Great Hall Development Agreement

Executive Summary

The Great Hall Development Agreement is the product of months of negotiation between the City and Denver Great Hall LLC and reflects the key business terms of the Development Agreement. Though the majority of the key business terms are included, it is not a comprehensive document. This executive summary addresses the most critical elements of the Development Agreement.

Nature of the Development Agreement: This Development Agreement ("DA") between the City and County of Denver ("City") and Denver Great Hall LLC ("Developer") will grant Developer the right, over a 34 year term, to design, construct, finance, operate, and maintain certain areas within Jeppesen Terminal (all of which is referred to as the "Project"). The DA is made up of two parts: Volume 1, the DA, which sets forth the rights and obligations of the Parties, and Volume 2, the Technical Requirements, which set forth the standards that govern design, construction, operations, and maintenance of the Terminal.

Project Scope and Phased Delivery: The Developer will design, construct, and finance the redevelopment of Levels 5 and 6 of the Terminal, which includes the airline ticket lobbies, passenger screening checkpoint, concessions space, baggage claim area, and all associated public circulation space.

Once the construction of these areas is complete, the airline ticket lobbies, passenger screening checkpoint, baggage claim area, and much of the associated public circulation space will be operated and maintained by the City. The Developer will operate and maintain the concessions space on Level 5.

In undertaking Project construction, the Developer will comply with all applicable MBE/WBE goals as set forth in the DA.

Financing Structure: The City will make periodic progress payments to the Developer for the construction work. From substantial completion of Project construction until the end of the 34 year term of the DA, the City will make monthly supplemental payments to the Developer.

Revenue generated by concessions will be split between the Parties, with the Developer retaining 20% and City retaining 80%. Revenues from activities such as ground transportation counters, credit union, and post office will be retained by the City.

Concession Program: The Developer has an exclusive license to develop and manage the concessions program in the Terminal. The Developer will enter into agreements with third-party concessionaires for individual concession spaces.

The Developer will operate the concessions program consistent with a Concessions Development and Management Plan, which will be reviewed by the parties every two years and ultimately subject to the City's approval. The Developer will establish the tenant mix, procure tenants, and manage the concessions. Developer must competitively procure at least 70% of the available concession locations, with the remaining percentage permitted to be procured through direct negotiations. Developer must comply with applicable disadvantaged business goals in administering the concessions program.

Performance Regime: The DA will use a points system to measure Developer's performance during the design, construction, operation, and maintenance phases of the Project. If Developer breaches certain aspects of the DA, it will accrue points. If the accrued points exceed specified thresholds, the City is

entitled to enhanced oversight over the Project. If even higher specified thresholds are exceeded, Developer default may be triggered.

Relief Events: Developer will be entitled to monetary compensation (subject to a cap) if the City:

(1) operates a new terminal before certain passenger capacity thresholds for the existing Terminal have been achieved;

(2) expands, changes, or improves the concession offerings in any of the Concourses in excess of an amount set forth in the DA;

(3) imposes limitations or restrictions which reduce or divert passenger traffic from the Terminal (in excess of an agreed-upon number of hours);

(4) suspends train service between the Terminal and Concourses, except for in the event of emergencies or short term disruptions; or

(5) makes a change to the operations and maintenance-related Technical Requirements that results in additional repair, reconstruction, capital expenditure, or renewal by the Developer.

Developer will be entitled to schedule relief for specific events that cause a delay in the Project schedule.

Default Events: Developer defaults include failure to perform, persistent noncompliance, material breach of representation or warranty, and bankruptcy. If Developer default occurs, City remedies include immediate right of entry, suspension of work, step-in rights, termination, and damages.

City defaults include failure to pay, failure to perform material obligations, material breach of representation or warranty, and government condemnation of the Project. If City default occurs, Developer remedies include submitting a compensation event claim, suspension of performance (if City fails to pay), and termination.

Step in Rights: If the Developer defaults, the City has the right to step into the shoes of the Developer and remedy the breach (subject to lenders' priority step-in rights). If the City terminates the DA, it will have the right to step into Developer's agreements with concessionaires.

Termination: Although remedies vary according to the cause for termination, in all cases the City is entitled to keep the Developer's design work.

- The City may terminate the DA for: convenience, Developer failure to achieve financial close (irrespective of fault), Developer Defaults that remain uncured after the opportunity to cure has passed.

- Developer may terminate the DA for: City Defaults that remain uncured after the applicable cure period and for discretionary suspensions of Work by the City (that continue for 270 days or more).

- Either Party has the right to terminate the DA upon the occurrence of extended Delay Events (continuing for 270 days or more) or Compensation Events for which the applicable cap has been reached.

- The DA may be terminated by (i) a final court order voiding the DA or making performance impossible, or (ii) a final court order upholding a change in law that prevents performance of a fundamental obligation or exercise of a fundamental right.

Design Review/Approval Process: The DA will establish two approval regimes for the Project design process. First, any technical review by the City of design documents and related approval shall be limited to verifying compliance with the Technical Requirements. Second, the City will have certain discretionary approval rights over aesthetic aspects of the design. If the City does not agree with aesthetic choices proposed by the Developer that otherwise comply with the applicable Technical Requirements, the City shall be responsible for any cost or schedule impact associated with changing the design.