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Pat Broe and Gov. Bill Owens
at the ground-breaking for the
Owens-Illinois glass plant
near Windsor.

Pat Broe, where art thou?

Media-shy
mogul leads
ever-expanding
empire

Pat Broe takes business diversification — plus wealth and power — to a new level. And he has a massive Denver-based North American empire to prove it.

Just who is this under-the-radar, self-made powerhouse whose private Cherry Creek-based company in April announced plans to purchase Mile High Center, the downtown Denver “Cash-Register” landmark at 1700 Broadway?

Like much about Broe’s business, the building’s purchase price was not disclosed.

Which is typical of Broe transactions and makes his business dealings hard to track. >>

He deals primarily with private companies that don't require public disclosure of financial information. He refused to talk to *ColoradoBiz* for this article, and few people will talk about him on the record. But consider just some of the holdings of Broe's private company, The Broe Cos. Inc.:

- **REAL ESTATE.** Broe's property portfolio bulges with prime properties in Denver, California, Texas, Florida, Ohio, Nebraska and at least three Canadian provinces. At one time, the company owned Writer Homes, which it sold in 2002 in a \$54 million deal to Standard Pacific Corp. of Costa Mesa, Calif. Broe also currently owns land adjoining the new Owens-Illinois bottle manufacturing plant site in Windsor, in addition to residential projects under development in Douglas County and near Denver International Airport.

At one point, Broe also owned a portion of Denver's Union Station. The city paid almost \$50 million to buy the station and surrounding property in 2001. Among The Broe Cos.' recent Denver-area acquisitions is The Cascades, a Greenwood Plaza Class A office building which it bought last year for \$25 million. Before acquiring the Cascades in April 2003, Broe had announced a goal of acquiring \$100 million in new Denver and Rocky Mountain-area properties within the next 18 to 24 months. On its Web site today, Broe says that it is "actively seeking to invest \$250 to \$450 million in the real-estate sector within the next 18 to 24 months."

- **SENIOR HOUSING.** Aspen Retirement Corp. is a privately held, Denver-based corporation that's involved in acquisition and operations of assisted living and independent living retirement communities serving seniors in Denver as well as in Cincinnati, Dayton and Bedford, Ohio; Venice, Jacksonville and Fort Lauderdale, Fla.; San Ramon, Hemet and Danville, Calif.; Fort Wayne, Ind.; and Richmond, Va.

- **TRANSPORTATION AND INDUSTRIAL SERVICES.** Denver-based OmniTrax is North America's largest privately held rail company, offering a broad range of transportation and industrial services across the United States and Canada. Those services include railroads, maintenance, warehousing/transloading (Colorado, Iowa, Illinois, Ohio and Georgia), switching, port and intermodal operations. Among its subsidiaries is Quality Terminal Services which, according to the OmniTrax Web site, operates intermodal services at six of the country's largest intermodal terminals located in Texas, California and Illinois.

- **MEDICAL INDUSTRY.** McKinley Medical is a Wheat Ridge-based company that provides

PAT BROE'S RAILROADS

- Carlton Trail Railway (CTRW) Prince Albert, Saskatchewan
- Chicago Rail Link (CRL) Chicago
- Georgia Woodlands Railroad (GWRC) Washington, Ga.
- Great Western Railway (GWR) Loveland
- Great Western Railway of Iowa (CBGR) Council Bluffs, Iowa
- Hudson Bay Railway (HBRY) The Pas, Manitoba
- Manufacturers' Junction Railway (MJ) Cicero, Ill.
- Newburgh & South Shore Railroad (NSR) Cleveland
- Northern Ohio & Western Railway (NOW) Tiffin, Ohio
- Okanagan Valley Railway (OKAN) Vernon, British Columbia
- Panhandle Northern Railroad (PNR) Borger, Texas

infusion drug-delivery products used for pain management, surgery, chemotherapy and intravenous therapy. Its operations include facilities here, in San Francisco, and in Blackpool, England. Broe Cos. also includes in its "portfolio" Minneapolis-based Med-Source Technologies Inc. (Nasdaq, MEDT), a leading provider of engineering, product development and manufacturing services, and supply-chain management solutions to the medical device industry.

- **ENERGY.** Prairie Sun Energy Products Inc. of Regina, Saskatchewan, Canada, is listed as the private-sector partner in several proposed ethanol production plants in Canada.

- **VENTURE CAPITAL.** Broe Strategic Capital is Broe's private equity division that "focuses on hard-asset investment opportunities in situations that complement current business initiatives, as well as new platforms." That's the official word according to The Broe Cos.' Web site. One of its investments is Airbiquity of Bainbridge Island, Wash., a location-technology company that delivers global positioning system (GPS) data to any wireless network worldwide. The company's patented aqLink software enables wireless carriers, automobile manufacturers, commercial call centers and Internet portals to offer their subscribers location-based services. Airbiquity teams with OnStar to facilitate delivery of its in-vehicle safety, security and information services.

The company also says its portfolio includes other investments in telecommunications, voice recognition and insurance. The trail of these Broe holdings and more that have not been disclosed snakes across the United States and North America. Its total value is impossible to gauge, but the holding company claims it owns or operates more than \$1 billion in assets. In the early 1990s, Broe himself made *The Denver Post's* list of the richest Coloradans with a

fortune then estimated at \$50 million to \$100 million, based only on real estate and rail holdings.

Today, Broe is in his late 50s and continues to actively expand his empire. In March, the company launched a “land development division” with a stated goal “to initially focus on all intermodal development and land development opportunities that are complementary to the Great Western Railway of Colorado.”

“The time is right for us to put our real estate and our economic development efforts together under one roof,” Pat Broe said at the time. “I look forward to significant achievements by joining these efforts with the Great Western Railway of Colorado, which has been a catalyst for growth in northern Colorado for many years, and with our other rail properties in North America.”

Pat Broe is a huge player in Denver real estate and all over the country, says Mary Rae, a Denver-area real estate veteran. Now a broker with Coldwell Banker Devonshire, Rae first encountered Broe years ago, she says, when he was buying duplexes in the city, fixing them up and selling them for profit. Broe does the same thing today only on a much grander scale. Instead of \$200,000 duplexes, he’s buying multimillion-dollar office buildings and multifamily projects.

On a personal level, Broe is charming, says Rae, but to call him a tough negotiator is an understatement. She recalls sitting across the deal-making table from him in the mid-1990s during negotiations for him to buy Cheesman Gardens, a project at 1510 E. 10th Ave. “He was tough, and he didn’t give an inch and he got the job done,” says Rae. “But I think everybody felt a little bruised after the fact.” But she’s quick to add that Broe developed the property into a very successful project.

“Pat Broe has really built a phenomenal empire,” adds 25-year Denver-area real estate veteran Mary Sullivan, senior vice president of CB Richard Ellis in the Denver Tech Center. “He’s smart and incredibly astute at execution and diversification ... at recognizing opportunities and taking advantage of different segments, or business opportunities and building an empire.”

Broe launched The Broe Cos. in the early 1970s. His company’s growth got a boost in the early years when he became involved in the development of Eagle Vail, the mountain community west of Vail. He also owned a piece of the block now occupied by the Tabor Center in downtown Denver, adds Sullivan.

Broe is a contrarian, says Tom Clark, executive vice president of the Metro Denver Economic Development Corp. “Pat looks at the same world that we look at and sees it in an entirely different way ... a way that makes money,” says Clark. “He ... looks at things that people say nobody should touch ... and he sees it in a way that can make it work. That’s a very unique part of his personality, and it makes him uncommon in his field.”

With short-line railroads, for example, Broe and his OmniTrax were able to succeed where no one else had, says Clark, who hails from a family that has worked in railroads for five generations. Why did Broe’s visions spawn what Clark calls “almost a



Pat Broe

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mini-industry in short-haul railroads around the country”?

Broe understood early the intermodal nature of moving goods, says Clark, and he did a number of things that created great efficiencies in his railroads. That included cutting his labor force in half, and committing capital into the rails themselves to enable trains to travel at the speeds needed to effectively and efficiently get from point to point. “That permitted him to make money on lines that you just simply could not make money on given the Interstate Commerce Commission regulation of rates at that time,” adds Clark.

A testament to Broe's skills is the planned \$120 million Owens-Illinois glass factory adjacent to Windsor. Officials broke ground on the plant in early June. Broe purchased the land, serviced by his OmniTrax's Great Western Railway, and then sold it to the Toledo, Ohio-based glass behemoth, according to Ron Klaphake, president and CEO Greeley/Weld Economic Development. The plant, when completed probably in the next 12 to 15 months, will produce 1,000 tons of glass per day or 1 billion bottles a year for Anheuser-Busch, adds Klaphake. The raw materials for that glass — sand, soda ash and limestone — will be brought in by rail, he adds.

However, not everything Pat Broe or his companies touch hits pay dirt. In April this year, Broe's dealings made headlines in the Canadian press after it came to light that the Saskatchewan government and The Broe Cos. had spent \$2.1 million for preliminary work on a proposed \$55 million ethanol plant project in Belle Plaine, near Regina, Saskatchewan. (OmniTrax owns a number of short-line railroads in several Canadian provinces.) Two years after groundbreaking, the proposed plant's site remains vacant. A Saskatchewan government official told *ColoradoBiz* that the parties involved had decided “to terminate further work on the project” due to problems getting funding. ■

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