

Minutes
Special Meeting of the Board of Directors
METROPOLITAN FOOTBALL STADIUM DISTRICT
Friday, November 2, 2012

Board members present:

Ray Baker Joy Burns
Bob Bryant Roy Palmer
Jack Hilbert Don Johnson
Gabe Fenton

Agenda Item 1:
Call to Order

On Friday, November 2, 2012 a meeting of the Board of Directors of the Metropolitan Football Stadium District was called to order at 10:34 a.m. by Ray Baker, Chairman. As there was a quorum, the following business was conducted. Ray Baker introduced Gabriel Fenton as the new Boulder County representative on the Board of Directors.

Agenda Item 2:
Approval of Minutes

A motion to approve the Minutes of June 19, 2012, was made by Jack Hilbert, seconded by Joy Burns and unanimously approved.

Agenda Item 3:
Consideration of Colorado Department of Revenue Memorandum of Understanding

Craig Umbaugh reviewed the proposed Memorandum of Understanding with the Colorado Department of Revenue. As the sales tax collection for the District ended December 31, 2012, the Department of Revenue requested the MOU establishing the cost of collection at the average cost of 2.858% and establishing a reserve of up to \$1.5 million to handle future claims on sales tax revenues as protests from prior years when the tax was in effect are resolved. In 2015, the parties will review the reserve. The Board was briefed on the MOU in May and the final language was negotiated with DOR since that time. A motion to approve the Memorandum of Understanding between the District and the Department of Revenue, and to authorize Ray Baker as Chairman to execute the MOU and take such other steps as necessary to carry out the resolution was made by Joy Burns, seconded by Don Johnson and unanimously approved.

Agenda Item 4
Update- Sun Valley Neighborhood

Andy Gorchof of Stadium Management Company introduced Michael Guiitez , president of Jefferson Park United Neighbors. Michael stated they've been working on a project at exit 211 with CDOT and the City and County of Denver for over a year and a half regarding the overgrowth of weeds and vegetation. Six weeks ago, they received the green light from CDOT to do a perma-culture project at this site. They worked with nationally recognized perma-culture experts in Denver to allow the run-off of the water from the road to go in and naturally irrigate the native plants and species planned for that area eliminating the irrigation need. The site is about a half- acre in scope. They recruited local neighborhood organizations as well as non-profits in the neighborhood, Mile High Youth Corp and Groundwork Denver, bringing 150 volunteers to put down about a half- acre of cardboard, recycled materials and leaves so that in the spring there will be nice vegetation and growth in that area. Michael thanked SMC for its support of the project and for making equipment available to the volunteers to do the work.

Mac Freeman of Stadium Management Company introduced Barbara Frommell and Todd Wenskoski from the City Planning Department to provide an update on the progress of the master planning of the South Sun Valley Neighborhood. Barbara stated the Decatur Federal Light Rail Station is due to open April 2013 and as a result, the City expects a lot of change to happen in the area. The station area plan sets a common vision of the area in a document that is adopted by the City Council which will guide decision making in the future. It is a long range plan looking out 20 years and guides decision making in regards to land use, urban design, infrastructure, transportation and economic development. The study area covers a half mile radius from the light rail station at Decatur and Howard and includes the Stadium. A draft plan is anticipated for release in December pending an internal review by City departments. Once the draft is released to the public, City Planning welcomes feedback to make sure everyone is comfortable with the plan. City Council consideration is set for February 2013. The next step is a general development plan which is a more specific plan as the City departments and property owners will have to sign off on it. This will happen after the station area plan is agreed upon. Barbara said there are 2 specific recommendations that cover the Stadium property, transit oriented development and stadium entertainment. Lower Colfax is a historic main street and the City would like to bring this back as a main street. The stadium entertainment district would be an effort to create year- round shopping and entertainment activity in this area. The goal is to get visitors to extend their stay beyond the time of the event at the stadium. A wide range of uses could happen here, commercial, retail, office and residential, looking at a more moderate scale of development, with potentially up to 5 stories in this area. There is a strong potential for sports and recreation themed businesses to either open their offices here or have their flagship store here. One of the most important recommendations coming out of the plan under the stadium entertainment area plan is the idea of a festival street, south of the stadium leading to the viaduct, becoming a street with the feel of Larimer Square in LODO or Fillmore Plaza in Cherry Creek. A key piece of all development plans will be how to share and consolidate parking among the users. There is an opportunity to share parking with the Stadium, RTD and new development as well as new structures. The City and County is currently working with the Denver Housing Authority concerning the Xcel sites. Barbara said an important goal is remembering to celebrate the history, ethnic heritage and the assets already present in the area. Once the draft station area plan and the

general development plan are finalized, the City would like the District's formal support and participation.

Mac Freeman stated much of what is being discussed was the hope before opening the Stadium and SMC is hopeful and optimistic that the project continues to gain momentum. This would help cement the Stadium area as a great destination in the city. From a game day perspective, the Stadium still operates as an island where people come and go just for games. Creation of this District around the Stadium will relieve some of the pressure of transportation issues and fan experience from a coming and going perspective as people have reasons to stay on-site.

Ray Baker stated there has been contact from various third parties as it relates to future and long term development. If there is some interest, the District will review the options with SMC and hopefully the rail opening will increase the activity and a higher profile for the opportunity to see what can be built.

Roy Palmer noted he works for Xcel, which is a landowner in the Stadium area and there are some significant issues that Xcel is working on. Roy said it is important not to minimize the level of complexity involved with developing the area. Mac Freeman stated the multiple ownerships of various parcels is very complicated and Xcel has one of the most complicated situations, but Xcel appears to be open to discussion. Ray Baker stated the District is excited to expand the partnership and the relationship and thanked Barbara, Todd and Kelly Leid for attending.

Agenda Item 5

Consideration of Capital Improvement Request

Ray asked Mac Freeman and Joe Ellis to address the Board regarding capital improvements. Joe stated the Stadium is in its twelfth year and has hosted numerous events from concerts and the convention to sports events. The stadium is in good shape, but it is time for some improvements in order to keep the building updated. Over the last 12 years the Broncos and its partners have spent \$28.6 million in stadium improvements. SMC believes the audio/visual system, aesthetic improvements to the Main concourse and suite window replacement are needed as the systems have exceeded the life expectancy, reliability has decreased with more frequent failures, manufacturers no longer service the equipment, and parts are becoming more difficult to find. Over half of other stadiums built at the same time or later have already completed upgrades and other facilities are planning similar upgrades. The improvements will benefit all ticket holders in every location and area of the stadium. Joe stated the fan experience is very important and it is a constant challenge for the Broncos to try to improve and enhance the experience for the fans. Research by the NFL and the Broncos show that improving the audio/video system, which is important to all the replays, scores and statistics is very important to fans. Joe said SMC is willing to bear 25% of the cost as well as the cost overrun risk. This allocation is consistent with the cost sharing for construction of the stadium.

Andy Gorchov of SMC stated the improvements will consist of replacing the video boards with high definition boards and upgrading the scoreboard control room to coincide with the high definition boards.

The LED ribbon boards on the club level façade will be replaced with high definition boards. The analog TV monitors will be replaced with flat screen IPTV, which is internet programming allowing programming to different areas of the Stadium including safety announcements. This is part of the plan to improve the appearance of the concourse area by converting to digital signage. All speakers will be replaced in connection to the high definition board installation. The proposed video board will be 7600 square feet, an increase of 193% to what is currently installed. Over one-half of the NFL stadiums have HD boards, and this will be a tremendous step forward in the fan experience. Mac Freeman discussed the health/safety issues. If there are any emergency situations, SMC can override all the boards and television and give fans directions to shelter or wherever the need to go. Concourse improvements are aesthetic on the 100 level concourse which serves about 30,000 people and is the area used the most for non- Bronco events. SMC has worked with HNTB, the original architects on the Stadium and put together conceptual renderings for lighting improvements, signage improvements, wall improvements and monitor replacements, brightening the area. Mac also discussed the suite window replacement as the current windows have maintenance issues and allow poor viewing. The new system proposed is the best system existing that doesn't require significant construction or renovation. Mac said that the Broncos have worked with WJHD, one of the most experienced independent audio visual consulting firms, on a competitive RFP and procurement process for the audio/visual. All the major providers have been involved and submitted proposals. There are still final negotiations on-going on. This process has been going on for about 2 months and SMC is close to making a final decision vendors. Joe Ellis stated that Charlie Thornton, who previously worked for Turner Construction during the building of the Stadium, has reviewed the process to ensure the right equipment is being priced at a the best price.

Roy Palmer stated the Capital Repairs Committee wanted to be sure that if the District makes this kind of up front capital commitment now, it will have enough money to handle the anticipated on-going capital construction needs going forward. Roy said, based on its current financial situation, the District would in fact be able to accommodate this request and still have funds left over. The committee reviewed the future naming rights revenue and the lease revenue and compared that against the best engineering cost estimates to determine if the District will have sufficient funds. Roy suggested that the Board consider a minimum level of capital reserve be maintained to meet unexpected maintenance needs. Roy believes that the proposed improvements qualify as capital improvements and he is inclined to support it. Roy said that the committee viewpoint is that the 75/25 allocation is not a precedent for all future capital improvements but makes sense in this case. Roy said that Ray and he discussed with the SMC the issue of exercising the lease extension and believes they have a good faith commitment from the SMC to sit down in the near future and start discussing this issue.

Roy said his recommendation is that the Board approve a 75/25% split of this project up to \$22,314,888, and that he would like to see the Board establish a \$ 4 million minimum capital reserve. Ray Baker stated this would be an emergency fund so to speak. Ray said there is no equation to determine the \$4 million reserve, but feels the amount is appropriate. Ray said there are revenues coming into the account from naming rights and lease payments and in about 3 1/2 years, the District should build up to about \$20 million. Joe said that the Broncos do not want to be here at the end of the lease agreement with an outdated stadium, so they support maintaining the stadium at the state of the art level. Roy

stated as a part of the engineering estimates, it was estimated that a large portion of money will be needed in another 11 or 12 years as technology again becomes obsolete. Bob Bryant stated that the District and SMC should explore how to take advantage of any tax savings and depreciation. Joe stated they have explored this issue and it is complicated, but they will continue to explore the issue. Rich Slivka stated SMC is exploring the issue and will review it with outside tax counsel. Ray and Roy indicated that the District could be flexible on the structure if necessary. Jack Hilbert stated he is in support with this project as this creates an asset belonging to the Stadium District. He also believes that setting up a reserve capital fund on an on-going basis is the most critical thing we can do. He stated the original goals of the Board were to make sure the team was here, get the naming rights done, get the stadium up and running, and to service the debt. With the debt now being paid, the Board has an obligation to protect its public asset.

Jack Hilbert made a motion to establish four million dollars as a minimum to be maintained in the capital reserve fund and to authorize the Chairman and the board and staff to execute such documents as necessary and take such action as necessary to effectuate the resolution. The motion was seconded by Joy Burns, and unanimously approved.

Jack made a motion to approve funding of the capital improvements as presented by SMC to the board, including high definition boards, control room upgrades, audio upgrades, concourse renovations and suite window replacements, on a 75/25 basis with SMC, with the District paying 75% of such costs, up to the amount of \$22,314,888, authorizing Ray Baker to execute such documents as necessary and for the board and staff to take such action as necessary to effectuate the resolution. The motion was seconded by Joy Burns and unanimously approved.

Agenda Item 6
New Business

Agenda Item 7
Public Comment

Agenda Item 8
Board Comment

Craig Umbaugh gave an update on the Hotel VQ project conversion to luxury apartments. After working through various issues and logistics, Trammel Crow informed Craig and the neighborhood groups that its equity partners had decided not to proceed with the development. Trammell Crow stated they still believe it could be a possible project at some point. Michael Guiitez told the Board that the neighborhood association had received similar information. Ray Baker added the District, the Broncos and the neighborhood group encouraged and worked hard to try to make it work, and will now wait to see what develops at that site.

Agenda Item 9

Adjourn

There being no other business, a motion to adjourn this meeting of the District was made by Ray Baker, seconded by Roy Palmer and unanimously approved at 12:00p.m.

The next Board meeting TBD