May 8, 2014

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Denver, CO 80202

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Denver, CO 80202

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National Western Stock Show
Denver, CO 80216

Dear Messrs. Scharf, Rice, and Andrews:

We have completed our engagement to prepare a market-based, venue feasibility study for the National Western Stock Show, National Western Complex, Denver Coliseum, and Colorado Convention Center, on behalf of the client team, VISIT DENVER, the City of Denver’s Arts & Venues and the Western Stock Show Association.

The data included in this report has been extracted from information supplied to us during discussions with project representatives and various other primary and secondary sources. We have utilized sources that are deemed to be reliable but cannot guarantee their accuracy. Moreover, estimates and analyses regarding the project are based on trends and assumptions and, therefore, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

We have enjoyed working on this project and our relationship with the project team. If you have any questions, please do not hesitate to contact Jerry McClendon at (770) 535-1070 or Dan Fenton at (831) 298-7215.

Respectfully submitted,

Strategic Advisory Group
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The National Western Stock Show (NWSS), recognized as the “Super Bowl” of stock shows, is a premier livestock industry event. Unfortunately, there is also a high level of dissatisfaction among users due to the poor state of the aging facilities.

To grow and sustain the historic and iconic Stock Show for the next 100 years, the entire site should be strategically master planned, and a new multi-purpose Arena developed to replace the Denver Coliseum should be integrated north of I-70, taking advantage of the new RTD commuter-rail station. Based upon extensive market research of the industry and main NWSS competitors from around the country, the following recommended facilities to generate year-round use include:

- A new, multi-purpose 10,000 fixed seat Arena with up to 40 suites.
- A new multi-purpose, 5,000 seat (2,500 fixed seats and 2,500 pullout seats), concrete floor Livestock Stadium Arena.
- Re-creation of the Stock Yards with new modern and flexible pens that allows year-round use of the space for other events/activities.
- A new equestrian complex including a new 4,500 seat (2,500 fixed), concrete floor, multi-purpose Equestrian Events Center; a new 500 fixed seat, dirt floor Equestrian Arena; a new 1,000-stall horse barn; outdoor covered exercise arenas; and 10,000 to 20,000 SF of flexible exhibit space.
- A new Exposition Hall with 350,000 leasable SF that could house an Olympic Speed Skating Oval; 20,000 to 25,000 SF in “swing space” for food functions and special events; 3-4 breakout meeting rooms divisible up to 10 smaller rooms.

This approach will:

- Enable the Stock Show to maintain its place as a top stock show in the country/world for many decades to come.
- Provide the community with a significant sports and entertainment complex connected to downtown via commuter rail, which can open up new event opportunities for Denver to attract new visitors to the City.
• Position Denver as a top destination for large national horse and livestock events.

• Provide a strong anchor to the North Denver Cornerstone Collaborative and assist in the re-vitalization of the surrounding neighborhoods and exemplify the dynamic opportunities of the Corridor of Opportunity.
HIGHLIGHTS | COLORADO CONVENTION CENTER

General Observations:

Extensive customer feedback demonstrated a high level of satisfaction with the overall meetings and convention experience in Denver. Suppliers, internal team members, and community partners and industry leaders also shared this view.

The Colorado Convention Center (CCC) has been a strong performer in terms of room night driven conventions among its competitors. **However, Denver cannot rest on its past.** The meetings and convention industry is evolving due to new dynamics and is highly competitive. If the CCC does not continue to invest in design and operational advancements, there is a high likelihood it will lose its competitive position.

To allow Denver to maintain and enhance its competitive position, the following facility modifications are recommended:

1. **Ballroom/Meeting Space** – The CCC should master plan for the addition of a 35,000 to 50,000 square foot ballroom and 25,000 to 35,000 square feet of meeting space. As much of the new space as possible should be developed as “specialty space”, providing a unique experience that takes advantage of Denver’s natural attributes, such as a view to the Rocky Mountains. There are three design options for how to accomplish this recommendation.

2. **Meeting Experience** – Any proposed new facilities should consider the creation of unique meeting experiences and social networking in any planning effort. This recommendation is supported by discussions with meeting planners and industry thought leaders, as well as the survey of the target markets.

3. **Technology** - The CCC should create a plan and allocate the appropriate budget to be a class-leading facility from a technology perspective. The main areas of focus should include offering sufficient bandwidth to accommodate the needs of the attendees and exhibitors, providing the infrastructure to accommodate event online video streaming, and supporting leading edge crowdsourcing technology.

4. **Hotel Package/Development** - The Denver hotel package is the single most important destination selection criteria once an event knows it can be accommodated in the convention center. SAG’s research indicated that planners’ tolerance for distance of a headquarter hotel from a convention center is within one block. It is recommended that the city provide input and
foster the type of hotel development as close to the CCC as possible, which would help sell convention center space when the Hyatt rooms are booked.

5. **One Denver**- A “One-Denver” concept should be developed that will make it as easy to book in downtown as it will be to book at a suburban resort. This will entail creating a CCC and hotel package that can be sold and executed as one product to the meeting planner. This will enable downtown to effectively compete with the Gaylord Rockies project, as well as set Denver ahead of its competitive convention destinations.

**The Cost of Doing Nothing**

In a competitive industry such as Meetings and Conventions, it stands to reason that if the CCC did not implement the recommendations contained in this report, it would reduce its competitive position. The amount of investment that is being made by competitive destinations would suggest that new and improved convention space and nearby hotels will continue to develop in the coming years. The exact amount of reduced business activity is difficult to quantify, however the importance of staying competitive cannot be understated. As an example, a 10% loss of convention business in Denver would equate to more than $40 million a year.

The recommendations above represent an opportunity to position Denver as an ongoing market leader in the Convention and Meeting industry.
EXECUTIVE SUMMARY

The “VISIT DENVER Team”, comprised of VISIT DENVER, the City of Denver’s Arts & Venues (“AVD”), and the Western Stock Show Association (“Association”) engaged Strategic Advisory Group, Langer Equestrian Group, and Fentress Architects (“SAG”) in 2013 to prepare an extensive market-based, venue feasibility study related to:

- The National Western Stock Show Complex (“Complex”), which includes the analysis of the Denver Coliseum (“Coliseum”), and the 16-day National Western Stock Show (“NWSS” or “Stock Show”), and
- The Colorado Convention Center (“CCC”).

The following summarizes the key conclusions and recommendations.

National Western Stock Show Complex

An overriding theme in the research was that the National Western Stock Show, recognized as the “Super Bowl” of stock shows, is a premier livestock industry event (if not the premier event). Unfortunately, there is also a high level of dissatisfaction among users due to the state of the facilities. These aging and technically obsolete facilities, along with the poor site logistics, also restrict the level of utilization for events in non-Stock Show months. Given the site’s ideal location just north of downtown, with new and adaptively reused facilities, organized in a more functional master plan, increased utilization and facility impact can be realized.

With the goal of reestablishing the Stock Show for the next 100 years as the historic and iconic event it has been for the past 108 years, and to serve as a primary anchor for the North Denver Cornerstone Collaborative and the gateway from Denver International Airport into downtown, the Western Stock Show Association prepared a set of preliminary recommendations. The recommendations in this report are generally consistent with the building program set forth by the Association, with relatively minor modifications. Because of the constraints of the existing site and the problems it creates, a “piecemeal” approach to improving the site and the facilities would be difficult if not impossible to implement.

Rather, a sweeping overhaul of the site, including updated site infrastructure and new and adaptively reused buildings is needed to put into place a long-term solution. The opportunity to master plan the site and rebuild the facilities provides the opportunity to create one of the
best, uniquely urban, multi-purpose complexes in the country for a wide variety of events, educational purposes, and research activities. Accomplishing this sweeping rebuild of the site accomplishes four shared partner goals:

1. Enables the Stock Show to maintain its place as a top stock show in the country/world for many decades to come.
2. Provides the community with a significant sports and entertainment complex connected to downtown via commuter rail, which can open up new event opportunities for Denver.
3. Positions Denver as a top destination for large national horse and livestock events.
4. Provides a strong anchor to the North Denver Cornerstone Collaborative, assists in the revitalization of the surrounding neighborhoods and exemplifies the opportunities of the Corridor of Opportunity.

For the most part, the facility program is designed to meet the needs of the Stock Show and other year-round event uses. However, the third goal, to compete with Fort Worth, Oklahoma City and Tulsa for the nation’s largest equestrian events, is above and beyond the strict needs of the Stock Show. While the Stock Show needs one equestrian arena and stalls for horses, competing for top national horse shows requires an additional small arena, additional stalls and other amenities such as covered outdoor practice areas. It also requires incentives to attract these top national shows, estimated to be $1-$2 million per year. Assuming the City and its partners wish to make a strategic choice to pursue the nation’s largest horse shows, Denver is well positioned to compete at this top level and the equestrian complex at the site would be occupied much of the year. To compete in this business segment, Denver should also be prepared to make incremental investments over time to maintain the proposed facilities and remain competitive.

New Partnerships

In June 2013, the National Western Stock Show signed a Memorandum of Understanding with four partner organizations – the City and County of Denver, Denver Museum of Nature and Science, Colorado State University and History Colorado (“MOU Partners”). This new strategic set of partners came together to jointly explore the transformation of the existing Complex into a year-round destination, blending education, entertainment & tourism, economic development and a celebration of our western heritage, both past and present into one comprehensive, master
planning effort. Given the scope and scale of this proposed redevelopment initiative, this type of emerging partnership will be essential in the overall long-term success of the venture.

**Facility Overview**

Generally, the facility program represents a re-creation of much of the square footage and facility spaces that the current Complex offers, but in new, modern, technologically improved facilities. Just as important to this project as the buildings themselves, access to the site and interior circulation must be improved, and the site should be master planned to create front of house and back of house areas, maximize efficiency and create a logical interconnectedness among the facilities, all of which are lacking at the existing Complex.

The four key areas that comprise the Stock Show include rodeo, livestock, horse and trade show. Taking into account the strategic opportunity to be a national competitor for large horse shows, the recommended facilities include:

1. **Rodeo**

   It is recommended to replace the existing 8,140-seat Denver Coliseum built in 1952 with a new, **multi-purpose 10,000 fixed seat** Arena with up to 40 suites. The arena floor is appropriately larger than most arenas at 260’ x 140’. To accommodate rodeo and other livestock events, a staging and warm-up area should be directly adjacent to the arena floor. The new Arena is recommended to be relocated from the current Denver Coliseum site to north of Interstate 70 to integrate more effectively with the other facilities and be in close proximity to the new RTD North Metro Line Station for multi-modal access. Currently, a facility study is underway to explore the potential adaptive re-use of the existing Denver Coliseum as part of the broader Complex master planning effort.

2. **Livestock**

   - **Indoor** – It is recommended to replace the existing Stadium Arena built in 1909 with a **new multi-purpose, 5,000 seat** (2,500 fixed seats and 2,500 pullout seats), concrete floor Livestock Stadium Arena. It is also recommended to attach a 230,000 SF Livestock Hall (barn) to accommodate livestock and provide a staging area for livestock events in the Arena. In addition to livestock, the arena could be configured and equipped to host a variety of events, including concerts, sporting events, family
shows, large conferences, etc. Finally, it is recommended that the Livestock Hall Auction Arena provide 800 to 1,000 seats and use a curtaining system to make this space more flexible for the broadest array of year-round events.

- **Outdoor** – It is recommended that the existing Stock Yards built in 1886, a unique and important feature of the Denver Stock Show, be replaced with new Stock Yard pens that would be modern and flexible. Pen count of around 800 would remain the same, but **modern pens should provide more flexibility that will allow for growth, greater operational efficiencies**, and freeing up previously limited use acres for more year-round uses.

3. **Equestrian (Horse)**

Horse shows is the one area that involves building more than would be strictly required for the Stock Show itself, and could materially change Denver’s position in this business segment. The assumption has been made that the **City and its partners will actively explore the strategic move to compete for the country’s largest horse shows.** Given this strategic direction, the building program is recommended as follows:

- Replace the existing 4,777 fixed seat Events Center with a 4,500 seat (2,500 fixed), concrete floor, multi-purpose Equestrian Events Center, with an adjacent staging and warm-up area.

- Build a new 500 fixed seat, dirt floor Equestrian Arena, with an adjacent staging and warm-up area.

- Replace the existing horse barn (about 340 stalls) with a new barn to house 1,000 modern 10’ x 10’ stalls, which when combined with other facilities on the site, would allow the Complex to host horse shows with up to 2,500 stalls.

- Add two outdoor covered exercise arenas.

- Develop 10,000 to 20,000 SF of flexible exhibit space to be used for exhibits, food areas, special functions, general gathering space, etc. This could possibly be accomplished by creating a flexible, multi-use central plaza connecting the two arenas.
4. **Trade/Exhibit Show**

- **Indoor Exhibit Space** – It is recommended to develop a new Exposition Hall with 350,000 gross leasable SF (slightly larger than the proposed 320,000 SF). At the City’s direction, this space could be configured to be able to house an Olympic Speed Skating Oval to enable Denver to pursue a Winter Olympics and other large sporting events. This requires approximately 200,000 SF of column-free space.

- **Swing Space** – It is recommended to develop 20,000 to 25,000 SF in “swing space” that could function as both a small exhibit hall and a low-finish ballroom for food functions and special events. This space could be used to house the Coors Art Exhibit.

- **Breakout Meeting Rooms** - It is recommended to develop three to four rooms that could be divisible up to 10 smaller rooms.

- **Outdoor Exhibit Areas** – It is recommended to develop the outdoor exhibit areas, totaling approximately 50,000 SF to support year-round, multi-use event opportunities.
**Branding: Old vs. New West**

The Association envisions a “year-round Western heritage tourism destination center”, incorporating other Western culture supporting elements at the site, such as an agricultural business office/research park, an animal science clinic, agricultural education areas, exploratoriums, etc. The research indicated that the Western culture “brand” ranked very low in brand priorities for Denver as a destination. While devoting the entire site to this “old west” brand/theme is certainly an option, it is most appropriate in three cases: 1) during the Stock Show; 2) for equestrian and livestock events that will occur during the rest of the year; and 3) as part of the Western Heritage theme. Much of the event activity in the arenas and exhibition hall will not be livestock or agriculturally related.

One concern is that an over-dominating (old) Western culture brand/theme may discourage some users from using the Complex. **Consideration should be given to limiting the Western culture brand/theme to the Stock Show itself, the equestrian and livestock components, and the other limited spaces that are devoted to the Western theme.** If possible, the other livestock and agricultural related uses might be best positioned grouped with the equestrian and livestock facilities.

As such, the new Arena, the new Exposition Hall, and the new Livestock Stadium Arena may be best positioned without the (old) Western culture brand/theme that is too dominant in order to afford these facilities their best opportunity to attract a wide variety of state, regional, national and international events throughout the year.

To that end, **Denver and the Rocky Mountain West is well positioned to celebrate the idea of the “new west”, showcasing health, recreation and the over-arching pioneering spirit through cutting edge science, education and research** that is emerging in this region of the United States. Again, the site is ideally located to create a new gateway for Denver and the Front Range, through the new MOU Partners - especially in the case of Colorado State University - promoting global solutions for some of the world’s most pressing issues around food production, food safety, large animal science, and the use of our natural resources through the latest sustainability practices.

In this way, the best of both worlds (a celebration of the historic Western culture and the modern pioneering spirit) might be realized. Ultimately, the selected master planning team and the MOU
Partners can explore the right balance between the old and new western themes as the formal planning effort unfolds.
Utilization

Below is a summary of the historical and projected (stabilized) Complex utilization for both the National Western facilities and the Denver Coliseum, assuming the current 16-day Stock Show. The development of the site and facilities as proposed is estimated to increase facility utilization by 88 events and 910,500 attendee days. Growth is driven by the ability of the larger and modernized facilities to accommodate more vendors, exhibitors, spectators, and grounds visitors. Growth is projected across all event types. The proposed entry into the national horse show market is projected to drive higher utilization and attendance than previously projected.

<table>
<thead>
<tr>
<th>Number of Events:</th>
<th>FY 2012/13</th>
<th>Projected Increment</th>
<th>Projected Stabilized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock Show</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Equestrian</td>
<td>28</td>
<td>-3</td>
<td>25</td>
</tr>
<tr>
<td>Other Livestock</td>
<td>6</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>Consumer/Trade</td>
<td>31</td>
<td>14</td>
<td>45</td>
</tr>
<tr>
<td>Conference</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Meeting/Banquet</td>
<td>54</td>
<td>16</td>
<td>70</td>
</tr>
<tr>
<td>Tenant Sports</td>
<td>33</td>
<td></td>
<td>33</td>
</tr>
<tr>
<td>Non-Tenant Sports</td>
<td>24</td>
<td>11</td>
<td>35</td>
</tr>
<tr>
<td>Concert</td>
<td>15</td>
<td>20</td>
<td>35</td>
</tr>
<tr>
<td>Family Show</td>
<td>24</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>222</td>
<td>88</td>
<td>310</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Attendee Days:</th>
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</thead>
<tbody>
<tr>
<td>Stock Show</td>
</tr>
<tr>
<td>Equestrian</td>
</tr>
<tr>
<td>Other Livestock</td>
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<tr>
<td>Consumer/Trade</td>
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<tr>
<td>Conference</td>
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<tr>
<td>Meeting/Banquet</td>
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<tr>
<td>Tenant Sports</td>
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<tr>
<td>Non-Tenant Sports</td>
</tr>
<tr>
<td>Concert</td>
</tr>
<tr>
<td>Family Show</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
</tr>
</tbody>
</table>

Includes National Western and Denver Coliseum.
Extending the Stock Show Duration

A longer Stock Show could increase event attendee days, including trade show vendor days, livestock and horse attendee days, more ticketed events and more days for the general public to attend the Show. It is projected that the new facilities could generate 750,000 attendee days, or approximately 47,000 per day over 16 days. If the Show is extended by seven days and averages a lower 40,000 over 23 days, the total attendee days could increase by 170,000 to 920,000. The Association’s plan would be to first finish construction of the new and/or modified facilities and allow a short time (three years or less) to achieve operational stabilization, allowing existing and new attendees to become familiar with the new facilities.

Investment – National Western Center

A cost estimate for the overall project is not determined at the finalization of this report. The City, in collaboration with the MOU Partners, has selected a master planning team and will spend the balance of 2014 focused on developing the master plan and preliminary project budget. This study will serve as a key data point in helping direct the MOU Partners and master planning team in the pending planning process. Furthermore, a phased implementation plan will be required that allows the Stock Show to continue the annual Show during construction and facilitate a staggered financing plan.

Governance and Management – National Western Center

A new governance structure is required to both implement and manage the National Western Center. As a starting point, the governance structure(s) should be formed in a manner that accomplishes the following objectives:

- Reflects the requirements of the financing for the site and facility improvements and resulting ownership;
- Creates a unified and collaborative sales, marketing and management approach among facilities and associated vendors and subcontractors;
- Assures representation and participation among stakeholders and contractors;
- Merges and aligns efforts on a broad geographic basis to include downtown, Arts and Venues facilities, throughout Denver and the National Western Center; and
• Jointly establishes and tracks shared use performance metrics to advance out of town visitor and guests for Denver.

There are many different models to evaluate as best practices in Denver and from around the country. A number of examples are listed in this report. The key is building a collaborative structure. One example in Denver is the success of the Denver Alliance, which includes all stakeholders associated with the shared use of certain facilities. Stakeholders would work together to jointly form strategic and operational plans for review by the owners, be it the City, a new district or authority, such as Denver’s Metropolitan Football or Baseball Districts and be held accountable through contracts with the owner(s). The over-arching objective would be to align the physical assets under a development/operating vehicle, and to serve as the unifying asset manager to keep the assets maintained long-term.

Benefits of a unified governance and management system include:

• Fully aligned model allows all stakeholders to maximize use of resources.
• Leverages Denver’s very skilled talent and models of collaboration, such as the Denver Alliance.
• Allows stakeholders to focus all its respective energy and resources on growing their programs/events, as defined by their core mission.
• Creates a new level of strategic collaboration across all facilities within the City.
• Establishes a single point for strategic planning, sales, marketing and asset management.
• Provides an organizational framework for long-term stability/sustainability in the delivery of events and activities for the City and its Partners.

By way of example, the following table summarizes the elements of a collaborative approach to governance and is not intended to represent the only approach:
Under the above district/authority governance concept, a dedicated Board of Directors would be created by and among the NWC funding partners/key tenants, whom would be charged with primary oversight of the Center’s operations through an agreed upon operator and be integrated into the Alliance to maximize year-round use of all Denver public venues. Depending upon the final master plan of the new National Western Center, this could be one of the many places the MOU Partners elect to formalize long-term roles and responsibilities.

**Financial Operations – National Western Center**

The example cited above, which again could be one of many approaches explored to accomplish the best practice objectives, would mean that the Stock Show would be a tenant of the new National Western Center. The National Western Center and the Colorado Convention Center would create a powerful alignment opportunity through the existing Denver Alliance, strengthening the overall utilization of key Denver venues.

### Potential Unified Structure

<table>
<thead>
<tr>
<th>Role</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Western Center Owner</td>
<td>City or New Authority/District formed by and among financing entities and operating partners</td>
</tr>
<tr>
<td>Facilities and Event Contract Oversight</td>
<td>New Authority/District Board of Directors</td>
</tr>
<tr>
<td>Facility Manager</td>
<td>Single operator selected by District/Authority Board</td>
</tr>
<tr>
<td>Sales/National Events</td>
<td>Visit Denver (Alliance)</td>
</tr>
<tr>
<td>Sales/Local</td>
<td>Center Operator</td>
</tr>
<tr>
<td>Sales/Equestrian, Livestock and Rodeo</td>
<td>NWSS (subject matter expert)</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>General Concessions (single vendor); Premium Concessions &amp; Catering (single vendor)</td>
</tr>
<tr>
<td>Tenants</td>
<td>NWSS, CSU, Museum of Nature and Science, History Colorado, Cutthroats Hockey, etc.</td>
</tr>
<tr>
<td>Promoter</td>
<td>Exclusive or Open</td>
</tr>
<tr>
<td>Partnerships</td>
<td>Denver Alliance</td>
</tr>
</tbody>
</table>

Under the above district/authority governance concept, a dedicated Board of Directors would be created by and among the NWC funding partners/key tenants, whom would be charged with primary oversight of the Center’s operations through an agreed upon operator and be integrated into the Alliance to maximize year-round use of all Denver public venues. Depending upon the final master plan of the new National Western Center, this could be one of the many places the MOU Partners elect to formalize long-term roles and responsibilities.

**Financial Operations – National Western Center**

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Economic Impact – National Western Center

The implementation of the recommendations for the National Western Center, including the new Arena, is estimated to position the Complex as a very competitive facility for a wide variety of entertainment, trade/consumer show and livestock events. Importantly, the recommendations are designed to allow the Stock Show to flourish for many decades and aid in the re-emergence of adjoining neighborhoods.

<table>
<thead>
<tr>
<th>Projected Stabilized Annual Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending</td>
</tr>
<tr>
<td>(millions)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Stock Show</td>
</tr>
<tr>
<td>Stock Show - All Venues</td>
</tr>
<tr>
<td>Subtotal</td>
</tr>
<tr>
<td>Non-Stock Show</td>
</tr>
<tr>
<td>NWC</td>
</tr>
<tr>
<td>Coliseum</td>
</tr>
<tr>
<td>Subtotal</td>
</tr>
<tr>
<td>Total Spending</td>
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<th>Taxes</th>
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<td>Stock Show</td>
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<td>Subtotal</td>
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<td>Subtotal</td>
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Source: NWSS, City of Denver, Leeds School of Business, SAG.

In total, Stock Show and non-Stock Show spending is projected to reach nearly $180 million annually, with total tax impacts of $11.4 million. Incremental new taxes are projected to be $5.1 million of that annual total, with $4.3 million attributable to out of town visitors. While the spending in the community from activities at the National Western Center is significant for
local businesses, incremental new taxes will not be sufficient to pay the costs associated to rebuild the Complex solely and will need to include the exploration of other funding options.
Convention Center

The overriding theme that was consistent in the research with the variety of constituents was the high level of satisfaction with the overall meetings and convention experience in Denver. Clients, suppliers, internal team members, and community partners shared this view.

The convention center will be impacted by a number of factors going forward. The ways of the older generation are giving way to new generations who view the world and conduct their lives in new and rapidly evolving ways. These new generations are growing up in a different political, economic, technological and social environment. They do things differently.

The Colorado Convention Center (CCC) has been a strong performer in terms of room night driven conventions among its competitors. In terms of total number of events among the benchmark destinations, Denver is second only to San Antonio. In terms of conventions and tradeshows, the CCC ranked fourth overall, third when excluding industry powerhouse Orlando. Interestingly, Denver hosted more room night driven conventions and tradeshows than many larger destinations with more convention facilities, including Chicago, Atlanta, San Francisco, Boston, and Houston.

Denver cannot rest on its past. The meetings and convention industry is evolving due to new dynamics and is highly competitive. Industries such as auto and technology dedicate significant ongoing research to stay in front of the needs of their customers. If companies in these industries decided not to advance their products, they would lose market share. The same logic can be applied to the negative impact that could occur if the CCC does not continue to invest in design and operational advancements. To allow Denver to maintain and enhance its competitive position, the following is recommended:

6. Ballroom/Meeting Space – It is recommended that the CCC master plan for the addition of a 35,000 to 50,000 square foot ballroom and 25,000 to 35,000 square feet of meeting space. As much of the new space as possible should be developed as “specialty space”, providing a unique experience that takes advantage of Denver’s natural attributes, such as a view to the Rocky Mountains. This recommendation is driven by the analysis of the event calendar, which demonstrated there are over 50 4-day periods a year where the convention center could host a 100,000 square foot exhibit event if it had additional ballroom and meeting space. The lost business analysis, which encompassed corresponding hotel availability, also indicated the need for meeting and ballroom space and the benchmarking
revealed that the CCC has a low exhibit space to ballroom/meeting space ratio among its competitors. This need, coupled with a current positive perception of Denver and the CCC by the target market surveyed, provides further support for this recommendation. Adding these two components would help Denver keep market share and could create a demand for an additional 36,000 attendees with 60,000 annual room nights, equating to an incremental impact of $47.2 million in annual direct delegate spending, generating an additional $3.4 million in local tax revenue.

7. **Meeting Experience** – It is recommended the existing and any proposed new facilities consider the creation of unique meeting experiences and social networking in any planning effort. This recommendation is supported by discussions with meeting planners and industry thought leaders, as well as the survey of the target markets.

8. **Technology** - It is recommended that the CCC create a plan and allocate the appropriate budget to be a class-leading facility from a technology perspective. The main areas of focus should include offering sufficient bandwidth to accommodate the needs of the attendees and exhibitors, providing the infrastructure to accommodate event online video streaming, and supporting leading edge crowd-sourcing technology. Based on discussions with the current technology service provider and Cisco Systems, it is understood that there are new technological approaches to support the evolving needs of clients. This includes conducting a thorough site survey and increasing the overall coverage by adding access points in hard to reach (non line of sight) areas, reducing dead spots to enable attendees to connect to Wi-Fi from any location within the facility. To enhance Wi-Fi capacity and overall network performance, it is recommended utilizing the newest “Smart Antennas” which automatically tune the Wi-Fi signals traveling up and down between a visitor’s mobile device and the Wi-Fi network. This helps optimize speeds, regardless of the model of smartphone, tablet or laptop. The wireless Access Points support streaming content and provide crowd-sourcing opportunities for Denver clients.
Hotel Inventory and Configuration

Denver’s downtown hotel market has performed well over the past 15 years, supply and demand have grown in equilibrium, and average daily rate as kept pace with or exceeded inflation. From a convention perspective, Denver’s hotel package ranks near the bottom of its competitors in terms of total downtown hotel room supply. While the 1,100-room Hyatt has been crucial for Denver’s success and is well received by meeting planners, Denver has an opportunity to improve its position among meeting planners by focusing on improvements to the hotel inventory. Specifically:

1. The convention hotel package is the single most important destination selection criteria once an event knows it can be accommodated in the convention center. The closer the hotel block is to the convention center the better it will work for meeting planners. SAG’s research indicated that planners’ tolerance for distance of a headquarter hotel from a convention center is within one block. For Denver, if there are no available rooms at the Hyatt, the ability to compete is greatly diminished. It is recommended that the city provide input and foster the type of hotel development as close to the CCC as possible which would help sell center space when the Hyatt rooms are booked. This can be accomplished through identifying desirable sites and by working with developers; coordinating their desires and the city’s needs. Fortunately Denver has a reputation of public private relationships as seen by the expansion of the Executive Tower Inn (The Curtis Hotel), Sheraton(Adam’s Mark) 1997, Hyatt Regency 2005, and Colorado National Bank hotel scheduled to open in 2014.

2. It is also recommended that a “One-Denver” concept be developed that will make it as easy to book in downtown as it will be to book at a suburban resort. This will entail creating a CCC and hotel package that can be sold and executed as one product to the meeting planner. This will enable downtown to effectively compete with the Gaylord Rockies project, as well as set Denver ahead of its competitive convention destinations.

The recommendations above are designed to elevate Denver’s meeting and convention product, and enhance its position as a leading destination. While it is difficult to quantify, there is a risk to not moving forward. Competing convention centers and destinations are developing new and innovative approaches to increase their market share. Denver has already demonstrated, in a very short period of time, that it can elevate its position as a top tier destination. The implementation of the recommendations can create a new path to advancing Denver’s competitive position in the future.
The recommendations are also designed to capitalize on a destination that has strong overall appeal and is viewed as having highly functional team. This foundation positions Denver to raise its competitiveness to a level that will lead the market in delivering highly successful meetings and convention.

**The Cost of Doing Nothing**

In a competitive industry such as Meetings and Conventions, it stands to reason that if the CCC did not implement the recommendations contained in this report, it would reduce its competitive position. The amount of investment that is being made by competitive destinations would suggest that new and improved convention space and nearby hotels will continue to develop in the coming years. The exact amount is difficult to quantify, however the importance and staying competitive cannot be understated. Based on the average yearly economic impact, if Denver lost 10% that would be more than $40 million a year.