

**Item Title:** Approval of 6<sup>th</sup> Amendment to the Tri-Party Agreement Regarding PNC Arena

**Specific Action Requested:**

**That the Board of Commissioners approves the 6<sup>th</sup> Amendment to the Tri-Party Agreement with Centennial Authority and the City of Raleigh regarding PNC Arena, subject to the terms and conditions acceptable to the County Attorney.**

**Item Summary:**

**Purpose:** The Board receives and appropriates all revenues and expenditures.

**Background:** In 1997, the City of Raleigh, Wake County and the Centennial Authority entered a Tri-Party Agreement regarding the construction and operation of PNC Arena. Since that time, the five amendments to the Tri-Party Agreement have been approved to allocate additional funding, address operational needs and provide for the long-term success of the facility. The 21<sup>st</sup> Amendment to the Interlocal Agreement regarding Room Occupancy and Prepared Food and Beverage Taxes approved by the City of Raleigh and Wake County committed an additional \$9 million annually for the ongoing support of PNC Arena to allow it to host major events that generate significant economic impact for our region. The 6<sup>th</sup> Amendment will address the terms of that funding and other minor changes to improve operational flexibility for the facility.

**Board Goal:** This action supports routine County business.

**Fiscal Impact:** The \$9 million for PNC Arena in FY 2021 was included in the FY 2021 Adopted Budget. Future allocations are incorporated into the Major Facilities Fund Cash Flow Model.

**Additional Information:**

The 21<sup>st</sup> Amendment to the Interlocal Agreement regarding Room Occupancy and Prepared Food and Beverage Taxes approved by the City of Raleigh and Wake County committed \$9 million annually for the ongoing support of PNC Arena to allow it to host major events that generate significant economic impact for our region. The Centennial Authority has reached a preliminary agreement with the Carolina Hurricanes on a five-year lease extension through the 2028-29 season. The lease extension term sheet is predicated on the \$9 million allocation through 2029. In the 22<sup>nd</sup> Amendment, it was identified that the funding committed for the period after the lease extension, 2030 through 2045, will be reserved for future sports/entertainment facility capacity to provide the opportunity for the community to determine a long-term plan on an arena solution.

The City of Raleigh, Wake County and the Centennial Authority have a Tri-Party Agreement and 5 Amendments in place that govern the use of hospitality tax funds that

support the arena. To utilize the \$9 million committed above, the parties have worked to develop the terms of the 6<sup>th</sup> Amendment to the Tri-Party Agreement. The Board received a presentation on the proposed use of the funds and next steps at the September 14 Board Work Session.

Key terms of the agreement include:

- Establish use, term and timing of \$9M allocation for 2020 - 2029
- Establish joint review of facility, leases, etc. to determine path forward beyond 2029
- Amend payment timing for existing 7% administrative allocation to support cash flow
- Clarify sponsorship revenue language from prior agreements

The Centennial Authority has approved the agreement. The City of Raleigh will vote on the agreement at their October 6 meeting.

**Attachments:**

1. Draft 6<sup>th</sup> Amendment to the Tri-Party Agreement
2. September 14, 2020 Work Session Presentation
3. PNC Arena Amendment 22 Financial Plan