

National Western Center
Framework Agreement & Associated Documents
Executive Summary
August 8, 2017

To advance the vision of the National Western Center, a Master Plan for the Campus was adopted by City Council in March 2015. In October 2015, the Western Stock Show Association (WSSA), Colorado State University System (CSU), and the City and County of Denver (City) (collectively, the “Partners”), signed a non-binding term sheet including governance and financial commitments. In November 2015, Denver voters overwhelmingly passed measure 2C, authorizing City funding for Phase 1 and Phase 2 of the master plan. Additionally, in 2015, the City, with the support of the Partners, applied for and received an RTA award of \$121 million for the NWC.

The Partners are now executing a binding Framework Agreement, incorporating and further defining the term sheet, and setting the stage for future success of the NWC. The NWC Authority, once formed, will sign the Framework Agreement as a partner. The Framework Agreement will serve as the controlling document for the Authority.

The Framework Agreement package includes other key documents associated with the overall partnership between the City, WSSA, and CSU, including:

- Master Lease between the City and County of Denver and the Authority
- Lease between WSSA and the Authority
- Authority Bylaws and Articles of Incorporation
- NWC Baseline Schedule
- Land Conveyance Documents

Highlights from the Framework Agreement

Campus Program: Public and private funding has been committed toward the implementation of Phases I and II of the adopted Master Plan, which impacts over 80% of the campus. This includes the new Stockyards, Livestock Center, Equestrian Center and all necessary land acquisition, pad-ready site conditioning, and infrastructure (horizontal) development. Given its underlying importance outlining the vision, mission and guiding principles of the campus program, the adopted Master Plan is referenced fourteen times, across nine different sections of the Framework Agreement, and provides important guidance to the equity partners in creating this unique, year-round destination.

Term: 50-year initial term with two 25-year renewal periods; (a plan for the next 100 years).

Governance:

- National Western Center Authority (“Authority”) to be established to program, operate, and maintain the NWC.
- 11 Voting directors (5-year terms) and the City CFO as a non-voting director and Treasurer of the Board.
- Voting Directors include 6 City (Mayoral) appointees, 2 CSU appointees (appointed by a CSU Appointing Officer), 2 WSSA appointees (appointed by a WSSA Appointing Officer), and 1 Local-Area (GES Resident) Community Director appointed by the Mayor (Mayoral appointees confirmed by City Council).
- A voting director may not be an elected official or an officer or employee of the City.
- Initial Chairperson appointed by the Mayor, but elected by the Board after Initial Campus Development is completed.

Authority will:

- Require a competitive bid process for contracts, including compliance with City social ordinances.
- Hire a President/CEO to manage and lead the Campus including:
 - Book events year-round and allocate Campus resources.
 - Manage Campus-wide revenues and expenses, including Campus-wide services and sponsorships.
 - Manage maintenance and operations of the Campus and new facilities as they come online.
 - Provide interface with Partners.
- Initial President/CEO selection will be conducted after national search with all parties recommending candidates to Board. Future President/CEO candidates will be selected by Board after a national search (unless a national search is not in the best interests of the Authority or the Campus) and approved by the Board.
- Create a Community Investment Fund to support projects and programs in the surrounding Globeville, Elyria and Swansea neighborhoods.
- Not sooner than 2020, the Authority may form a foundation to support the Campus and the community (interim foundation partnerships may be utilized in advance of 2020 by the Authority to coordinate and execute community projects and programs).

Initial Funding/Start-Up of Authority Operations:

- The Partners will provide initial operating funding to Authority of \$1.5 million in year one (City 60%; CSU 20%; WSSA 20%) with understanding that Authority is to become self-sustaining as quickly as possible and will repay initial operating funds, interest free, when funds become available.

Naming Rights and Sponsorships:

- Agreement and accompanying ordinance will exempt NWC from City naming ordinance regarding the naming of City buildings and authorize City and WSSA to sell naming rights to fund the NWC.
 - Naming rights will be approved by the Mayor or his/her designee.
 - WSSA will receive naming rights and sponsorship revenues from Stockyards, Livestock Center, and Equestrian Center.
 - Authority will receive 15% of building-related sponsorship revenues.
- Term of corporate naming rights is limited to 20 years.
- Philanthropic naming rights are for the term of the Agreement and any extensions thereof.
- CSU will control and sell naming rights and sponsorships for its facilities pursuant to its policies.

City of Denver:

- Contribution of approximately \$622 million plus RTA Award funds.
- Own all Campus land and facilities (CSU land and facilities, WSSA Legacy Building, or other facilities constructed solely at other parties' expense with City approval excepted).
- Provide annual capital maintenance funds through seat tax, and in City's sole discretion, through CIP process.
- May dispose of land at NWC except Key Facilities (Stockyards, Equestrian Center, Livestock Center, Arena, and Expo Hall).

Western Stock Show Association (WSSA):

- Contribution of \$125 million includes:
 - \$50 million in cash
 - First revenues from WSSA building naming and sponsorship rights will go towards \$50 million WSSA cash contribution
- All deeds to land owned at the NWC (appraised at \$75 million in February 2016) will be placed in escrow and transferred to the City as needed.
- Funding milestones exist so that the City receives cash at major milestones for design and construction.
- Continue to operate and maintain existing facilities until transition to Authority for new facilities.

- Right and obligation to produce Stock Show annually at NWC; cannot produce events elsewhere.
- Full control of Campus facilities necessary for National Western Stock Show, Denver County Fair, and Rodeo All-Star Weekend, including incurring all expenses and retaining all revenues.
- Includes exclusive control of standards and policies for events, exhibitors, and competitors (Authority may not interfere with such standards and policies).
- Year-round priority to book livestock, equestrian, and rodeo events. Authority may book all other events first-come first-serve, and livestock, equestrian, and rodeo events less than one year out during any openings in the calendar, but may not book livestock, equestrian, and rodeo events after August 1.
- May construct, own, and operate a WSSA legacy building at the Campus at no expense to other parties; City will cooperate with WSSA to provide site on Campus at actual cost.

Colorado State University (CSU):

- CSU will fund, design, construct, own, and program an Equine Sports Medicine Facility, a Water Resources Center, and a CSU Center.
- CSU will pay the City for actual costs incurred in providing pad-ready sites for CSU facilities.
- CSU will collaborate with the Authority on all NWC-wide issues and comply with design standards but will retain control and responsibility for its facilities.
- Note: The CSU Center will be constructed under the same terms as CSU's first two buildings, but construction will occur in a later phase of campus development after existing facilities are replaced.

Future NWC Phases:

- Agreement states that partners will work together towards the design, construction and financing of future phases and specifies concrete steps for progress, but lacks firm guaranties or commitments because funding has not yet been identified.

Remedies: General remedies language allows 90 days to cure and provides for mediation between Partners.

- WSSA: WSSA monetary contribution is secured by deed of trust and security agreement; failure to deliver land is resolved by specific performance or condemnation; either breach may also result in a suspension of voting rights on the Authority board.
- CSU: If CSU fails to initiate and pursue construction of its buildings the City may demand reversion of the parcels and step in rights and may also suspend voting rights on the Authority board.
- City: If City fails to form Authority, Agreement is unwound and prior WSSA lease is reinstated. If City abandons construction, the Authority may complete initial development under construction contracts and require City to pay costs.
- Authority: If Authority breaches, Partners may replace Board members and receive damages under leases or other obligations as applicable.
- Partners: Entry by any party into agreement(s) in contravention of the Agreement may result in termination of improper agreement(s) at that party's cost.