

**Meeting of the Board of Directors
Denver Metropolitan Major League Baseball Stadium District
March 16, 2016**

Board Members Present

Raymond T. Baker, Chairman
Patty Imhoff
Wil Alston
Stephanie Forbes Donner
Jim Basey
Bob Lee

Board Members Absent

Ruben Valdez

Agenda Item 1.

On Wednesday, March 16, 2016, a regular meeting of the Board of Directors of the Denver Metropolitan Major League Baseball Stadium District was called to order at 1:00 p.m. by Raymond T. Baker, Chairman. As there was a quorum, the following business was conducted.

Agenda Item 2.

Approval of Minutes:

A motion to approve the minutes of the November 19, 2015 regular board of directors meeting and February 12, 2016 special board of directors meeting was made by Jim Basey, seconded by Bob Lee and unanimously approved.

Agenda Item 3.

West Lot Update:

Ray Baker asked Bob Lee and Jim Basey to provide an update regarding the responses to the RFP regarding the West Lot. Jim and Bob asked Kenneth Ho to join them in making the update. The District issued an RFP in June 2015, designed to seek a development partner to implement a development plan for the West Lot that would provide a long-term stream of revenue to be utilized for capital repairs and improvements to the stadium.

There were seven initial responses to the RFP and five respondents were invited to interview at the end of October. After those interviews, each of the respondents was asked to provide best and final offers. Subsequently, by letter dated February 29, the Rockies informed the District that the proposals in their current form and terms were not acceptable to the Rockies.

Kenneth reviewed the concepts presented in the RFP and noted that in general they presented mixed use development concepts involving some combination of residential, retail/entertainment components, office and hotel. Respondents were asked to present their financial terms as they relate to the 99-year ground lease and that they address parking.

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Subsequently, the respondents were asked to provide bids without the requirement of the existing 291 parking spaces and to use a 2% annual escalator for their ground lease payments. At the request of Bob Lee, Kenneth then gave an overview of the five current proposals. Each proposal contemplates a 99-year ground lease ranging from a first year payment of \$1.36 million to a first year payment of \$2.5 million. The proposals contained various other payment terms such as a share of parking revenue or a share of gross rents. The proposals also included annual increases of the payments of either 1.25% or 2%. Kenneth reviewed various valuations, including net present value calculations. Jim Basey thanked Kenneth for the summary.

Jim Basey noted that the respondents were generally pretty similar in terms of use and type of use on the parcel and that none of these would have been dramatically different in terms of concept.

Stephanie Donner asked if the RFP asked the respondents to focus on a long-term ground lease. Kenneth advised that the initial RFP left open how the response was to be structured but did ask them to consider a structure that would provide an annual payment such as a ground lease. Kenneth noted that an upfront payment did not necessarily satisfy the District and Rockies goal of an on-going revenue stream.

Ray noted that although the revenues that could be derived from the West Lot development do not address all of the needs, his thinking was that the District could address about 40% of the needs and would address other sources for the remainder.

Ray then thanked Kenneth, Jim and Bob for their hard work over the last six months.

Ray introduced Hal Roth, CFO and General Counsel of the Colorado Rockies, and Dick Monfort, Chairman and CEO of the Colorado Rockies. Hal noted that the lease expires on March 30, 2017 and that the Rockies' and the District's goal is to try to extend the lease for 30 years while addressing the capital needs of the stadium. Hal noted the Rockies are not interested in exercising any of the three five-year extensions that are provided under the current lease.

Hal noted that in the Rockies' view, one of the missions of the District should be to keep the ballpark viable and in first class condition. The Rockies believe that it is an economic driver for the entire area, and most directly, Denver. The estimated capital needs over the next 30 years are just short of \$200 million, which Hal noted means that an average of almost \$7 million per year is needed.

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Hal noted that among the needs are the need to replace concourse concrete on all levels, estimated at \$5 million, sewer and plumbing that could be \$5-10 million, the need to renovate both the club level and the suite level to maintain it on par with other ballparks could run up to \$10 million each, replacing the scoreboard at some point is estimated at \$10-\$13 million and renovation of the club house could run about \$3 million. Hal noted that in the Rockies view these expenditures need to be made to keep the ballpark in first class condition.

Hal stated that the Rockies' concern with the West Lot proposals is that they do not generate sufficient funds especially in the early years of a 99-year ground lease and that the proposals backload the payments, with years 30-99 generating a lot of money when the capital expenditures are needed now.

The Rockies proposal to address the needs for the next 30 years is that the Rockies purchase the West Lot in installment payments of \$5 million a year for 30 years resulting in \$150 million. At the end of the payment term, the Rockies would get unencumbered fee ownership of the West Lot. The other remaining \$50 million would come through lease negotiations on extending the lease. The purchase would be contingent on entering into a new lease. Hal stated that the Rockies' proposal exceeds the other proposals. Hal noted that the appraised value of the property is about \$36 million. In present value terms the Rockies believe they are offering \$44 million more than the appraised value. The Rockies want the West Lot in order to provide adequate funding for capital improvements. Hal noted that under the Rockies' proposal all payments would go into the capital repairs fund where the Rockies would have the discretion on how to allocate the funds.

Dick Montfort then addressed the board. He noted that the West Lot is more important to the Rockies than it is to a developer. Developers are looking solely at the financial aspects of it, whereas the Rockies know they have to take care of 291 people who are parking there now. Dick believes there are things the Rockies can develop on the West Lot that will enhance the ballpark experience, such as a Hall of Fame or meeting rooms. Dick stated that it was unlikely that the Rockies would develop the West Lot by themselves, as they are not developers, but would likely work with one of the respondents. Dick stated that the stadium was built to last along with the great ballparks in America: Wrigley and Fenway, and that in baseball, the age of a ballpark can be an advantage. The concourses were built big enough to handle big crowds and it is a friendly place. For these reasons the Rockies would like to stay and are willing to pay what they believe is their fair share.

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Dick noted that the Rockies are an economic driver for Denver and the state and stated that \$30 million of revenue that comes into this state every year from the Rockies on a \$200 million investment and the Rockies have given over \$27.5 million in charity. Dick said that his concern with a short term extension is that is not enough time to address the major capital needs and that the Rockies will not make long term investments if it is a short term lease. Dick said the Rockies are willing to take on the next \$200 million in investment if the District will sell the West Lot. In his view, this provides another 30 years of baseball at no cost to any of the taxpayers along with an enhanced experience, not only in the park but outside the park.

Stephanie Donner asked Dick if the Rockies know how many people come from other areas within the District and what the breakdown is. Dick said he did not know that. Hal said they could analyze the zip code of tickets purchased, but that would not cover the walkup necessarily, unless they pay by credit card.

Ray Baker said he has been told that around 96% of the sales tax revenue stays in Denver. Ray believes that the other counties understand the need for capital investment, but, for example, Jefferson County thinks they own a share of the parking lots and a share of the stadium, because their citizens helped pay for it with the sales tax. Dick noted that Denver and the state is getting a large share of the money as well from sales taxes and income taxes, and this share is growing every year.

Stephanie asked about the proposals that included a proposal to purchase for a fee interest and not a ground lease. Kenneth said they range from \$25 million to a little over \$36 million and some allowed for a range where a portion of the payment is made up front and a portion is amortized.

Wil Alston asked if there had been any discussion of returning funds received from a sale or lease of the West Lot to the cities and counties in the District. Craig Umbaugh indicated that there had been no specific discussion on returning any funds as the feeling was the funds were needed for capital improvements. Craig added that any return of funds is in the sole discretion of the board and the statute sets forth the formula on how any money would be distributed.

Dick Montfort indicated that as part of the lease discussion, if the District would sell the Rockies the West Lot in return for the \$150 million in payments over 30 years, the Rockies would consider rent payments of \$2 million per year to get to the full \$200 million.

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Bob Lee asked Craig if there is something in the statute that specifies what happens to the proceeds if the entire stadium is sold. Craig said if the stadium and all property is sold, that money comes back to the District and at that point the District would not have any responsibilities regarding the ballpark. At that point, the District could distribute the revenue back to the municipalities according to the formula.

Patty Imhoff said that her concern was that the District needs to understand all the nuances of every single one of these proposals, and whatever the District decides, it is setting a precedent for the rest of the property that the District owns.

Dick Montfort said that in his opinion the sale to the team would be different because it would be tied to a 30-year lease.

Bob Lee stated that ultimately the board has to decide whether or not we want to sell this piece of property or pursue a ground lease whereby the District has title at the end. Bob said that he is concerned that it will be perceived that the District is just giving the property to the Rockies as the team benefits from the capital improvements. Dick Monfort said that in his view, the District has the ability at no cost to the taxpayers to extend baseball in Colorado another 30 years. The Rockies will develop and enhance the experience in a 130,000 square feet area adjacent to the ballpark and all the money will be spent on the ballpark.

Bob Lee asked Dick Montfort if the board did not want to sell the ground, if it decides that it is the right thing to do for the citizens, would the Rockies consider making a proposal based on a 99-year ground lease. Bob Lee said that his concern is that in the years after year 30, there are significant amounts of money that could be generated on a 99-year ground lease and paid over to the cities and counties. Dick said that in his opinion the ground lease does not generate enough in the first 30 years. Dick said the Rockies could consider giving the property back to the District in 99 years, but he didn't know if this could work. Bob Lee said that is the same as a 99-year ground lease. Hal Roth said the issue here is that we need the money in the first 30 years, and at that point the stadium is 52 years old. Bob Lee said that the lessee could still get a benefit of the remaining years. Bob Lee said the way it was structured, payments in years 31 to 99 would come back to the District and the District would then be able to decide whether to put them into the stadium, if that was viable, or return to the cities and counties.

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Executive Session:

Stephanie Donner moved that the board meet in executive session pursuant to C.R.S. Section 24-6-402(4)(b) for the purposes of receiving legal advice on specific legal questions. Patty Imhoff seconded the motion which was unanimously approved. The board returned from executive session into open session.

Agenda Item 4.

Comments from the Public:

None.

Agenda Item 5.

Comments from the Board:

None.

Agenda Item 6.

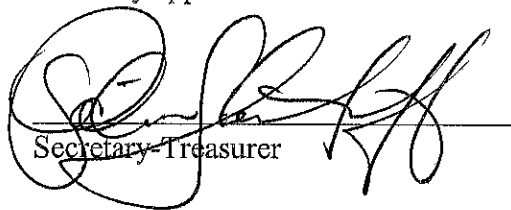
Other Business:

None.

Agenda Item 7.

Adjourn:

There being no other business, a motion to adjourn this meeting of the District was made by Jim Basey, seconded by Bob Lee and unanimously approved.


Secretary-Treasurer