

Minutes
Regular Meeting of the Board of Directors
METROPOLITAN FOOTBALL STADIUM DISTRICT
Thursday, June 20, 2013

Board members present:

Norm Early Joy Burns
Gene Ciancio Roy Palmer (via phone)
Don Johnson Ray Baker
Gabe Fenton Jim Harrington

Agenda Item 1

On Thursday, June 20, 2013, a meeting of the Board of Directors of the Metropolitan Football Stadium District was called to order at 10:41a.m. by Norm Early. There being a quorum, the following business was conducted.

Agenda Item 2

Approval of Minutes

A motion to approve the minutes of December 20, 2012, was made by Joy Burns, seconded by Don Johnson and unanimously approved.

Agenda Item 3

Approval of Audit

Audited Financial Statements for YE 2012

Jill Korenek and Timothy Ahopelto of JDS Professional Group, the District auditors, presented the audit for 2012. Jill said the auditors are issuing what is now known as an "unmodified opinion." Ms. Korenek explained that "unmodified opinion" is the new terminology under the new clarity standards implemented by the AICPA and is the same as an "unqualified opinion" or "clean opinion" in previous terminology. Jill explained that the audit was performed in accordance with generally accepted accounting principles, which have an objective of being reasonable but are not an absolute assurance of financial statements being free of any material misstatement. Ms. Korenek stated they received full cooperation and there were no disagreements with management, all information requested was provided in a timely manner and the audit process went smoothly. Mr. Ahopelto reviewed the audit with the board. He stated that the auditors did not identify any errors, fraud, or illegal acts. Ms. Korenek indicated that because the bonds were paid off, the sales tax was discontinued, and the District is no longer receiving sales tax revenue, the audit reflects these changes. After a discussion by the board of the audit and there being no further questions or comments, a motion was made by Don Johnson to accept the audit as presented, seconded by Joy Burns, and unanimously approved.

Agenda Item 4

Sun Valley Redevelopment

Matt Sugar presented the Board with an overview of the draft general development plan for the Sun Valley area prepared by the City and County of Denver. The City is in the beginning stages of this project and is working with neighborhood organizations and landowners including the District and its tenant, SMC. The District and SMC have identified several concerns with the City plans, but Matt said the City is amenable to discussing issues. Matt Sugar asked Andy Gorchof of SMC to discuss the concerns regarding game day considerations in the general development plan. Andy Gorchof said one of SMC's biggest concerns is that the roadway and pedestrian plans in the initial City plans need to address game days when the volume of traffic and pedestrians is much higher than other days. The current plan does not address game day situations, but uses only day to day averages in its planning. In response to a question from Norm Early about new focus and activity in this area, Craig Umbaugh stated that the Sun Valley area is one of the priority areas in the City that Mayor Hancock has set out for his administration, and there are a lot of time and resources from the City going into planning the redevelopment of this area.

Agenda Item 5

Renovation Update

Norm Early asked Matt Sugar for an update on the stadium renovation. Matt again asked Andy Gorchof to join him. Andy Gorchof introduced Chris Williams of WJHW which is advising SMC and the District on the renovations. Chris Williams gave an overview of WJHW, one of the world's leading technology consultants on stadium audio/visual projects. WJHW, along with the Broncos and District began this project over a year ago by reviewing the systems that were in place. According to Mr. Williams, it was clear from the review that the equipment at Sports Authority Field at Mile High was beyond or at the very end of its useful life. WJHW drafted a bid package for the scope of work including scoreboards, sound systems in the seating bowl and concourse area, and upgrading the television distribution throughout the entire facility to support HD and IPTV. WJHW met with vendors and obtained best and final offers to determine the configuration that would work best for the stadium. WJHW then made a recommendation to the Denver Broncos on each of the bid packages to ensure the best price and quality. Mr. Williams explained that WJHW's other role is to ensure that the appropriate equipment is purchased and everything was installed and works as designed. The sound system (other than on the concourses), TV distribution, system scoreboard and control room are complete but final approval cannot be given until a regular season NFL game is completed. After the first regular season game and the equipment is utilized in such a game, WJHW will then do a formal closeout process on each of the packages, reviewing all of the systems installed. The formal closeout documents will certify to the District and the Broncos they systems that were designed, bid and awarded have been installed, properly commissioned and are operating as they are expected to do. In response to a question, Mr. Williams stated that from a technology aspect the life expectations vary based on the climate and equipment. He stated that the equipment just installed in the stadium has a life expectancy over a

decade, 10-15 years would be his expectation given this climate. Mr. Williams noted that the stability and durability of the products offered in 2013 are, because of technology advances, an improvement over what was installed here originally even though the equipment installed was at that time considered "state of the art." The board discussed technology advancements and Mr. Williams noted that one area WJHW continues to see big advancements is in terms of replay technology. The two most common causes of operation/equipment failure are water and power supply. Mr. Williams noted that WJHW conducted a successful emergency power test regarding the equipment.

Agenda Item 6

SMC Annual capital request

Ray Baker asked Andy Gorchoy to discuss SMC's request for approval of the use of Capital Repairs Funds. Mr. Baker noted that the Capital Repairs Fund is funded pursuant to the Lease out of SMC's rental payment, and both the District and SMC must approve the use of such funds. Andy Gorchoy stated that SMC is requesting approval of spending \$ 874,522.00 from the Capital Repairs Fund for repair of expansion joints, sealing, steel repairs and seating. Andy Gorchoy said SMC is continuing to work on the long term capital needs forecast as requested by the District. After a discussion by the board, a motion was made to approve the request for expenditures from the Capital Repairs Fund in the amount of \$874,522.00 by Joy Burns, seconded by Jim Harrington, and unanimously approved.

Epicurean Capital request

Ray Baker asked Matt Sugar to introduce Adam Hammond, general manager for Epicurean. Matt Sugar introduced Adam Hammond to discuss Epicurean's request for approval of \$ 274,831.00 in expenditures from the Suite concessionaire's capital repairs and replacement account to replace the ovens which are past their usable life and to replace some in-suite equipment. Mr. Baker noted that the suite catering agreement requires Epicurean to fund a capital repairs and replacement account to be used with the District's approval. Mr. Hammond detailed the items in the request for the board. There being no further questions or comments, a motion to approve the request to expend \$274,831.00 was made by Norm Early, seconded by Joy Burns, and unanimously approved.

Centerplate Capital request

Justin Kizima of Centerplate was introduced. Justin Kizima described Centerplate's request for approval to spend \$128,607.00 for repair/maintenance and replacement of equipment from the Concessionaire's capital repair and replacement account. Ray Baker noted that the Centerplate agreement has the same type of requirements in it as the Epicurean agreement. After discussion, a motion to approve the request was made by Gene Ciancio, seconded by Gabe Fenton, and unanimously approved.

Financial Reports

Ray Baker and Matt Sugar reviewed the current financials of the board and discussed that the District and SMC will need to continue to seek sources and ways to fund the actions necessary to keep the Stadium first-class.

Agenda Item 7

Parking Lot M discussion

Ray Baker asked Craig Umbaugh to update the Board on the discussions with RTD regarding RTD's desire to lease Lot M. Mr. Umbaugh reminded the board that RTD had originally served a notice of intent to acquire property to the District with the expectation that RTD would condemn an interest in the property. After receiving that notice, the District and SMC initiated discussions with RTD. RTD had an appraisal commissioned, as did SMC on behalf of themselves and the District. Although RTD initially requested more parking, it believes Lot M now provides sufficient spaces. The proposal from RTD will allow the Broncos/SMC to exempt 15 days a year from RTD's use, plus the right of SMC to exempt another 15 days per year upon notice to RTD. RTD will provide notice to the public when there is no parking in Lot M. Mr. Baker stated the board would have the opportunity to review and approve the final terms of the agreement. Mr. Umbaugh noted that as RTD is seeking a term that could last for 30 years or more, and as the Broncos lease is potentially for only 19 more years, the District needs to be comfortable with the terms. Mr. Baker stated that based upon current negotiations, RTD would pay a total of approximately \$600,000 per year with an escalation clause based upon CPI in accordance with the appraisals. RTD has also requested the ability after years 3, 10 and 15 to re-evaluate its parking needs and reduce the amount of spaces and lease payments accordingly. Norm Early asked what portion of the rent the District will receive. Craig Umbaugh stated that revenue from parking is shared according to the Lease. Pursuant to the terms of the Lease, the District nets 42.5% of the revenues from non-game day parking such as the payments from RTD. As the agreement is finalized, information will be sent to the Board in anticipation of considering a final agreement at a future meeting.

Agenda Item 8

Adjourn

There being no other business, a motion to adjourn was made by Gene Ciancio, seconded by Gabe Fenton, and unanimously approved.

Next meeting TBD