METROPOLITAN FOOTBALL STADIUM DISTRICT

Financial Statements

For the Year Ended December 31, 2019

JDS professional group

certified public accountants, consultants and advisors

METROPOLITAN FOOTBALL STADIUM DISTRICT
CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS	I-V
INDEPENDENT AUDITORS' REPORT	1-2
STATEMENT OF NET POSITION	3-4
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION	5
STATEMENT OF CASH FLOWS	6-7
NOTES TO FINANCIAL STATEMENTS	8-16
BUDGETARY COMPARISON SCHEDULE	17

METROPOLITAN FOOTBALL STADIUM DISTRICT
Management's Discussion and Analysis
For the Year Ended December 31, 2019

Our discussion of the District's financial performance provides an overview of our activities for 2019 and 2018, with a comparison to the prior year in each case and certain other background information.

Please read it in conjunction with the District's financial statements, which begin on page three.

FINANCIAL HIGHLIGHTS

- The total current assets increased by $2.6 million or 8.7%. The increase was a result of an increase in cash accounts of $2.8 million and a decrease in receivables of $236,000.

- The fixed or capital assets decreased by $426,321 or 0.2%. There were additions to capital assets of $12.4 million and decrease in capital assets of $12.8 million due to current year depreciation.

- The total investment in the Stadium project was $517 million through December 31, 2019. The 2019 additions included LED sports lighting, fall protection equipment, emergency power supply project, security upgrades, concession stand improvements including Appetize, Freedom Pay, Point of sale equipment, concession equipment and stand renovations.

- On September 6, 2019, the District entered into a Naming Rights agreement with Empower. This agreement will continue until March 31, 2040 unless earlier terminated or extended. The name of the Stadium is now Empower Field at Mile High. The fees for the Naming Rights were $351,275 in 2019, $1,250,000 in 2020 and $3,000,000 for the remaining contract years.

- The District's prior naming rights agreement was assumed by the Denver Broncos in August 2016 due to the bankruptcy filing of Sports Authority, Inc. The District made an agreement with the Broncos to divide up the naming rights payments into four annual installments. During 2019, the District received $3.6 million which represented $2.9 million from the 2018 naming rights and $662,181 towards the 2019 naming rights. This resulted in the receivable from the Denver Broncos of $1,986,544 for the balance of the 2019 naming rights.

- The District has a sublease agreement with RTD on Lot M parking. The lease agreement expires on August 31, 2043, unless extended or terminated earlier. Rents are paid in advance in September for the next 12-month period. The District receives 42.5% of the total lease payments, the remaining 57.5% is paid to SMC. In 2019, the District earned $134,276 from this lease.

- The District had $6.3 million restricted for capital repairs as of December 31, 2019. In 2012, the District expressed a goal of maintaining a minimum of $4 million in the capital reserve fund.

- The District's accounts payable increased by $459,468 or 181.7%. This was due to a large payable to the Stadium Management Company for capital repair and improvements done in 2019, paid in February 2020.

- In February 2019, the District entered into an agreement with Aramark for the concessions of the Stadium. As part of this agreement, Aramark agreed to contribute $7 million of capital improvements to the Stadium in 2019. These additions are included in the additions to fixed assets as well as Deferred Revenue - Aramark. This revenue will be recognized over the terms of the agreement.

USING THIS REPORT

This report comprises three financial statements:

(1) The Statement of Net Position measures the District's financial health or position as of a point in time (December 31). It represents the difference between the District's assets and liabilities.

Net position is displayed in three components: Cost of the stadium less accumulated depreciation and related debt (including deferred financing costs) is included in Invested Capital assets; when constraints are imposed externally by laws, other governments, or creditors on net position, they are reported as Restricted e.g. for the Capital Project and for TABOR (refer to Notes 1, 5 and 7); unrestricted net position represent that portion of net position that can be used to finance daily operations without constraints established by laws, enabling legislation or other legal requirements.

(2) Increases or decreases to net position are presented in the Statement of Revenues, Expenses and Changes in Net Position. Increases are one indicator that our financial health improved. Decreases in net position indicate a decline in our financial position (principally because of depreciation).

(3) The Statement of Cash Flows portrays the sources, uses and net change in our cash and cash equivalents. Cash flows are segregated as to those related to three major elements - operating, capital and financing, and investing activities.

METROPOLITAN FOOTBALL STADIUM DISTRICT
Management's Discussion and Analysis
For the Year Ended December 31, 2019

CONDENSED COMPARATIVE FINANCIAL INFORMATION (in thousands)

	2019	2018
Operating Revenue from Empower Field at Mile High	$ 8,601	$ 7,852
Investment income	493	353
Total revenues	9,094	8,205
Operating expense:		
Repairs and maintenance	662	1,275
General and administrative	222	208
Professional services	630	291
Depreciation and amortization	12,849	12,336
Total expenses	14,363	14,110
Decreases in net position	(5,269)	(5,905)
Net position at beginning of year	312,852	318,757
Net position at end of year	$ 307,583	$ 312,852

Total revenues for 2019 increased by $888,086 or 10.8%. The increase in revenues resulted from sales tax revenue of $1.6 million which was being held at Colorado Department of Revenue from prior year sales taxes for the District. These funds have now been identified and will be paid out to the District. Interest income increased by $140,015 because of better interest negotiated with the banks. There was an increase in event income of $63,687 which was due to more concert revenue for 2019. Naming rights income decreased by $895,800 with the new naming rights agreement.

Total expenses increased by $252,378 or 1.8%. The increase in expenses resulted from an increase of legal and professional expenses of $339,588 regarding the naming rights agreement and other development and easements, an increase in depreciation expense of $513,945 and a decrease in the amount repairs and maintenance of the stadium of $615,279.

METROPOLITAN FOOTBALL STADIUM DISTRICT
Management's Discussion and Analysis
For the Year Ended December 31, 2019

CONDENSED STATEMENT OF NET POSITION (in thousands):

	2019	2018
Current assets	$ 32,628	$ 30,021
Capital assets, net of accumulated depreciation	282,747	283,173
Total assets	$ 315,375	$ 313,194
Current liabilities	$ 803	$ 342
Deferred revenue - Aramark	6,989	-
Total liabilities	7,792	342
Net Position:		
Invested in capital assets, net of debt	282,747	283,173
Restricted for TABOR	45	44
Restricted for capital improvements	6,265	9,701
Unrestricted	18,526	19,934
Total net position	307,583	312,852
Total liabilities and net position	$ 315,375	$ 313,194

Activity in capital assets for 2019 is summarized as follows:

Balance at beginning of year	$ 283,173
Plus - improvements	
LED sports lighting, fall protection equipment	
UPS project, security upgrades, concession	
stand improvements	12,424
Less - current year depreciation	12,850
Balance at end of year	$ 282,747

METROPOLITAN FOOTBALL STADIUM DISTRICT
Management's Discussion and Analysis
For the Year Ended December 31, 2019

BUDGET COMPARISON (in thousands):

	2019 Actual (000s)	2019 Budget (000s)	(Under) Over Budget (000s)
Investment income	$ 493	$ 250	$ 243
Franchise payments	3,341	3,331	10
Namings rights revenue	3,000	4,052	(1,052)
Other lease income	134	134	-
Sales tax revenue	1,562	-	1,562
Other income	563	400	163
Total revenue	9,093	8,167	926
Administrative costs	220	190	30
Operating expense	2	10	(8)
Repairs and maintenance	661	500	161
Professional service	630	300	330
Depreciation and amortization	12,849	13,500	(651)
Total expenditures	14,362	14,500	(138)
Total net revenue (loss)	$ (5,269)	$ (6,333)	$ 1,064

Interest income was over budget due to increase in cash balances and interest rates earned. The sales tax revenue was not included in the budget as this was not anticipated when the budget was prepared. Naming rights income is less than budgeted due to the new naming rights agreement entered into after the budget was prepared. Repairs and maintenance expenses were over budget because of additional stadium repairs needed to maintain the quality of the facility. The depreciation was less than the budgeted amount due to longer asset lives for the additions during 2019.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Metropolitan Football Stadium District
Denver, Colorado

We have audited the accompanying financial statements of the business type activities and the major enterprise fund of the Metropolitan Football Stadium District (the "District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which comprise the basic financial statements as listed in the table of contents.

Managements' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

Members:
American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants
10303 E. Dry Creek Road, Suite 400 • Englewood, CO 80112 • 303 771 0123 • 303 771 0078 fax
www.jdscpagroup.com

an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2019, and the changes in its net position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages I through V and 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

JDS Professional Group

June 17, 2020

METROPOLITAN FOOTBALL STADIUM DISTRICT
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2019

ASSETS	
Current unrestricted assets:	
Cash and cash equivalents	$ 23,485,166
Sales tax receivable	862,000
Other receivable	29,151
Naming rights receivable	1,986,544
Total current unrestricted assets	26,362,861
Current restricted assets:	
Cash and cash equivalents	6,265,415
Total current restricted assets	6,265,415
Capital assets:	
Building	407,117,638
Stadium equipment	48,775,332
Land improvements	27,763,504
Art	327,500
Furniture, fixtures and equipment	4,895
Computers and equipment	11,495
Less: accumulated depreciation	(234,140,705)
Net depreciable capital assets	249,859,659
Land	32,887,325
Total capital assets	282,746,984
TOTAL ASSETS	$ 315,375,260

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

METROPOLITAN FOOTBALL STADIUM DISTRICT
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2019

LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities:	
Accounts payable	$ 712,276
Accrued expenses	90,780
Total current liabilities	803,056
Unearned revenues	6,988,615
Total Liabilities	7,791,671
NET POSITION	
Invested in capital assets	282,746,984
Expendable restricted net positions -	
Restricted for TABOR	45,407
Restricted for capital repairs	6,265,415
Unrestricted	18,525,783
Total Net Position	307,583,589
TOTAL LIABILITIES AND NET POSITION	$ 315,375,260

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

METROPOLITAN FOOTBALL STADIUM DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

Operating revenues:	
Naming rights revenue	$ 3,000,000
Franchise lease revenue	3,340,958
Other lease revenue	134,276
Events revenue	554,162
Sales tax revenue	1,562,000
Miscellaneous revenue	9,302
Total operating revenues	8,600,698
Operating expenses:	
Depreciation expense	12,849,495
Repairs and maintenance	661,294
General and administrative	222,021
Professional services	630,250
Total operating expenses	14,363,060
Operating (loss)	(5,762,362)
Non-Operating revenues (expenses):	
Interest income	493,313
Total non-operating revenues (expenses)	493,313
Change in net position	(5,269,049)
Net Position - Beginning of Year	312,852,638
Net Position - End of Year	$ 307,583,589

METROPOLITAN FOOTBALL STADIUM DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flows from Operating Activities	
Receipts from naming rights	$ 3,935,306
Receipts from franchise lease revenues	3,340,958
Receipts from special events revenues	554,162
Receipts from other lease revenues	308,182
Receipts from sales and tax revenue	700,000
Payments for operating	(661,294)
Payments for general and operating	(222,021)
Payments for professional services	(170,783)
Net cash provided by operating activities	7,784,510
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	(5,434,558)
Net cash (used in) capital and related financing activities	(5,434,558)
Cash Flows from Investing Activities	
Interest received	493,313
Net cash provided by investing activities	493,313
Net Increase in Cash and Cash Equivalents	2,843,265
Cash and Cash Equivalents, Beginning of Year	26,907,316
Cash and Cash Equivalents, End of Year	$ 29,750,581

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

METROPOLITAN FOOTBALL STADIUM DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities	
Operating loss	$ (5,762,362)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation expense	12,849,495
Changes in assets and liabilities -	
Decrease in naming rights receivable	935,306
(Increase) in sales tax receivable	(862,000)
Decrease in accounts other receivable	162,711
Increase in accounts payable	459,467
Increase in accrued expenses	1,893
Net cash provided by operating activities	$ 7,784,510
Non-Cash Capital and Related Financing Activities	
Contributed capital assets	$ 6,997,167

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

NOTE (1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Metropolitan Football Stadium District (the "District") is a body corporate and political subdivision of the State of Colorado established pursuant to the Metropolitan Football Stadium District Act, Article 15, Title 32 of the Colorado Revised Statutes, ("Act"). The District includes all or part of seven counties in the Denver metropolitan area. The District was created for the purpose of planning, acquiring land and constructing a professional football stadium (the "Stadium"). Operations of the District commenced in August 1996.

The District is a separate legal entity responsible for its own financial operations and obligations, and is governed by a Board of Directors (the "Board") of nine members who serve without compensation. Six directors are appointed by the local governments, two directors at large are appointed by the Governor and one director is the chairperson of the Denver Metropolitan Major League Baseball Stadium District. All activities for which the District exercises responsibility have been included in these financial statements.

The District follows the Governmental Accounting Standards Board ("GASB") accounting pronouncements which provide guidance for determining which activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set for the financial accountability of a governmental organization's governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Summary of Significant Accounting Policies

The financial statements of the District are presented on the basis of governmental proprietary fund accounting concepts, using the economic resources measurement focus and the accrual basis of accounting, and in accordance with GASB Statement No. 34, *Basic Financial Statements and*

NOTE (1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management's Discussion and Analysis for State and Local Governments, as amended.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District operates one major enterprise fund.

Revenues and expenses are recognized on an accrual basis. Revenue is recognized when earned and expenses are recognized when the liability is incurred.

When the District incurs an expense for which both restricted and unrestricted net position are available, the District will first apply restricted net position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosed amount of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgets

In accordance with the State statute, the District's Board of Directors holds public hearings before the end of each year to approve the budget and appropriate funds for the ensuing year. The Districts Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation is at the fund level and lapses at year end.

NOTE (1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered cash equivalents.

Capital Assets and Depreciation

Land improvements, buildings and other property and equipment are stated at cost and depreciated using the straight-line method over their respective estimated useful lives of three to forty years.

Classification of Revenues

The District has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions including naming rights, franchise lease and other lease revenues.

Non-operating revenues - Non-operating revenues include activities that have the characteristics of non-exchange transactions, as defined by Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Government Entities That Use Proprietary Fund Accounting, such as sales and use tax revenue, investment income, and gain on sale of land and land improvements.

Subsequent events

The District evaluated subsequent events through June XX, 2020, the date which the financial statements were available to be issued.

NOTE (2) CASH AND CASH EQUIVALENTS

GASB's accounting for Deposits and Investment Risk Disclosure, modifies and establishes disclosure requirements related to investment risks including credit risk (custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk.

NOTE (2) CASH AND CASH EQUIVALENTS (CONTINUED)

As of December 31, 2019, the District's cash and cash equivalents included the following:

Cash - unrestricted	$ 23,485,166
Cash - restricted	6,265,415
	$ 29,750,581

Deposits: Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. Deposits are carried at cost. Deposits include operating and savings accounts as well as money market funds held by the District's Bank. As of December 31, 2019, the District held $29,503,819 in uninsured deposits not covered by federal depository insurance. The uninsured deposits represent deposits for which collateral has been pledged, and is held by the pledging bank or its trust department or agent in other than the District's name.

The Public Deposit Protection Act requires all eligible depositories holding public deposits to pledge a pool of eligible collateral having market value equal to 102 percent of the total public deposits exceeding those amounts not insured by federal depository insurance. The District's depository met these requirements at year-end.

NOTE (3) CAPITAL ASSETS

A summary of acquisitions, dispositions, and accumulated depreciation is as follows:

	December 31, 2018	Acquisitions	(Dispositions)	December 31, 2019
Building	$ 396,339,071	$ 10,778,567	$	$ 407,117,638
Stadium equipment	47,130,725	1,644,607		48,775,332
Land	32,887,325			32,887,325
Land improvements	27,763,504			27,763,504
Art	327,500			327,500
Furniture and fixtures	4,895			4,895
Equipment	11,495			11,495
	504,464,515	12,423,174		516,887,689
Less:				
Accumulated depreciation	(221,291,210)	(12,849,495)		(234,140,705)
Total	$ 283,173,305	$ (426,321)	$	$ 282,746,984

NOTE (4) RISK FINANCING

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters. Certain of these risks are covered by commercial insurance and performance bonds purchased directly by the District from independent third parties.

NOTE (5) TABOR AMENDMENT

On November 3, 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including reserve requirements, debt limits and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment and the reserve is reflected on the face of the financial statements. As of December 31, 2019, the District has restricted net position of $45,407 in compliance with the requirements of TABOR.

NOTE (6) STADIUM NAMING RIGHTS

Effective August 18, 2016, the Denver Broncos assumed a Naming Rights Agreement. Under this agreement, cumulative through the year ended December 31, 2019, $54,212,680 had been received. On September 6, 2019, the District entered into a Termination and Future Services Agreement (the "Termination") with the Denver Broncos. The Termination amended the amounts of the remaining payments due. As of December 31, 2019, remaining payment from the Denver Broncos was $3,736,544, due in quarterly installments through July 2021. As of December 31, 2019, $1,986,544 was recorded as a receivable. Also on September 6, 2019, the District entered into a Naming Rights Agreement (the "Agreement") with Great-West Life and Annuity Insurance Company ("Empower"). The Agreement expires on March 31, 2040 unless earlier terminated or extended. A total of $61,601,275 is due to the District in semi-annual installments through October 1, 2040. Under this Agreement, cumulative through the year ended December 31, 2019, $1,031,456 has been received.

NOTE (7) GENERAL CONCESSION MANAGEMENT AND LICENSE AGREEMENT

During 2019, the District and SMC entered into a General Concession Management and License Agreement with Aramark Sports Entertainment Services, LLC ("Aramark"), whereby Aramark provided direct capital improvements and equipment to the Stadium in the amount of $6,988,615. In accordance with GASB pronouncements, this will be recognized as revenue over the term of the Agreement through March 2029.

NOTE (8) LEASE REVENUE AND LEASING COMMITMENTS

Franchise Lease Agreement

Per the Stadium Lease and Management Agreement (the "Agreement"), dated September 3, 1998, the District leases to PDB Sports Ltd., ("PDB"), the holder of the Denver Broncos National Football League Franchise, the Stadium land together with all the improvements. PDB will lease the Stadium from August 2001 and the lease will continue until 30 years after such date or the end of 30 complete NFL seasons at the Stadium, whichever is later. Additionally, there are two five-year extensions at the option of PDB. The

NOTE (8) LEASE REVENUE AND LEASING COMMITMENTS (CONTINUED)

Agreement also provides for PDB to acquire and own certain property and for revenue sharing for non-football events principally with respect to attendance and parking, as more fully described in the Agreement. Rental payments are due annually on February 1 from PDB subsequent to occupancy. The Agreement calls for the establishment of a Capital Replacement Reserve Fund for the purpose of paying all or part of the cost of capital replacement. Payments to the Capital Replacement Reserve Fund are to be made annually by the District from base rents received from PDB. During the year ended December 31, 2019, $2,045,480 of the franchise lease payment was paid to this Reserve Fund.

Other Lease Agreement

Per a sublease agreement (the "Agreement") dated September 1, 2013, the Stadium Management Company (SMC) leases to Regional Transportation District (RTD), a leasehold interest of real property. The Agreement commenced on September 1, 2013 and the expires on August 31, 2043, unless extended or terminated earlier. In addition, RTD has an option to extend the terms of the Agreement, each for an additional fifteen year period on the same terms and conditions contained in the sublease agreement. The Agreement provides for the rent to paid in advance, with the first annual payment due on or before November 1, 2013, and thereafter each annual payment shall be payable on or before the first day of each September. The initial rent for the first year of the sublease was $677,417. The annual rent shall be increased, on a cumulative basis as outlined in the Agreement. RTD has the right, on various dates, to reduce its use of Lot M and its payments, including on September 1, 2016. RTD agreed to reduce its' parking spaces to 474 effective November 30, 2016. RTD, SMC and the District agreed that the rental payment for the period September 1, 2016 to August 31, 2017 would be $401,644 based on the partial year reduction. In future years, the rental payment will be reduced to $302,989 based on the reduced parking spaces, subject to the annual increases set forth in the Agreement. The Agreement also stipulates fifty-seven and one-half percent (57.5%) of each rent payment shall be paid by RTD to SMC, and the remaining forty-two and one-half percent (42.5%) of each rent payment shall be paid by RTD to the District.

NOTE (8) LEASE REVENUE AND LEASING COMMITMENTS (CONTINUED)

Future minimum lease payments required under the two agreements above are as follows as of December 31, 2019:

	Future minimum lease payments
2020	$ 3,543,907
2021	3,543,907
2022	3,543,907
2023	3,543,907
2024	3,543,907
Thereafter	28,334,233
	$ 46,053,768

NOTE (9) DONATED OFFICE SPACE

Under a License Agreement, the District has donated office and museum space to the Colorado Sports Hall of Fame for their use for a 5-year term. The license agreement was renewed for another 5-year term during 2015. The value of the donated office and museum space was estimated based on an average market rate for the central business district of Denver of $20 per square foot. The office and museum space is approximately 3,000 square feet resulting in annual donated space of $60,000.

NOTE (10) LITIGATION

The District is involved in various litigation matters which have arisen in the ordinary course of business. It is the opinion of management, based upon consultation with legal counsel, that these matters requires vigorous defense, pursuant to the agreement, SMC and PDB agreed to defend and indemnify the District on all these matters. Although the outcome of litigation cannot be predicted with certainty, the District expects its exposure will be limited because of the defense and indemnity by SMC and PDB.

NOTE (11) NEW ACCOUNTING PRONOUNCEMENTS

In June 2017, GASB issued Statement No. 87, Leases which outlines new requirements for governmental entities when it comes to lease accounting. GASBS No. 87 will require the District to establish a lease receivable equal to the present value of the expected payments over the lease term. As payments are received the lease receivable will be reduced and interest revenue recognized. Additionally, a deferred inflow will be recognized equal to the lease receivable and recognized as revenue in a systematic and rational manner over the life of the lease. Entities will also be required to present additional disclosure as to the nature and extent of leasing activities. The requirements of this statement are effective for the District's financial statements for the year ended December 31, 2021. The District has not evaluated the impact due to the timing of implementation of this standard.