

**PUEBLO CITY-COUNTY LIBRARY DISTRICT BOARD OF TRUSTEES  
MINUTES FOR THE SPECIAL MEETING ON  
COLORADO CITY IMPROVEMENT CORPORATION SETTLEMENT**

**July 8, 2013**

**I. CALL TO ORDER AND ROLL CALL**

The special meeting of the Pueblo City-County Library District Board of Trustees was called to order at the Rawlings Library at 10:30 a.m. by President Marlene Bregar.

Board Members Present: Marlene Bregar, President; Fredrick Quintana, Vice President; Lyndell Gairaud; Philip Mancha; Roy Miltner; Donna Pickman (participating by phone); Jim Stuart

Attorney Present: Nicholas Gradisar

Staff Present: Jon Walker, Executive Director; others not recorded

**II. CORRECTIONS AND MODIFICATIONS TO ADENDA** None

**III. NEW BUSINESS**

**1. Mutual Release and Settlement Agreement**

Mr. Gradisar distributed a Mutual Release and Settlement Agreement that had been signed by Charles Burns. Mr. Walker provided background on the library's lawsuit with CCIC (Colorado City Improvement Corporation) and invited Mr. Gradisar to explain the details of an opportunity to move this forward in a positive way.

Mr. Gradisar apologized for the short notice and explained that the trial on the outstanding issues was scheduled to begin tomorrow morning. Mr. Gradisar said about a month ago he received the Order on the Motion for Summary Judgment, which was in the library's favor but not perfect. Mr. Gradisar explained that he had filed a Motion for the court to clarify some issues which seemed inconsistent resulting from the members voting in June 2011 to change the beneficiary from the library to the Red Cross.

Mr. Gradisar explained that the library tried to settle this several months ago, but he expects that the Order on the Motion for Summary Judgment changed their attitude because it was favorable to the library, although there were some remaining issues to be settled in court.

Mr. Gradisar said the settlement is a compromise, and what the library will give up is going after the officers of CCIC for their individual liability. Although CCIC was being provided a defense, they were not going to indemnify the officers. Mr. Gradisar said the library would then be faced, if successful, with trying to collect that judgment from them. Mr. Gradisar said this settlement agreement contains the library's best and final offer, which was accepted. The library will be getting all the money CCIC had in the bank as of June 30, 2013. They are agreeing to do some things that will cost them something, but those costs will be paid by the insurance company.

The Library District will receive about \$100,000 which will be used for the new library in Colorado City. The library's attorney fees will be about \$30,000 based on a 25% contingency fee on the amount recovered, and the library incurred costs of about \$6,000 which have been paid. Costs include filing fees, depositions, travel costs, etc. Mr. Gradisar is required to provide a final report, and he estimates it will work out to about \$125 an hour with about 278 hours in the case. Mr. Gradisar said the fee is more than reasonable.

Mr. Gradisar said all the liens that were filed by CCIC on their member's lots will be released. Mr. Gradisar estimates those liens amount to about \$475,000 with uncollected late fees, and CCIC will release those liens at their own expense which will include recording costs of about \$5,000. Mr. Gradisar said the library had proposed that those liens be assigned to the Library District, which would have required an effort on our part to collect that money.

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Mr. Gradisar referred to Paragraph 8, which was put in because of the inflammatory language used by CCIC during the litigation. Although the settlement does not require CCIC to communicate with its members, any communication to the members will include the statement, "The Pueblo City-County Library District is grateful to be the beneficiary of the funds of Colorado City Improvements Corporation and has committed to use those funds to enhance the branch library to be built in Colorado City, Colorado. Construction of the branch library is scheduled to begin in the summer of 2013." Mr. Gradisar is not sure how they will explain this. In the settlement agreement, no one is admitting liability. Mr. Gradisar said the Red Cross will get nothing out of this, although Mr. Gradisar had tried to get the Red Cross involved because CCIC had satisfied itself that it was allowed to vote to change the beneficiary to the Red Cross. *(Mr. Quintana had arrived at this point.)*

Mr. Gradisar explained that the settlement agreement has to be approved by the court, and there is a hearing set at 3:00 p.m. today. He would like to be able to tell the Court that the Library Board has approved the settlement agreement. Each party will pay their own attorney fees and court costs, and there will be no contribution from the individual defendants.

There was additional discussion about the money spent by CCIC since the lawsuit was filed. Mr. Gradisar reiterated that this is a compromise settlement to avoid trial. There was discussion of the uncertainty of the outcome of a trial. Mr. Gradisar said the settlement agreement is a reasonable outcome, and the library will get all the money they have left.

Mr. Gradisar credited Charles Burns for bringing this to the attention of the Library District and his assistance, and he suggested Mr. Burns be given a naming opportunity at the Greenhorn Valley Library. There was additional discussion that Mr. Burns had refused increasing offers of settlement and had a lien placed on his property. After some discussion on whether Mr. Burns would be willing to accept the recognition of a naming opportunity, it was agreed that a naming opportunity in his honor should be offered, and he should be considered a donor to the library.

Mr. Stuart said he supported the settlement agreement. Mr. Stuart recalled the meeting with the mediation judge, and this outcome is 180 degrees from what the judge had suggested. Mr. Gradisar said he had sent the mediation judge a copy of the settlement to give him that feedback. There was discussion about the judge saying he was offended the library would bring this action.

Mr. Gradisar requested that the Board authorize the Executive Director to sign the Mutual Release and Settlement Agreement.

Mr. Stuart made a Motion, seconded by Mr. Quintana, to authorize the Executive Director to sign the Mutual Release and Settlement Agreement as a resolution of this matter. There being no further discussion, MOTION CARRIED 6-0.

Mr. Walker expressed his appreciation to the Board for their flexibility in meeting to authorize this on short notice and the importance of meeting before the trial scheduled this afternoon.

**IV. ADJOURNMENT** There being no further business, the meeting was adjourned at 10:50 a.m.

Respectfully submitted,

Jane Carlsen  
Secretary