



Broward County

Legislation Text

File #: 20-1600, 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 Third Amendment ("Third 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 the Tourism Promotion Payment; 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 \$3 million through December 31, 2020. Additionally, this action waives the Tourism Promotion Payments due from Operator for the Contract Years ending on June 30, 2020 and June 30, 2021.

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.

On May 19, 2020 (Item No. 52), the Board approved the Second Amendment to the Amended and Restated Broward County Civic Arena Operating Agreement, amending 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 due to the Coronavirus Pandemic.

In a letter dated August 25, 2020, SS&E reported to the County that the Operator continues to experience a significant decline in its business due to canceled and postponed events directly related to the COVID-19 pandemic. The National Hockey League only recently resumed its season in August 2020; however, games will not be played at the BB&T Center. In addition, it is unlikely that the Panthers will play games in Broward County before 2021 and it is still not clear when fans will be able to attend. The letter requested an amendment to the Agreement to permit the Operator to utilize funds in the Renewal and Replacement Account, one additional time, to fund up to \$3,000,000 in operating expenses, more specifically identified as utilities, insurance, and building maintenance and security, for the period June 30, 2020 through December 31, 2020. In addition, the letter requested the County waive the annual Tourism Promotion joint tourism project valued at \$500,000 for the Contract Years ending on June 30, 2020 and June 30, 2021, as it is uncertain as to when the facility can reopen for events.

Exhibit 2 is the Third Amendment to Broward County Civic Arena Amended and Restated Operating Agreement. A copy of SS&E's August 25, 2020 letter is attached to this Third Amendment as Exhibit A.

Source of Additional Information

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

Fiscal Impact

Fiscal Impact/Cost Summary

The County will not participate in the Joint Tourism Promotion Marketing Program valued at \$500,000 annually for the periods ending on June 30, 2020 and June 30, 2021.