

# Mayor and Council Communication

**DATE:** 08/27/24

**M&C FILE NUMBER:** M&C 24-0755

**LOG NAME:** 21COWTOWN COLISEUM AMENDMENT8

## **SUBJECT**

(CD 2) Authorize Amendment to License Agreement with Stockyards Coliseum, LLC for the Management and Operation of Cowtown Coliseum to Reduce the City's Percentage of Net Profits from 20% to 12% in Exchange for Terms Allowing Net Profits to be Used for Debt Coverage and Additional Funding to Developer for Promotion of Stockyards Area

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## **RECOMMENDATION:**

It is recommended that the City Council authorize the execution of an amendment to the License Agreement with Stockyards Coliseum, LLC for the Management and Operation of Cowtown Coliseum that will: (1) reduce the City's percentage of net profits from 20% to 12%; (2) add terms that will allow the City to utilize the net profits for debt service coverage; and (3) provide that 8% of the net profits remain with the Developer for Promotion of the Stockyards Area.

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## **DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to adjust to the Cowtown Coliseum license agreement to facilitate ongoing efforts related to improvements in the Stockyards Area.

The adjustments consist of allowing the operator to retain an additional 8% of the net profits in exchange for authorizing amendments that allow the City to allocate its share of the net profits to a separate debt service fund established for the construction of a new parking garage that will support the Cowtown Coliseum and surrounding areas, with the operator's additional portion of the net profits required to be used to support and promote the Stockyards Area with a goal of increasing tourism and other visits, which will in turn increase expenditures in and revenue to the City.

On February 12, 2002, City Council authorized the execution of a License Agreement for the management and operation of Cowtown Coliseum, located at 122-133 East Exchange Avenue, Fort Worth, Texas 76164 (M&C C-18960) that has since been amended and extended.

On December 17, 2019, City Council authorized the execution of an amended and restated License Agreement for the management and operation of the Cowtown Coliseum (M&C 19-0401) (License Agreement) that was later assigned to Stockyards Coliseum, LLC (Stockyards Coliseum) and wherein Stockyards Coliseum agreed to pay the City of Fort Worth (City), in arrears, an annual payment equal to 20% of the net profits generated from the operation of the Cowtown Coliseum in addition to participating in a 50/50 partnership with the City to fund capital improvements using the City's net profits as the City's contribution.

Stockyards Coliseum has an ongoing interest in making investments in Cowtown Coliseum to ensure that its future includes a broad variety of on-brand western entertainment and other programming that is designed to drive tourism and economic growth in the Fort Worth Stockyards area. Therefore, the City's Economic Development Department has negotiated an adjustment to the amount and allocation of the net profits generated from the operation of the Cowtown Coliseum. Under the proposed amendment to the License Agreement, Stockyards Coliseum will pay to the City, in arrears, an annual payment of 12% of the net profits generated from the operation of the Cowtown Coliseum (Net Profits) for the remaining term of the License Agreement, which ends July 15, 2035. The annual 12% payment will be allocated by City in the manner indicated below:

- One-third of the Net Profits will be deposited into the City's General Fund; and
- Two-thirds of the Net Profits will be deposited into a fund designated for the debt service related to construction of the Phase II parking garage.

All annual payments owed to the City will be due and payable on or before April 1st of the year following the year in which the net profits are generated.

This property is located in Council District 2.

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## **FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the above recommendation and execution of the agreement, funds will be deposited into the Public Events Capital Fund for the Unspecified-Cowtown Coliseum project. The Public Events Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City.

**Submitted for City Manager's Office by:** Dana Burghdoff 8018

**Originating Business Unit Head:**

Marilyn Marvin 7708

Ricky Salazar 8379

**Additional Information Contact:**

Michael Hennig 6024

Marilyn Schoening 7581

Expedited