



STRATEGIC FINANCING FOR VENUE MAINTENANCE AND IMPROVEMENTS

May 2, 2012

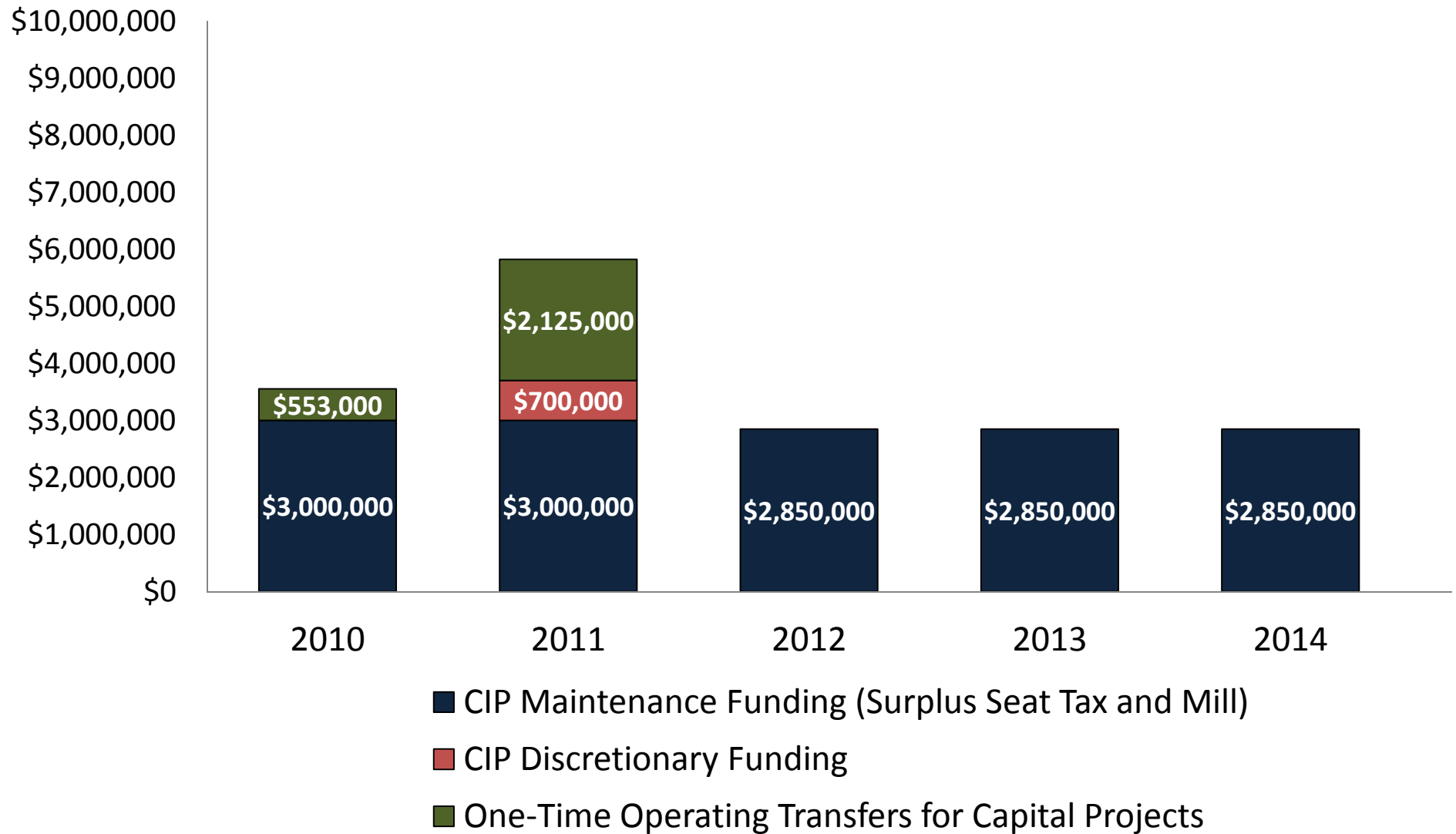
AVD Overview

- Manage over \$1.1 billion investment in Venues such as: Red Rocks, Colorado Convention Center; Denver Coliseum, Denver Performing Arts Complex
- Cultural programming such as: One Book, One Denver; Doors Open Denver, Five Points Jazz Festival
- 72 full-time employees and up to 200 contractors and on-call staff for venue and event operations
- Operating revenue primarily comes from events, parking revenue, concession contracts

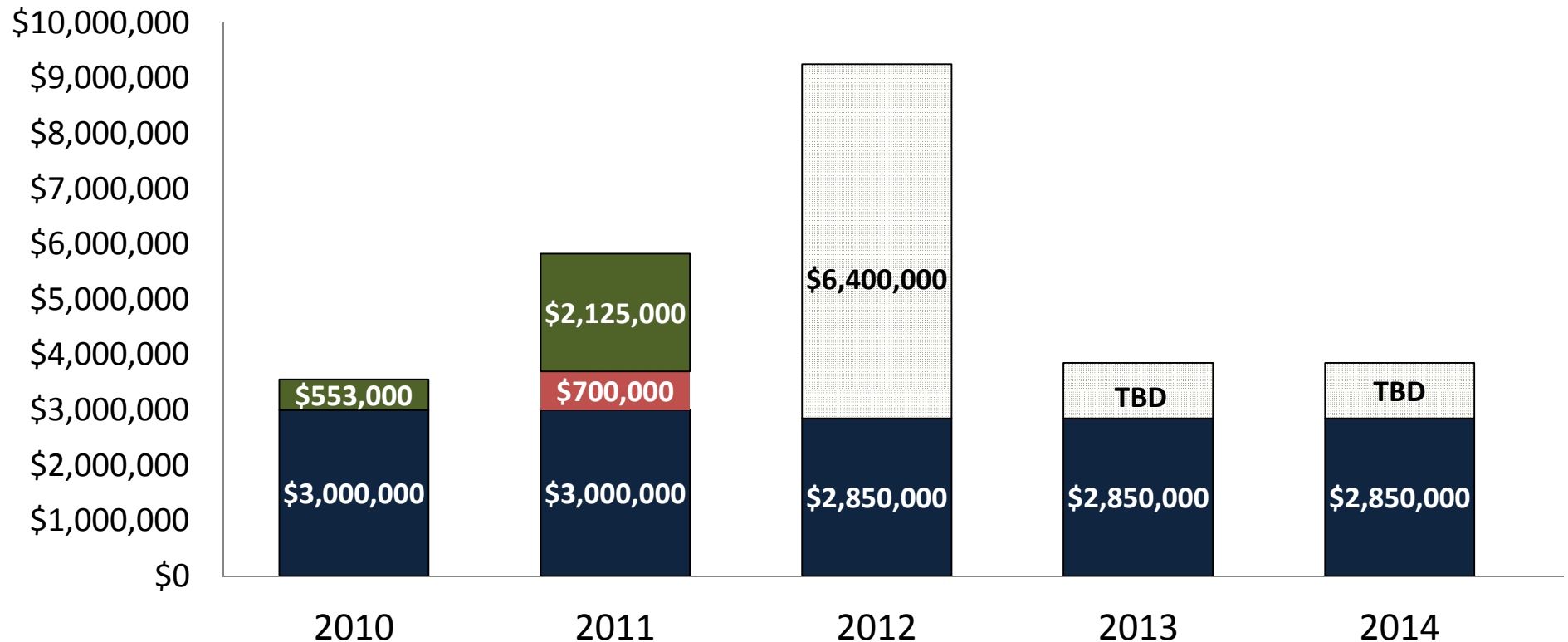
AVD CAPITAL IMPROVEMENT PROGRAM

- Majority of AVD annual capital funding supports capital maintenance (approximately \$3M per year).
 - AVD annual capital maintenance projects include HVAC replacement, roof repair, elevator repair, carpet replacement, and other building and structural improvements.
- To remain competitive, AVD has identified approximately \$30M in discretionary capital needs for one-time major rehabilitation projects or venue enhancements for customer safety and satisfaction.
- Approximately \$8-10M is available each year for all citywide discretionary project requests, including requests from Parks, Public Works, DPL, OED, OEM, CPD, DEH, Safety, General Services, Denver Health, etc.

CURRENT AVD CAPITAL FUNDING SUMMARY



PROPOSED AVD CAPITAL FUNDING SUMMARY

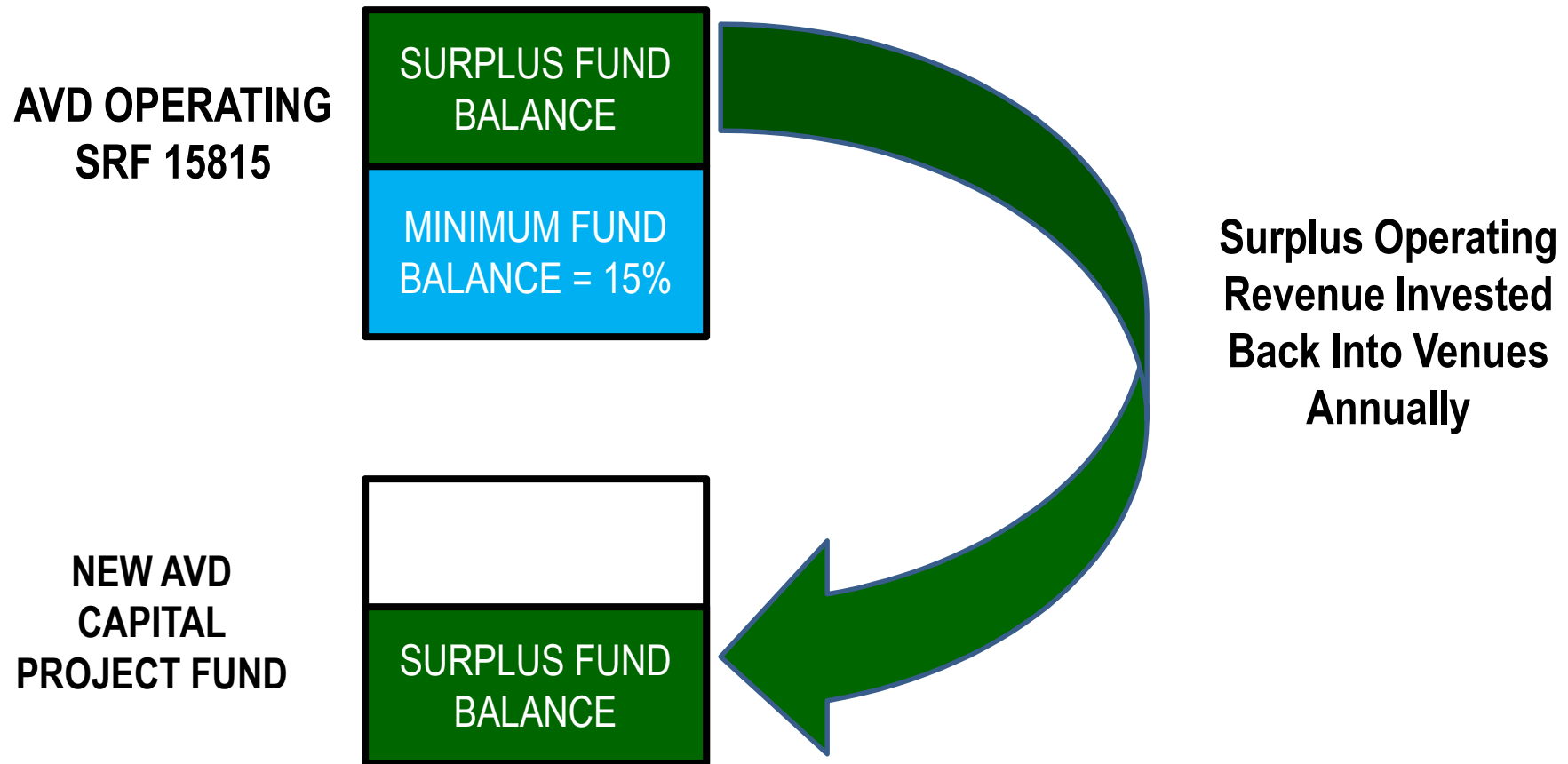


- CIP Maintenance Funding (Surplus Seat Tax and Mill)
- CIP Discretionary Funding
- One-Time Operating Transfers for Capital Projects
- Surplus operating fund balance in excess of 15% reserve

AVD VENUE MAINTENANCE & IMPROVEMENT FINANCIAL PLAN SUMMARY (CONT.)

- BMO & AVD are proposing to use accumulated operating fund balance to finance venue capital improvements.
- This includes maintaining a 15% contingency/reserve in AVD's operating fund balance
- Advantage of new policy is that revenue generated at AVD venues is re-invested back into venues to generate future revenue

ARTS & VENUES DENVER OPERATING - CAPITAL FUND IMBALANCE

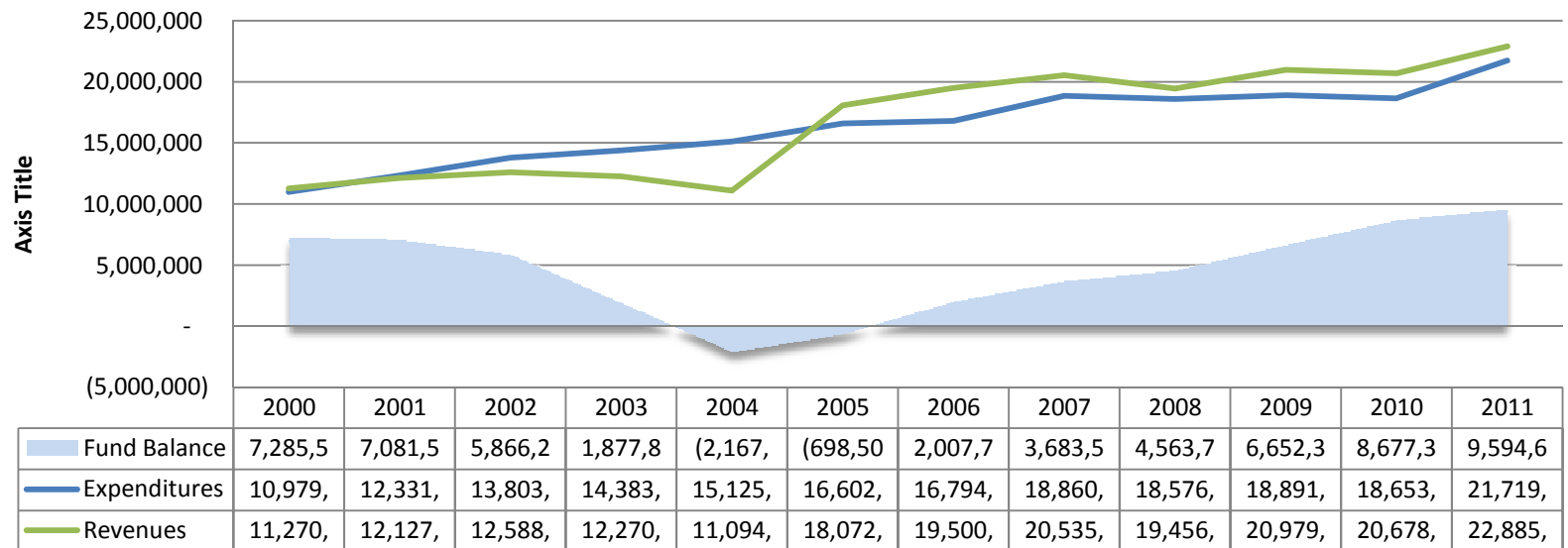


AVD CAPITAL FUNDING SUMMARY

- AVD's \$30M in discretionary projects include: video boards for Red Rocks and the Coliseum; telecom equipment and roof repair for the Convention Center; parking lot repairs, marquees and hockey upgrades for the Coliseum; pedestrian bridge repair at Performing Arts Complex; McNichols catering kitchen.
- In 2012, surplus transfer will fund \$6.4M in projects such as:
 - Red Rocks Video Boards (\$1M)
 - Coliseum Hockey Infrastructure (\$1.3M)
 - Coliseum Marquee (\$800K)
 - 13th Street Pedestrian Bridge Rehab (\$800K)
 - CCC Emergency Roof Repair (\$1M)
 - CCC Lighting Upgrades (\$500K)
 - CCC Telecom Infrastructure (\$500K)
 - CCC Food Service Infrastructure (\$500K)
- Several discretionary project needs have been funded (by ordinance) in the past year with transfers from the AVD operating budget when surplus is available:
 - \$553K in 2010 for retirement of capital lease obligation for ECOH
 - \$1M in fund balance for renovation of McNichols in 2011
 - \$1.125M for service road and loading dock at Red Rocks in 2011

AVD OPERATING FINANCIAL PLAN SUMMARY

Arts and Venues Denver SRF 15815 Revenue, Expenditures and Fund Balance



- AVD realized surplus operating revenues the past four years due to:
 - Busy event schedules at Red Rocks and the Buell Theatre
 - Fiscal policy changes, operational improvements and increased numbers of commercial events have created a revenue surplus in the operating fund
 - Parking revenue – volume and rate increases.

AVD CAPITAL FUNDING SUMMARY

- Proposed ordinance continues the practice of using excess operating funds to fund priority capital discretionary projects. Excess available will be determined on an annual basis. AVD will maintain a 15% reserve of \$3 million in AVD's operating fund balance and transfer surplus to address discretionary capital project needs for 3 years.
- BMO will continue to partner with AVD each year to develop projects selected for funding, in line with the City's Six-Year Capital Planning process
- City Council will continue to review capital projects through the annual budget process and approve contracts greater than \$500K.
- After 3 years, BMO and AVD will reassess discretionary capital project needs and AVD financial portfolio with Council.