47.070 | 48.105 | 45.520 | 46.133 | 44.526 |
| <u>Other Local Governments</u> | 686.991 | 646.746 | 636.321 | 663.375 | 611.781 | 580.611 | 526.838 | 780.400 | 786.180 | 722.824 |

Source: Various Entities and Arapahoe, Douglas, and Jefferson County Assessors Offices.

**South Metro Fire Rescue Fire Protection District
Principal Property Tax Payers
Current Year and 10 Years Ago**

| Taxpayer | 2024 | | | 2015 | | |
|--|----------------|------|-------------------|----------------|------|-------------------|
| | Assessed Value | Rank | Per Cent of Total | Assessed Value | Rank | Per Cent of Total |
| Park Meadows Mall LLC | 114,258,560 | 1 | 0.65% | | | |
| HCA HealthOne LLC | 103,213,900 | 2 | 0.59% | | | |
| Lockheed Martin Corp | 96,810,661 | 3 | 0.55% | | | |
| Martin Marietta Corporation | 70,815,673 | 4 | 0.40% | | | |
| Prime US-Village Center Station II LLC | 36,002,997 | 5 | 0.21% | | | |
| Kaiser Foundation Hospitals | 34,277,750 | 6 | 0.20% | | | |
| 6340 Fiddlers Green Circle LP | 33,854,418 | 7 | 0.19% | | | |
| CS Lone Tree LLC | 33,088,200 | 8 | 0.19% | | | |
| Granite Place LLC | 32,076,630 | 9 | 0.18% | | | |
| Greenwood Property Corp | 29,286,630 | 10 | 0.17% | 30,879,200 | 2 | 0.54% |
| Verizon Wireless | | | | 47,856,920 | 1 | 0.83% |
| Porter Adventist Hospital | | | | 26,230,230 | 3 | 0.46% |
| GPI Plaza Tower | | | | 23,807,550 | 4 | 0.41% |
| Qwest Corp | | | | 23,584,100 | 5 | 0.41% |
| Public Service of Colorado | | | | 19,636,660 | 6 | 0.34% |
| AX Inverness LP | | | | 14,090,520 | 7 | 0.24% |
| Palazzo Verdi LLC | | | | 13,780,510 | 8 | 0.24% |
| Village Center Station I | | | | 13,535,170 | 9 | 0.23% |
| IKEA Property | | | | 13,391,620 | 10 | 0.23% |
| | \$ 583,685,419 | | 3.32 % | \$ 226,792,480 | | 3.94 % |

Source: Douglas, Arapahoe, and Jefferson County Assessors' Offices

**South Metro Fire Rescue Fire Protection District
Property Tax Levies and Collections
Last Ten Fiscal Years**

| Fiscal Year | Total Tax Levy | Current Tax Collections | % of Current Taxes Collected | Delinquent Tax Collection | Total Tax Collections | Ratio of Total Tax to Total Tax Levy | Outstanding Delinquent Taxes | Ratio of Delinquent Taxes to Total Tax Levy |
|--------------------|-----------------------|--------------------------------|-------------------------------------|----------------------------------|------------------------------|---|-------------------------------------|--|
| 2015 | 51,944,348 | 51,898,770 | 99.91 % | (214,174) | 51,684,596 | 99.50 % | 125,705 | 0.242 % |
| 2016 | 54,129,916 | 53,737,957 | 99.28 % | (13,654) | 53,724,302 | 99.25 % | 31,830 | 0.059 % |
| 2017 | 54,235,662 | 54,128,981 | 99.80 % | (59,116) | 54,069,865 | 99.69 % | 335,944 | 0.619 % |
| 2018 | 72,172,841 | 71,765,691 | 99.44 % | 10,011 | 71,775,702 | 99.45 % | 275,428 | 0.382 % |
| 2019 | 97,531,612 | 97,206,003 | 99.67 % | (138,940) | 97,067,063 | 99.52 % | 657,420 | 0.674 % |
| 2020 | 114,041,893 | 113,457,721 | 99.49 % | (121,646) | 113,336,075 | 99.38 % | 677,768 | 0.594 % |
| 2021 | 115,446,511 | 114,866,725 | 99.50 % | (129,244) | 114,737,481 | 99.39 % | 944,418 | 0.818 % |
| 2022 | 126,008,116 | 125,272,691 | 99.42 % | 39,830 | 125,312,521 | 99.45 % | 521,274 | 0.414 % |
| 2023 | 124,857,365 | 123,835,668 | 99.18 % | 475,427 | 124,311,095 | 99.56 % | 1,010,845 | 0.810 % |
| 2024 | 162,279,871 | 163,762,777 | 100.91 % | (95,946) | 163,666,831 | 100.85 % | 671,108 | 0.414 % |

Source: Finance Department

Note: Net of tax credits and abatements.

South Metro Fire Rescue Fire Protection District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | | Business Type Certificates of Participation | Total Primary Government | Per Capita |
|-------------|--------------------------|-----------------|------------------------|-------------------------------|---|--------------------------|------------|
| | General Obligation Bonds | Lease Liability | Subscription Liability | Certificates of Participation | | | |
| 2015 | — | — | — | — | — | — | — |
| 2016 | — | — | — | — | — | — | — |
| 2017 | — | — | — | — | — | — | — |
| 2018 | — | — | — | — | — | — | — |
| 2019 | — | — | — | — | — | — | — |
| 2020 | — | — | — | — | — | — | — |
| 2021 | — | — | — | — | — | — | — |
| 2022 | — | 3,258,042 | — | — | — | 3,258,042 | 5.57 |
| 2023 | — | 2,665,223 | 1,355,660 | — | — | 4,020,883 | 6.71 |
| 2024 | — | 2,136,051 | 1,618,126 | — | — | 3,754,177 | 6.21 |

Notes: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

Source: Finance Department

South Metro Fire Rescue Fire Protection District
Direct and Overlapping Governmental Activities Debt
As of December 31, 2024

| | <u>Net Debt Outstanding</u> | <u>Percentage Applicable to District*</u> | <u>Amount Applicable to District</u> |
|--------------------------------------|---------------------------------|---|--|
| DIRECT: | | | |
| South Metro Fire Rescue | \$ 3,754,177 | 100 % | \$ 3,754,177 |
| OVERLAPPING: | | | |
| Jefferson County | 37,485,208 | 6 % | 2,249,112 |
| Cherry Creek School District #5 | 944,959,934 | 65 % | 614,223,957 |
| Douglas County School District | 542,800,887 | 71 % | 385,388,630 |
| Jefferson County R-1 School District | 673,060,000 | 6 % | 40,383,600 |
| Littleton Public School District | 387,893,059 | 5 % | 19,394,653 |
| City of Lakewood | 12,889,281 | 2 % | 257,786 |
| City of Littleton | 1,388,108 | 98 % | 1,360,346 |
| City of Lone Tree | 48,055,373 | 100 % | 48,055,373 |
| Town of Parker | 39,204,876 | 100 % | 39,204,876 |
| Other Local Governments | 695,852,210 | 74 % | 513,877,520 |
| Total Overlapping Debt | <u>\$ 3,387,343,113</u> | | <u>\$ 1,668,150,030</u> |
| Total Direct & Overlapping Debt | | | <u>\$ 1,668,150,030</u> |

Source: South Metro Fire Rescue Fire Protection District Finance

Various entities provided outstanding debt information

Assessed value data used to estimate the applicable percentages provided by the Assessor's offices of Douglas, Arapahoe, and Jefferson Counties

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of South Metro Fire Rescue Fire Protection District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident - and therefore responsible for repaying the debt of each overlapping government.

* For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the District's boundaries and dividing it by each unit's total taxable assessed value.

**South Metro Fire Rescue Fire Protection District
Legal Debt Margin Information
Last Ten Fiscal Years**

| | Fiscal Year | | | | |
|--|------------------|------------------|------------------|------------------|-------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Total Assessed Value | \$ 4,971,618,704 | \$ 5,760,702,401 | \$ 5,837,254,988 | \$ 7,823,668,573 | \$ 12,387,082,905 |
| Debt Limit - 50% of total assessed value (1) | 2,485,809,352 | 2,880,351,201 | 2,918,627,494 | 3,911,834,287 | 6,193,541,453 |
| Amount of debt applicable to debt limit | - | - | - | - | - |
| Less amount available for debt service | - | - | - | - | - |
| Net amount of debt applicable to debt limit | - | - | - | - | - |
| Legal debt margin | \$ 2,485,809,352 | \$ 2,880,351,201 | \$ 2,918,627,494 | \$ 3,911,834,287 | \$ 6,193,541,453 |

| | Fiscal Year | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Total Assessed Value | \$ 12,986,634,357 | \$ 14,061,183,368 | \$ 13,979,077,519 | \$ 17,240,087,090 | \$ 17,560,557,018 |
| Debt Limit - 50% of total assessed value (1) | 6,493,317,179 | 7,030,591,684 | 6,989,538,760 | 8,620,043,545 | 8,780,278,509 |
| Amount of debt applicable to debt limit | - | - | - | - | - |
| Less amount available for debt service | - | - | - | - | - |
| Net amount of debt applicable to debt limit | - | - | - | - | - |
| Legal debt margin | \$ 6,493,317,179 | \$ 7,030,591,684 | \$ 6,989,538,760 | \$ 8,620,043,545 | \$ 8,780,278,509 |

Source: Douglas, Arapahoe, and Jefferson County Assessors' Offices and South Metro Fire Rescue Fire Protection District Finance Department.

(1) Colorado Revised Statutes.

**South Metro Fire Rescue Fire Protection District
Demographic and Economic Statistics
Last Ten Fiscal Years (Douglas County)**

| Fiscal Year | Population | Per Capita Income (1) | Median Age | Education Level (2) | School Enrollment (3) | Unemployment Rate |
|--------------------|-------------------|------------------------------|-------------------|----------------------------|------------------------------|--------------------------|
| 2015 | 321,964 | \$ 67,576 | 38.5 | 61.0 % | 66,702 | 3.00 % |
| 2016 | 328,088 | \$ 68,560 | 36.6 | 61.0 % | 67,000 | 2.50 % |
| 2017 | 335,668 | \$ 71,208 | 36.0 | 57.5 % | 68,000 | 2.20 % |
| 2018 | 342,776 | \$ 73,662 | 38.9 | 58.0 % | 68,880 | 2.60 % |
| 2019 | 362,954 | \$ 78,455 | 39.8 | 58.4 % | 67,591 | 2.30 % |
| 2020 | 357,978 | \$ 78,980 | 40.1 | 58.6 % | 67,305 | 5.30 % |
| 2021 | 368,990 | \$ 87,841 | 40.4 | 59.2 % | 62,979 | 4.10 % |
| 2022 | 375,988 | \$ 99,168 | 40.5 | 60.0 % | 63,876 | 2.50 % |
| 2023 | 381,500 | \$ 99,168 | 39.7 | 58.0 % | 62,341 | 3.00 % |
| 2024 | 383,911 | \$ 102,928 | 39.8 | N/A | 61,409 | 4.30 % |

- (1) Douglas County Census, not seasonally adjusted. Current year data is not yet available.
- (2) Percentage of population that has attained a Bachelor’s Degree or higher.
- (3) Douglas County School District

Sources: Federal Reserve Bank of St. Louis, Colorado Division of Local Government Demographics, Douglas County Schools Web Page and U.S Census Bureau- Douglas County

**South Metro Fire Rescue Fire Protection District
Demographic and Economic Statistics
Last Ten Fiscal Years (Arapahoe County)**

| Fiscal Year | Population | Per Capita Income (1) | Median Age | Education Level (2) | School Enrollment (3) | Unemployment Rate |
|--------------------|-------------------|------------------------------|-------------------|----------------------------|------------------------------|--------------------------|
| 2015 | 630,637 | \$ 54,476 | 36.7 | 39.0 % | 54,449 | 3.20 % |
| 2016 | 638,571 | \$ 55,116 | 36.1 | 39.0 % | 54,695 | 2.60 % |
| 2017 | 644,132 | \$ 56,642 | 35.0 | 40.7 % | 54,178 | 2.80 % |
| 2018 | 651,215 | \$ 60,180 | 37.1 | 41.6 % | 54,852 | 3.80 % |
| 2019 | 653,143 | \$ 64,477 | 37.4 | 42.8 % | 55,839 | 2.30 % |
| 2020 | 655,070 | \$ 66,691 | 37.8 | 43.4 % | 56,228 | 7.20 % |
| 2021 | 654,900 | \$ 74,267 | 38.3 | 44.5 % | 53,587 | 5.80 % |
| 2022 | 655,808 | \$ 76,304 | 38.0 | 44.9 % | 52,392 | 3.10 % |
| 2023 | 661,234 | \$ 81,414 | 37.4 | 43.0 % | 52,419 | 3.40 % |
| 2024 | 666,918 | N/A | N/A | N/A | 52,672 | 4.40 % |

- (1) Arapahoe County Census, not seasonally adjusted. Current year data is not yet available.
- (2) Percentage of population that has attained a Bachelor’s Degree or higher.
- (3) Cherry Creek School District

Sources: Federal Reserve Bank of St. Louis, Colorado Division of Local Government Demographics, Cherry Creek Schools Web Page, and U.S Census Bureau- Arapahoe County

**South Metro Fire Rescue Fire Protection District
Demographic and Economic Statistics
Last Ten Fiscal Years (Jefferson County)**

| Fiscal Year | Population | Per Capita Income (1) | Median Age | Education Level (2) | School Enrollment (3) | Unemployment Rate |
|--------------------|-------------------|------------------------------|-------------------|----------------------------|------------------------------|--------------------------|
| 2019 | 582,308 | \$ 66,571 | 41.0 | 45.5 % | 84,623 | 2.50 % |
| 2020 | 582,928 | \$ 69,118 | 41.3 | 46.7 % | 84,048 | 7.10 % |
| 2021 | 579,581 | \$ 74,822 | 41.5 | 47.9 % | 80,088 | 5.00 % |
| 2022 | 580,774 | \$ 80,367 | 41.7 | 49.1 % | 69,000 | 3.00 % |
| 2023 | 576,366 | \$ 78,911 | 41.3 | 48.4 % | 76,172 | 3.30 % |
| 2024 | 578,533 | N/A | N/A | N/A | 75,495 | 4.30 % |

- (1) Jefferson County Census, not seasonally adjusted. Current year data is not yet available.
- (2) Percentage of population that has attained a Bachelor’s Degree or higher.
- (3) Jefferson County R-1 School District

Sources: Federal Reserve Bank of St. Louis, Colorado Division of Local Government Demographics, Jefferson County Economic Development Corp., and U.S Census Bureau- Jefferson County

Note: For information prior to 2019, refer to Jefferson County ACFR.

- (1) Jefferson County Census, not seasonally adjusted. Current year data is not yet available.
- (2) Percentage of population that has attained a Bachelor’s Degree or higher.
- (3) Jefferson County R-1 School District

**South Metro Fire Rescue Fire Protection District
Principal Employers
December 31, 2024**

| | 2024 | | 2015 | |
|------------------------------------|-----------|------|-----------|------|
| | Employees | Rank | Employees | Rank |
| Douglas County School District | 8,500 | 1 | | |
| Cherry Creek School District No. 5 | 8,400 | 2 | | |
| Lockheed Martin | 7,000 | 3 | | |
| Comcast | 5,590 | 4 | | |
| Charles Schwab | 3,800 | 5 | | |
| Empower Retirement | 2,600 | 6 | | |
| Arapahoe County | 2,400 | 7 | | |
| Raytheon Company | 2,100 | 8 | | |
| Columbia HSA Swedish | 2,000 | 9 | | |
| DISH Network | 1,900 | 10 | 6,500 | 2 |
| United Global | | | 15,000 | 1 |
| Western Union Fincl Svcs Inc | | | 3,200 | 3 |
| Centura Health | | | 3,096 | 4 |
| Advantedge Business Group | | | 1,500 | 5 |
| Jeppesen Sanderson | | | 1,400 | 6 |
| IHS Global | | | 1,400 | 7 |
| Solarcity Corporation | | | 1,340 | 8 |
| CH2M Hill | | | 1,200 | 9 |
| Adventist Health System | | | 1,002 | 10 |
| | 44,290 | | 35,638 | |

Source: Arapahoe and Douglas Counties ACFR

Data related to all employers within the District is unavailable; cannot calculate percentage of employees

South Metro Fire Rescue Fire Protection District
Full-time Equivalent District Government Employees by Function/Program
Last Ten Fiscal Years

| Function/Program | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Field Operations | 279.00 | 302.00 | 332.00 | 401.00 | 608.00 | 641.00 | 596.00 | 612.00 | 626.00 | 646.00 |
| Administration | 32.00 | 34.00 | 35.00 | 71.00 | 77.00 | 80.00 | 78.00 | 91.00 | 94.00 | 96.00 |
| Fire Marshal | 19.00 | 23.00 | 28.00 | 34.00 | 28.00 | 30.00 | 34.00 | 34.00 | 31.00 | 31.00 |
| Fleet Services | 10.00 | 10.00 | 12.00 | 14.00 | 13.00 | 15.00 | 13.00 | 15.00 | 15.00 | 15.00 |
| Ambulance * | 19.00 | 22.00 | - | - | - | - | - | - | - | - |
| Total FTE | 359.00 | 391.00 | 407.00 | 520.00 | 726.00 | 766.00 | 721.00 | 752.00 | 766.00 | 788.00 |

Source: South Metro Fire Rescue Fire Protection District Finance Department

* Ambulance FTE's are captured in the Field Operations line from 2017 forward

**South Metro Fire Rescue Fire Protection District
Operating Indicators by Function/Program
Last Ten Fiscal Years**

| | Fiscal Year | | | | | | | | | |
|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Field Operations (in & out of district) | | | | | | | | | | |
| Fire Calls | 382 | 443 | 458 | 587 | 713 | 1,032 | 793 | 846 | 583 | 647 |
| Emergency Medical Calls | 11,458 | 11,552 | 12,139 | 16,375 | 27,810 | 26,620 | 30,299 | 32,658 | 33,654 | 33,565 |
| Alarms | 2,325 | 2,187 | 2,179 | 2,837 | 4,355 | 4,039 | 4,380 | 4,785 | 4,830 | 5,105 |
| Others | 1,766 | 1,751 | 1,442 | 2,324 | 3,079 | 2,915 | 3,162 | 3,509 | 3,124 | 3,044 |
| Number of hours of firefighter training | 65,664 | 80,035 | 52,472 | 51,545 | 104,236 | 115,378 | 109,276 | 135,692 | 101,591 | 137,852 |
| Hours of officer trainings | 7,222 | 5,770 | 3,761 | 2,403 | 16,593 | 20,614 | 17,699 | 14,430 | 3,705 | 14,535 |
| Hours of driver/operator trainings | 4,416 | 3,698 | 2,035 | 3,698 | 11,834 | 13,464 | 18,932 | 18,658 | 11,634 | 19,599 |
| Support Services | | | | | | | | | | |
| Square footage of building maintained | 320,084 | 320,084 | 320,084 | 387,846 | 452,385 | 460,805 | 460,805 | 460,805 | 460,805 | 460,805 |
| Life Safety Bureau & Preparedness | | | | | | | | | | |
| Fire Investigations | 286 | 330 | 310 | 474 | 600 | 185 | 129 | 719 | 737 | 654 |
| Plan Reviews | 4,877 | 3,517 | 4,189 | 5,879 | 6,215 | 5,050 | 5,709 | 7,053 | 6,542 | 6,493 |
| Construction Inspections | 6,772 | 3,799 | 5,568 | 6,502 | 6,183 | 5,662 | 5,994 | 7,077 | 7,627 | 7,370 |
| Business Inspections | 2,916 | - | 3,158 | 4,308 | 4,324 | 5,372 | 6,032 | 11,295 | 12,520 | 12,553 |
| South Metro Safety Foundation Classes | 91 | 122 | 163 | 165 | 287 | 84 | 143 | 174 | 172 | 183 |
| Car seat checks | 269 | 366 | 326 | 309 | 432 | 422 | 498 | 436 | 407 | 416 |
| Apparatus/Crew resident attended | - | - | - | - | - | - | - | - | - | - |
| Prevention staff community/school students | - | - | 9,847 | 37,748 | 44,641 | 12,116 | 38,841 | 24,857 | 21,401 | 23,839 |
| Youth firesetter intervention | 16 | - | 46 | 21 | 22 | 1 | 18 | 13 | 9 | 21 |
| Fleet Services | | | | | | | | | | |
| Total number of warranty repairs | 62 | 28 | 13 | 44 | 12 | 25 | 23 | 3 | - | - |
| Total billable shop labor hours | 8,574 | 8,843 | 9,865 | 9,939 | 11,185 | 8,546 | 10,375 | 15,274 | 14,597 | 15,033 |
| Shop productivity rate | 71.4 % | 83.5 % | 85.5 % | 84.6 % | 90.2 % | 98.0 % | 70.0 % | 76.7 % | 73.6 % | 76.1 % |
| Total number of repairs | 2,501 | 2,911 | 3,198 | 3,153 | 3,868 | 4,252 | 6,378 | 3,920 | 3,607 | 3,997 |
| Ambulance | | | | | | | | | | |
| EMS Transports (in district only) | 7,430 | 6,226 | 7,350 | 9,748 | 18,590 | 17,792 | 20,467 | 22,266 | 25,512 | 24,256 |
| % of Transports to Castle Rock Adventist | - | - | - | 1.16 % | 0.57 % | 0.53 % | 0.85 % | 1.53 % | 1.29 % | 1.04 % |
| % of Transports to Centennial Health | - | - | - | 0.78 % | 0.77 % | 0.83 % | 2.06 % | 2.91 % | 2.88 % | 4.02 % |
| % of Transports to Childrens Hospital | - | - | - | 1.06 % | 1.91 % | 1.56 % | 2.25 % | 2.39 % | 3.13 % | 2.19 % |
| % of Transports to Littleton Hospital | 10.42 % | 5.00 % | 5.05 % | 2.42 % | 30.48 % | 27.87 % | 25.50 % | 23.89 % | 24.06 % | 23.40 % |
| % of Transports to Medical Center of Aurora | - | - | - | 11.27 % | 5.96 % | 5.45 % | 5.20 % | 4.99 % | 5.14 % | 4.57 % |
| % of Transports to Parker Adventist Hospital | 30.86 % | 34.00 % | 36.65 % | 33.78 % | 17.86 % | 18.96 % | 16.69 % | 16.68 % | 16.10 % | 17.00 % |
| % of Transports to Porter Adventist Hospital | 1.20 % | 1.00 % | 1.05 % | 0.97 % | 0.59 % | 0.62 % | 0.62 % | 0.62 % | 0.31 % | 0.38 % |
| % of Transports to Rose Medical Center | - | - | - | 0.41 % | 0.32 % | 0.26 % | 0.36 % | 0.30 % | 0.26 % | 0.20 % |
| % of Transports to Skyridge Medical Center | 43.42 % | 47.00 % | 52.73 % | 40.88 % | 29.37 % | 27.79 % | 26.70 % | 24.94 % | 23.05 % | 24.64 % |
| % of Transports to Southlands Medical | - | - | - | 1.14 % | 0.65 % | 0.70 % | 0.81 % | 0.67 % | 0.63 % | 0.42 % |
| % of Transport to Swedish Medical Center | 7.50 % | 7.00 % | 5.81 % | 3.81 % | 6.79 % | 6.27 % | 6.34 % | 5.97 % | 5.52 % | 5.98 % |
| % of Transport to UC Health | - | - | - | - | 4.21 % | 8.69 % | 11.96 % | 14.27 % | 13.14 % | 14.26 % |
| % of Transports to University Hospital | - | - | - | 1.42 % | 0.21 % | 0.09 % | 0.16 % | 0.08 % | 3.70 % | —% |
| % of Transports to All Others | - | - | - | 0.90 % | 0.32 % | 0.38 % | 0.51 % | 0.75 % | 0.80 % | 1.90 % |
| Collection Rate | 55.73 % | 52.71 % | 51.99 % | 72.00 % | 76.00 % | 72.00 % | 71.00 % | 71.00 % | 67.00 % | 66.00 % |

Source: South Metro Fire Rescue Fire Protection District various departments

**South Metro Fire Rescue Fire Protection District
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

| | Fiscal Year | | | | | | | | | |
|------------------------------|-------------|------|------|------|------|------|------|------|------|------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Field Operations | | | | | | | | | | |
| Fire Stations | 17 | 17 | 17 | 20 | 29 | 30 | 30 | 30 | 30 | 30 |
| Communication towers | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Training facility | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Driving facility | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Engines | 19 | 18 | 23 | 33 | 32 | 32 | 30 | 36 | 36 | 36 |
| Tenders | 6 | 6 | 6 | 8 | 6 | 6 | 6 | 6 | 6 | 6 |
| Quints | 1 | 1 | - | - | - | - | - | - | - | - |
| Squirts | - | - | - | 2 | - | - | - | - | - | - |
| Aerials | 5 | 7 | 7 | 9 | 9 | 9 | 9 | 9 | 10 | 11 |
| ARFF vehicles | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 5 | 5 |
| Chief/Staff vehicles | 15 | 15 | 16 | 20 | 18 | 17 | 9 | 12 | 12 | 14 |
| BC Vehicles | 6 | 9 | 8 | 14 | 13 | 13 | 12 | 16 | 16 | 18 |
| Wildland vehicles | 12 | 18 | 19 | 23 | 23 | 20 | 20 | 20 | 22 | 22 |
| Hazmat vehicles | 2 | 2 | 2 | 3 | 3 | 3 | 1 | 3 | 3 | 4 |
| Utility vehicle | 1 | 1 | 1 | 1 | - | - | 2 | 4 | 5 | 5 |
| Snow Cat | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | - | - |
| Dive Unit | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Watercraft | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Heavy Rescue | 1 | 3 | 2 | 7 | 4 | 4 | 4 | 4 | 4 | 4 |
| Tow Vehicles | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 3 | 2 | 2 |
| Command vehicle | 1 | 1 | 1 | 1 | 1 | - | - | - | - | - |
| Plow/Ladder testing truck | 1 | 1 | 1 | 4 | 2 | 6 | 5 | 3 | 4 | 4 |
| Trailers | 15 | 15 | 20 | 27 | 28 | 27 | 27 | 24 | 24 | 26 |
| Support Services | | | | | | | | | | |
| Headquarters buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Pool vehicles | 1 | 1 | 1 | 1 | - | 3 | 3 | 3 | 2 | 2 |
| Support Chief/Staff vehicles | 5 | 5 | 20 | 22 | 39 | 40 | 40 | 40 | 40 | 45 |
| Storage locations | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Fire Marshal | | | | | | | | | | |
| Pool vehicles | 2 | 2 | 1 | 1 | 3 | 3 | 3 | 2 | 2 | 2 |
| Assigned vehicles | 22 | 22 | 22 | 25 | 25 | 27 | 24 | 25 | 25 | 25 |
| Fleet Services | | | | | | | | | | |
| Repair shop | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Repair vehicles | 2 | 2 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Parts vehicles | 3 | 3 | 1 | 1 | 1 | - | - | - | - | - |
| Pool vehicles | 7 | 7 | 5 | 2 | 2 | 2 | - | - | - | - |
| IMT Vehicle | 1 | 1 | 1 | 3 | - | - | - | - | - | - |
| Lift | 2 | 2 | 1 | 9 | 13 | 13 | 12 | 12 | 12 | 12 |
| Overhead crane | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Ambulance | | | | | | | | | | |
| Medic units | 17 | 18 | 22 | 27 | 25 | 28 | 25 | 20 | 25 | 25 |
| ARM vehicle | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |

Source: South Metro Fire Rescue Fire Protection District various departments

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of Directors
South Metro Fire Rescue Fire Protection District
Centennial, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Metro Fire Rescue Fire Protection District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated _____, which contained an emphasis of matter paragraph regarding a change in accounting principle and correction of an error.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District’s response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Denver, Colorado

South Metro Fire Rescue Fire Protection District
Schedule of Findings and Responses
Year Ended December 31, 2024

| Reference Number | Finding |
|------------------|--|
| 2024-001 | <p data-bbox="391 378 927 405">Finding: Financial Information Preparation</p> <p data-bbox="391 441 1445 800">Criteria or Specific Requirement: The Governmental Accounting Standards Board (GASB) establishes GAAP for state and local government entities through the issuance of GASB statements and authoritative accounting guidance such as GASB implementation guides, which the District must comply with when preparing its financial statements. For the year ended December 31, 2024, the District was required to implement the requirements of GASB Statement No. 101, <i>Compensated Absences (GASB 101)</i>. In implementing this standard, the District was required to calculate a liability for compensated absences as the benefits are earned if the leave is more likely than not to be used for time off or settled in cash. In addition, the District's 2024 financial statements included a correction of an error in a previously issued financial statements in accordance with GASB 100, <i>Accounting Changes and Error Corrections an amendment of GASB Statement No. 62</i>.</p> <p data-bbox="391 840 1445 989">Condition: During our audit, we determined that the District did not accurately calculate the compensated absence liability for the portion of leave that was more likely than not to be used for time off. Additionally, the liability calculation did not include the related taxes associated with the leave. As a result, an audit adjustment of \$1.6 million was proposed, which management elected to record.</p> <p data-bbox="391 1024 1445 1140">During management's internal review, an error was self-identified in the previously issued financial statements related to the Self-Insured Internal Service Fund (ISF). In the prior fiscal year, expenditures were overstated by \$1.1 million due to an error in the accrual of incurred but not reported (IBNR) medical and dental claims expenses.</p> <p data-bbox="391 1176 1445 1232">Effect: The compensated absence liability would have been materially misstated without the proposed audit adjustments.</p> <p data-bbox="391 1268 1330 1295">The beginning fund balance for the ISF as of January 1, 2024, was understated.</p> <p data-bbox="391 1331 1445 1419">Cause: Despite reviewing GASB 101, the District did not fully incorporate the portion of leave more likely than not to be used, or the associated taxes, due to the standard's complexity and the diversity of paid leave policies offered by the District.</p> <p data-bbox="391 1455 1445 1512">Management included multiple items within a single liability and expense account, making it challenging to isolate and track the activity of each individual activity stream.</p> <p data-bbox="391 1547 1445 1663">Recommendation: We recommend that the District conduct a detailed review of future GASB standards to assess their potential impact on financial reporting and operations. Proactively evaluating these requirements will help ensure compliance and facilitate a smooth implementation process.</p> <p data-bbox="391 1698 1445 1814">As part of the initial ERP implementation, management conducted a detailed review of all accounts. We recommend that future changes within existing accounts be carefully evaluated to determine whether creating a new account would be more beneficial for the District, rather than grouping multiple activities within a single account.</p> |

**South Metro Fire Rescue Fire Protection District
Schedule of Findings and Responses
Year Ended December 31, 2024**

| Reference Number | Finding |
|-----------------------------|---|
| | <p>Views of Responsible Officials: The District agrees with the finding. At the time of implementation, management conducted an internal review and engaged in discussions with the auditors to ensure the compensated absences liability was calculated and presented in accordance with applicable standards. Based on these initial discussions and our interpretation of the guidance, we believed our approach was reasonable and supportable.</p> <p>However, subsequent to the year-end reporting process and in further collaboration with the audit team, it became clear that the implementation required additional refinement to fully comply with the provisions of GASB 101. Specifically, it was determined that the liability calculation needed to include the portion of leave “more likely than not” to be used for time off, as well as the associated payroll taxes.</p> <p>The District appreciates the collaborative process with the auditors and has taken steps to amend the original entries to ensure accurate financial reporting. A corrective action plan has been developed to enhance review procedures and prevent similar issues in the future.</p> |

Phillip McCart
1643 W Canal Court
Littleton Colorado 80120
(303) 977-1950 (d), (417) 838-9686 (c)
phillip.a.mccart.ii@lmco.com, superfrie2@gmail.com

May 30 2025

Board of Directors Nominating Committee
South Metro Fire Rescue
9195 E. Mineral Ave.
Centennial, CO 80112

Subject: Letter of Intent – Application for Vacancy on the South Metro Fire Rescue Board of Directors

Dear Members of the South Metro Fire Rescue Board of Directors,

I am writing to express my interest in the vacant position on the South Metro Fire Rescue (SMFR) Board of Directors, as advertised on the SMFR website. As a dedicated community member with a strong record of public service, notable professional engineering experience, and 6 years in the Army National Guard, I am eager to contribute to the continued excellence of SFMR.

My primary motivation for seeking this position stems from a profound commitment to ensuring that South Metro Fire Rescue has all the necessary resources—financial, personnel, and strategic—to effectively protect our homes, businesses, and community members. I am particularly interested in gaining a deeper understanding of SMFR's involvement with the International Fire Code, recognizing its critical role in preventative safety and operational excellence. I believe my professional background, which has equipped me with skills in risk analysis, statistical analysis, and subcontract management, would be useful in supporting the Board's governance and strategic objectives. Finally, my own service in the Armed Forces and my family's long history of military service, equips me with personal knowledge of duty culture, and being a part of SFMR's mission to protect and serve would be the highest honor of my civic life to date.

My commitment to our community is demonstrated through active and sustained involvement in several local organizations. My participation in the *Littleton Leadership Academy* provided me with valuable insights into the multifaceted needs and governance structures of our local area, and afforded me one of the couple of times I had the pleasure of speaking to emeritus Chief Baker. Serving as a board member for *Vibrant Littleton* has allowed me to contribute directly to initiatives aimed at increasing road safety and housing attainability. Furthermore, my role on the *City of Littleton Appeals & Adjustment Commission* has given me direct experience with municipal codes, regulatory processes, and quasi-judicial decision-making. Finally, my recent

appointment to the *Arapahoe County 1A Resident Advisory Committee* demonstrates my recent interest to expand my understanding of issues facing the South Metro Area.

These experiences have collectively instilled in me a deep appreciation for our civic life and the very challenging issues facing our metro area. I am confident that my diverse background in community leadership and my professional acumen would allow me to make meaningful contributions to the SMFR Board. I am eager to learn, to listen, and to work diligently to support the mission of South Metro Fire Rescue.

Thank you for considering my application. While I am aware that I have not been formally introduced to members of the board, I was acquainted with former Chief Valdez who first educated me on SFMR. I believe my hopes with this letter of interest are quite realistic. My aim is to build a strong foundation for this position at a time when my service would be of most use to the citizens of District 4 and SFMR. My wildest hope is I would be interviewed or referred to community leadership coursework with SFMR to build my knowledge beyond what PIO Eric Hurst has taught me on Youtube, and what Chief Valdez taught me in person. However, if appointed, the board will find my learning curve more than acceptable.

Sincerely,

Phillip McCart

Phillip Aron McCart II

1643 W Canal Ct • Littleton, CO 80120 • (417) 838-9686 • phillip.a.mccart.ii@lmco.com

Summary of Qualifications

I am an experienced professional with multiple high-impact contributions on large aerospace programs seeking a meaningful increase in job complexity and responsibility.

Professional Experience

Staff Systems Engineer

Systems Engineering Integration & Test

Lockheed Martin Space

Centennial, CO
April 2020 – Present

- System Performance Lead Analyst
 - Lead analyst on overall system performance repeatability margin
 - Rewrote 35 year old analysis chain from scratch, identifying multiple improvements
 - Developed predictive methods that relied heavily on available program test data
 - Recognized authority in the community on system performance analysis
 - Well regarded communicator on controversial results
 - Heavily involved in requirements derivations on a developing program
- Problem Investigation Lead or Individual Contributor
 - Performed data search, organized and developed multi-pronged problem investigation for polymeric materials
- Aging Hardware Program Management Individual Contributor
 - Created & developed opportunity evaluation process for heritage aging programs

Senior Mechanical Engineer

Hardware Engineering

Lockheed Martin Space

Centennial, CO
October 2017 – April 2020

- Physical & Chemical Aging Specialist
 - Organized, developed, and led a large accelerated aging program with extensive novel model development
- Large Investigation Lead
 - Isolated root cause to a subcomponent

Research Scientist

Advanced Technology Center

Lockheed Martin Space Systems Company

Palo Alto, CA
September 2014 – October 2017

- Specific Military Program Work
 - Developed state of the art engineering judgment-informed aerospace aluminum insights
- High Temperature Materials Experience
 - Led material property and manufacturability survey for two material classes—radome and refractory materials
- Research and Characterization Experience
 - Independently developed quality control tools for novel chemistry flow batteries
 - Characterized and handled nanomaterials such as graphene and nanocopper

Process Engineer

Thomas J Watson Research Center

IBM

Yorktown Heights, NY
June 2014 – August 2014

Lab Supervisor/Per Course Instructor

Physics Department

Missouri State University

Springfield, MO
August 2013 – June 2014

Education

Missouri State University

M.S. Materials Science, College of Natural and Applied Sciences. Thesis Option: Energy applications of doped TiO₂

Springfield, MO

July 2013

B.S. Physics, College of Natural and Applied Sciences

May 2012

Skills

Core Leadership Skills: Ability to empathize, developed listening skills, mission-driven, strong inclination to propose new ideas, systems-level perspective, strong organizational intuition, strong program management skills, ability to navigate disagreements

Core Technical Skills: First principles approach, statistical inference, Monte Carlo methods, MATLAB, BASH/shell, some FORTRAN, non-parametric data science, git configuration management, agile project management, MBSE, requirements verification, materials characterization, failure analysis, experimental design, literature searches, computational physics

Employee Engagement Activities: Organizes happy hours, team building cycling rides, coffee socials, founder of two LM Coffee Clubs, starts with trust building, strong inclination to be inclusive

Community Involvement: Commissioner on the Littleton Appeals and Adjustment Commission, Vibrant Littleton Member, massive fan of South Metro Fire Rescue, regular patron and contributor to Graceful Cafe

Sent: Monday, June 16, 2025 1:09 PM

Subject: Compliment

Hey Chief,

Got a call from one of our citizens who was at a concert at Fiddlers last week, one of our Captains or BCs treated her off duty, and she said they were “professional and excellent”. I took a stab based on music type and location, but I have not been able to track anybody down to give credit to (*it was FF Dave Leikam and Chief Mike O’Connor*). Always like to start a week out with a compliment.

Thanks,

Mike

Mike Burke

Battalion Chief of Administration

Wildland Team Coordinator

Cell (720)822-6434

Cell- (303)718-6504



South Metro Fire Rescue Authority

9195 East Mineral Avenue

Centennial, CO 80112