



DENVER
THE MILE HIGH CITY



COOPERATION AGREEMENT EQUESTRIAN CENTER AND HOTEL

MAY 2023

REQUESTED COUNCIL ACTION

23-0573: The Mayor's Office of the National Western requests City Council approve a Cooperation Agreement between the City and the National Western Center Authority to engage in a procurement process for development of the Equestrian Center, parking garage, and potential hotel on Phases 1-2 of the National Western Center Campus.

23-0572: The Department of Finance requests City Council to transfer \$5 million from Capital Program PB001 – NWC Triangle Project to Capital Program NX002 – Equestrian Center Project for the procurement process in 23-xxxx

BUILDING A UNIQUE CAMPUS

- 250-acres at buildout
- A place that honors our past and celebrates our future
- A location with a local to global reach
- Bridge between rural and urban interests
- Year-round uses for entertainment, education and agri-business
- Flexible spaces to enable programming and activation for events such as:
 - Concerts, festivals, farmers' markets, sporting events, trade shows, conventions, classes, etc.



NWC CAMPUS PLAN

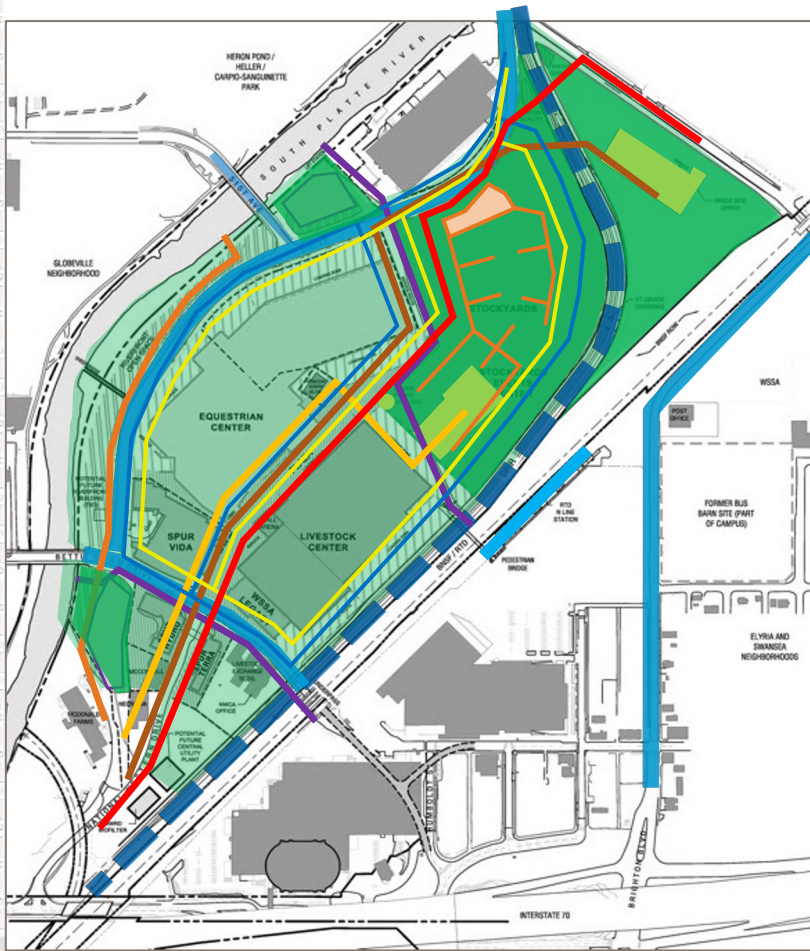
Phases 1 + 2

1. RTD Transit Station
2. Brighton Blvd. – 47th to Race Court
3. South Platte Riverfront
4. New National Western Drive
5. Stockyards Event Center
6. The Yards Multi-Use Space
7. Campus-related Transit-oriented Development (TOD)
8. New Bridges Near 48th & 51st Avenues
9. Livestock Center
10. Equestrian Center
11. District Energy System's Central Utility Plant (CUP)
12. CSU Spur: Vida (health)
13. CSU Spur: Hydro (water)
14. CSU Spur: Terra (food)
15. Maintenance & Operations Facility
16. DRIR Rail Corridor
17. WSSA Legacy Building HQ
18. Pedestrian Bridge
19. Arena
20. Expo Hall
21. 1909 Building rehabilitation
22. Supporting development



PHASE 1 & 2 PROGRAM STATUS

WORK COMPLETED



Cumulative Work to Date

- Sitewide Land Preparation
- Sitewide Utilities
- Major Drainage and Water Quality Facilities
- Maintenance and Operations Building
- Denver Rock Island Railroad Relocation
- Stockyards Event Center
- Multi-Use Stockyards
- Multimodal Facilities (roads and bridges)
- Public Art

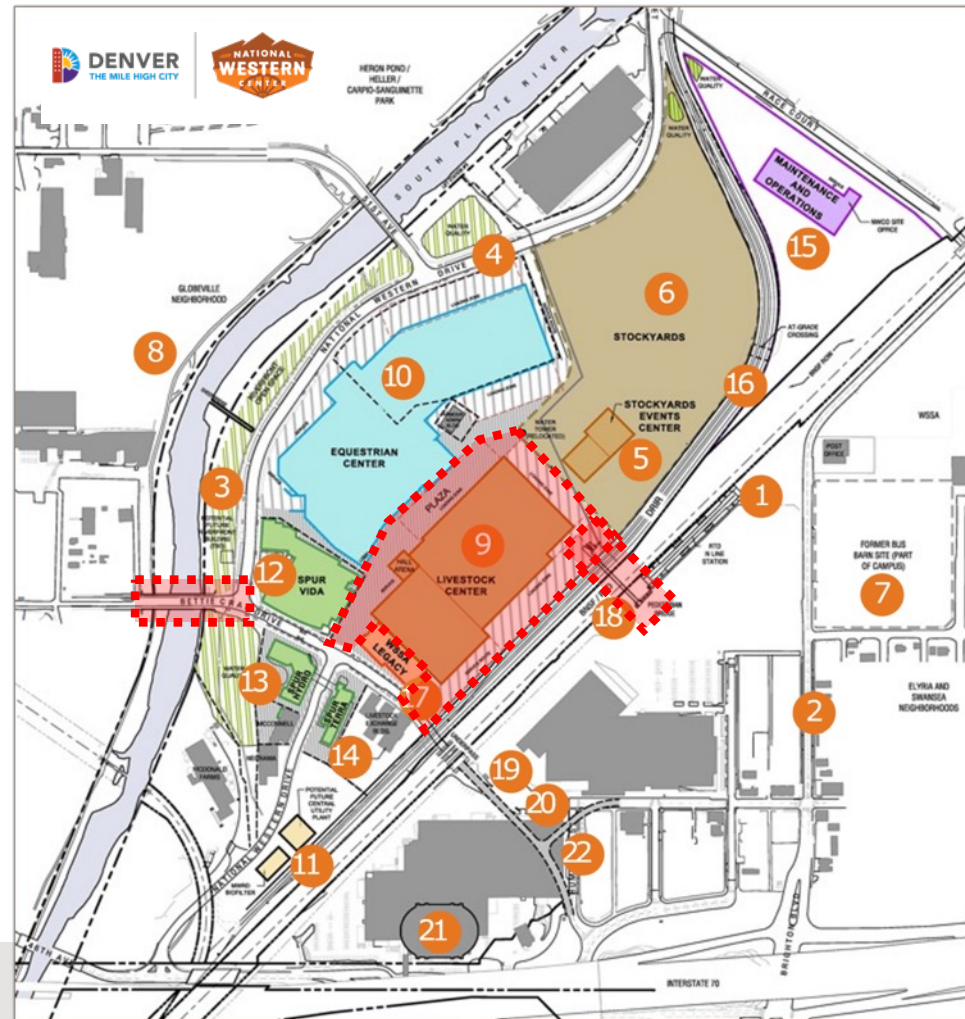
Work Completed by Others:

- RTD North Metro Station
- CSU Spur Vida, Terra and Hydro
- Central Utility Plant

NWC CAMPUS PLAN

Phases 1 + 2: Remaining Assets

1. RTD Transit Station
2. Brighton Blvd. – 47th to Race Court
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NWC CAMPUS PLAN

Phases 1 + 2: Equestrian Deferred

1. RTD Transit Station
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WHY EQUESTRIAN CENTER?

- National Western Center Master Plan, adopted by City Council, includes a new equestrian center as an integral part of the new campus.
- The Framework Agreement implements the Master Plan and includes the equestrian center as an "Essential New Facility" of the new campus.
- Colorado State University's Vida building is adjacent to the site for the equestrian center, where the two facilities can complement each other.
- The Western Stock Show Association will host both stock show and other equestrian events in the new facility.
- Community opportunities are already being explored by WSSA and the NWC Authority, including monthly riding lessons, monthly "how to" be a horseman series, free equestrian shows, and pony rides for kids.



WHY A HOTEL?



- A hotel will activate the campus with visitors using the riverfront open space and other public spaces, making it more attractive and secure for all to use.
- The City and NWC Authority will encourage booking of NWC venues as a part of the operation of the hotel, driving additional event revenue.
- Hospitality use is consistent with the Master Plan, which included complementary uses and support for regional tourism as goals.
- A hotel will provide additional revenue opportunities to support the financial sustainability of the National Western Center.
- A hotel will provide opportunities for jobs, workforce training, and higher education support.

HOTEL ANALYSIS

DOF's analysis included several considerations and risk factors:

- Delivery and financing model
- Construction costs and inflation
- Site planning and access needs
- Future event programming and demand
- Hotel operating model

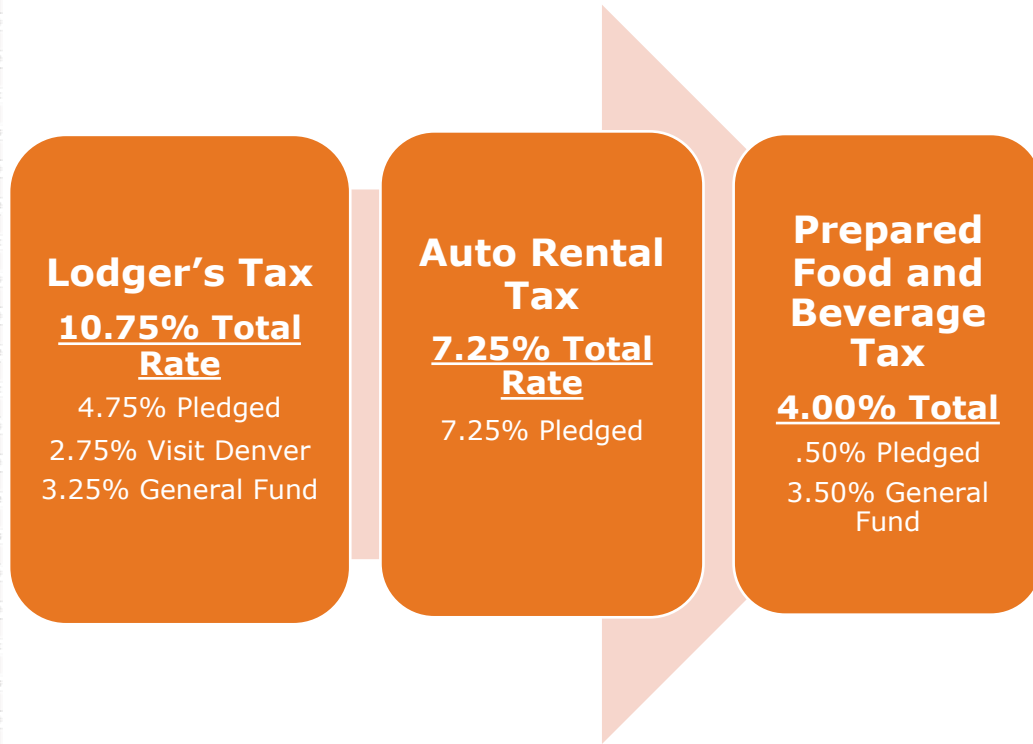
Conclusion:

- Hotel is feasible with tax-exempt financing, pending further market sounding

NARROWED TO TWO FINANCING OPTIONS

Description	Option 1: City Financing through Certificate of Participation (COP)	Option 2: National Western Center Authority Financing for EQC and Hotel
<p>Project</p> <ul style="list-style-type: none"> Public Assets (owned by City in both options) 	<ul style="list-style-type: none"> Equestrian Center (EQC) Garage 	<ul style="list-style-type: none"> Equestrian Center (EQC) Garage Hotel
<p>Key Responsibilities</p> <ul style="list-style-type: none"> Construction Operations Financing/Issuer 	<ul style="list-style-type: none"> NWCO, via contractor Authority City 	<ul style="list-style-type: none"> Authority, w/ City oversight via program manager Authority (EQC, garage) + program manager, Hotel operator for hotel Authority
<p>Sources of Funding</p>	<ul style="list-style-type: none"> 2C Revenues (City payment) Parking revenues Credit Support: if 2C revenues underperform and reserves are exhausted, potential reduction in 2C Revenue transfer to General Fund 	<ul style="list-style-type: none"> 2C Revenues (City payment) Hotel and event net revenues Parking revenues Credit Support: if 2C revenues underperform and reserves are exhausted, potential reduction in 2C Revenue transfer to General Fund

2C REVENUES OVERVIEW



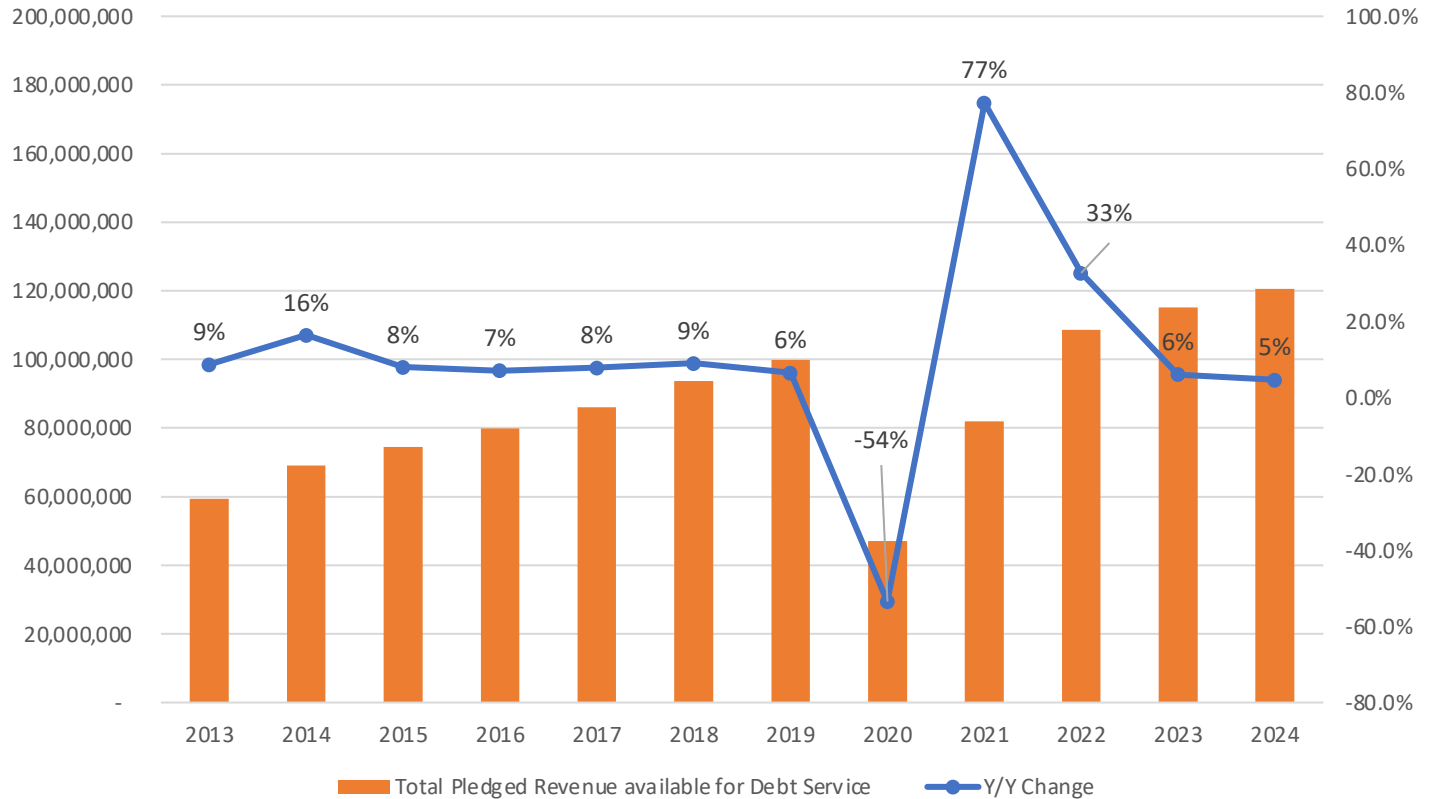
2C Tax Revenues: Sources

Uses of 2C Revenues:

- Pledged to pay debt service on outstanding Dedicated Tax Revenue Bonds (formerly Excise Tax bonds)
 - \$674.1M outstanding National Western Center (NWC) Bonds for Phases 1-2
 - \$226.2M outstanding Colorado Convention Center (CCC) Obligations
- Annual capital maintenance needs at NWC and CCC
- Committed General Fund transfer
- NWC and CCC future investments



2C REVENUES- PERFORMANCE*



*2022-2024 pledged revenue & growth rates are estimated as of the date of this presentation

DOF partners with Visit Denver on data inputs for City's financial modeling



HOTEL STRUCTURE COMPARISON

Description	Denver Convention Center Hotel	Possible National Western Center Hotel and EQC (Preliminary Thinking)
Oversight	Denver Convention Center Hotel Authority	National Western Center Authority
Borrower	Denver Convention Center Hotel Authority	National Western Center Authority
Issuer	Denver Convention Center Hotel Authority	National Western Center Authority (or other available tax-exempt issuer)
Ownership (land and facility)	City and County of Denver	City and County of Denver
Operator	Hyatt	TBD via RFP
Pledged Revenues	Hotel net revenues, EDA payment	Hotel and event net revenues, 2C funded reserves
Credit Support	Annually appropriated Economic Development Payment (EDA). Repaid each year	Annual 2C contribution to: <ul style="list-style-type: none"> Equestrian Center payment (full) Debt Service Reserve Backstop (Hotel Portion)* <p>*Expected to be capped on an annual basis</p>
Excess Revenues	Available to the City once reserves are met	Available for City/NWC Authority after reserves
Sources of City Funding	EDA payment from hotel excess revenues	Annual City Contribution of 2C revenues Debt Service Reserve Backstop (2C revenues, use of 2C transfer as backup if required)



PROJECT SOURCES

Asset/Activity	Expected Sources	Other Income
Equestrian Center/Garage <ul style="list-style-type: none"> Capital Costs Operations 	<ul style="list-style-type: none"> Annual appropriation from 2C revenues Net event revenue, seat tax (to Authority), sales/use tax and 2C revenues to City 	Excess revenue to Authority/City
NWC Hotel <ul style="list-style-type: none"> Capital Costs Operations 	<ul style="list-style-type: none"> Net hotel revenues, 2C funded debt service reserve Hotel revenue 	Offset 2C capital payment, reserves, excess revenues and 2C taxes to City, PILT
Other events booked by developer	<ul style="list-style-type: none"> Ticket sales and net event revenue Incremental 2C revenues 	Offset 2C capital payment, reserves, seat tax to Authority, 2C tax to City
Community Support (CIF, workforce, others developed through process)	Contributions to Community Investment Fund (round up and other programs) Other site revenues	



COOPERATION AGREEMENT W/ AUTHORITY

- Term: Until the execution of the Development Agreement or 3 years.
- Authority obligations: issue RFP and procure team to:
 - Design and build the equestrian center and parking garage,
 - Design, build, operate, and maintain a full-service Hotel and associated parking, and program events in other NWC facilities.
- City commitments: Assist with RFP and provide \$5M in financial support for initial predevelopment work.
- Also provides for City oversight and approval, procurement schedule and off-ramps, facility programs, deliverables, and reimbursement to City for procurement costs from the development agreement
- Acknowledges additional City Council approval for funding final predevelopment work and development agreement.



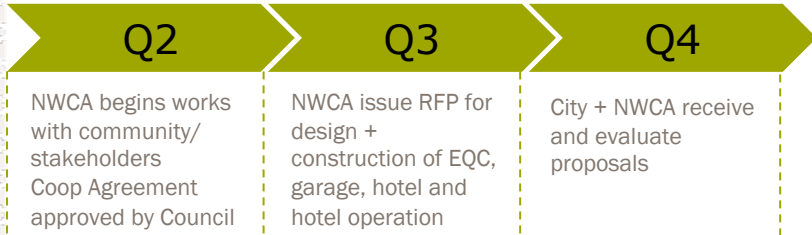


FUNDING AND USES FOR COOPERATION AGREEMENT

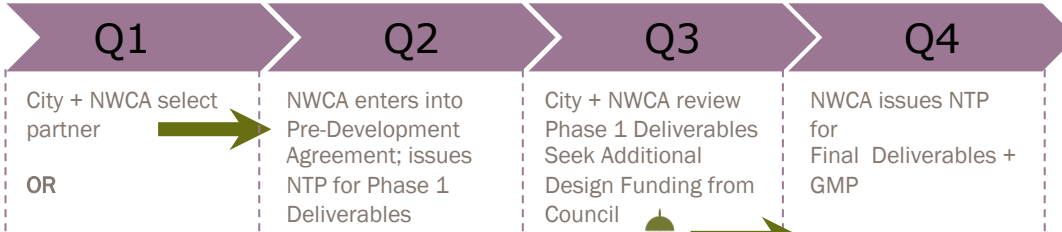
- Five million dollars from City capital funds that were set aside for use at the National Western Center
- Two Uses:
 - To fund the work that the Authority will do procuring the design and construction for equestrian center, garage, hotel and hotel operator.
 - To fund at least the initial pre-development work by the partner selected by the City and the Authority, for example:
 - Work process management plan
 - Baseline schedule
 - Cost estimates
 - Revenue forecast
 - Project financial plans/pro forma
 - Phase definitions
 - Overall site plan
 - Basis of design (concept) deliverables
 - Design development
 - Events and programming plans
- Proposers will compete on cost of the pre-development work



2023



2024



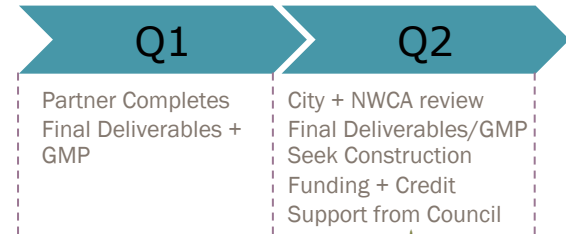
Council Action



Decline + City starts COP process



2025



Decline + City starts COP process



Decision Point

Offramp to COP

NWC COMMUNITY INPUT TEMPLATE

Proposed Community Engagement Sequence for Development Opportunities

