



Broward County

Legislation Text

File #: 20-955, Version: 1

Broward County Commission Regular Meeting

Director's Name: George Tablack

Department: Finance and Administrative Services **Division:** Administration

Information

Requested Action

MOTION TO APPROVE Second Amendment ("Second Amendment") to the Amended and Restated Operating Agreement dated January 12, 2016 (the "Agreement"), entered into by and among Broward County, the Arena Operating Company, Ltd., the Florida Panthers Hockey Club, Ltd., and Sunrise Sports & Entertainment, LLC, amending provisions regarding allowable use of Renewal and Replacement funds; and authorize the Mayor and Clerk to execute same.

Why Action is Necessary

Section 2.4 of the Broward County Civic Arena Operating Agreement ("Operating Agreement") requires the Board to approve to any amendments to the Operating Agreement.

What Action Accomplishes

Amends certain obligations of the Operating Agreement, to allow for funds in the Renewal and Replacement Account be made available to fund arena operating expenses of \$2.2 million through June 30, 2020.

Is this Action Goal Related

Yes

Previous Action Taken

None

Summary Explanation/Background

THE FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT IS SUBMITTING THE ABOVE MOTION ON BEHALF OF ARENA OPERATING COMPANY, LTD., A SUBSIDIARY OF SUNRISE SPORTS & ENTERTAINMENT, LLC, AND AFFILIATE OF THE FLORIDA PANTHERS HOCKEY CLUB LTD.

This item supports the Board's Value of "Cultivating community culture, arts, recreation and life-long learning" and goals relating to diverse artistic, cultural and recreational amenities and programs.

The Broward County Civic Arena ("Arena"), now known as the BB&T Center, is a multipurpose sports and entertainment venue owned and financed by Broward County. The Arena is managed by the Arena Operating Company, Ltd. ("AOC"), a subsidiary of Sunrise Sports & Entertainment, LLC. ("SSE") and affiliate of the Florida Panthers Hockey Club ("Team") Ltd, on behalf of the County pursuant to the terms of the Amended and Restated Broward County Civic Arena Operating

Agreement among SSE, AOC, the Team, and the County.

On December 8, 2015 (Item No. 67), the Board approved the Amended and Restated Broward County Civic Arena Operating Agreement, pursuant to which the County will contribute a total of \$86 million through 2028, or an average of \$6.6 million annually, from tourist development taxes to help operate, maintain, and improve the County-owned Arena. As a condition for accepting these funds, \$39 million of the total contribution (or an average of \$3 million per year) was required to be deposited into a Renewal and Replacement Account, to be used solely for Capital Expenses incurred in connection with additions and capital repairs. The current amount in the Renewal and Replacement Account is estimated to be \$7,080,894.

On May 8, 2018 (Item No. 44), the Board approved the First Amendment to the Amended and Restated Broward County Civic Arena Operating Agreement, amending provisions to reflect the refunding of the bonds issued by the County related to the Civic Arena, including the schedules for annual County contribution, Letter of Credit requirements, and Termination Payment.

In a letter dated April 22, 2020, SS&E reported to the County that the Operator is experiencing a significant decline in its business due to canceled and postponed events directly related to the COVID-19 pandemic. The letter requested an amendment to the Agreement to permit the Operator to utilize funds in the Renewal and Replacement Account, one time, to fund up to \$2,200,000 in operating expenses, more specifically identified as utilities, insurance, and building maintenance and security, for the period of March 15, 2020 through June 30, 2020.

Exhibit 2 is the Second Amendment to Broward County Civic Arena Amended and Restated Operating Agreement. A copy of SS&E's April 22, 2020 letter is attached to this Second Amendment as Exhibit A.

Signature pages for the Second Amendment are expected to be received prior to the Board of County Commissioners meeting date and will be noted in the Monday Night Memorandum.

Source of Additional Information

George Tablack, CPA, Chief Financial Officer, (954) 357-7130

Fiscal Impact

Fiscal Impact/Cost Summary

None.