



Legislation Text

File #: 210937, Version: 1

ORDINANCE NO. 210937

Authorizing the Director of Finance to execute a Memorandum of Understanding with AEG Kansas City Arena, LLC for the T-Mobile Arena's Capital Improvements for FY21-22 and FY 22-23; appropriating \$1,390,226.50 from the Unappropriated Fund Balance of the General Fund for the capital improvements in FY 21-22; authorizing the expenditure in FY22-23 of \$2,802,225.00 for the capital improvements in FY22-23 subject to the appropriation of funds by the Council; and designating requisitioning authority.

WHEREAS the City and AEG Kansas City Arena, LLC ("Manager") are parties to an Arena Management Agreement dated March 24, 2006, for AEG Kansas City Arena's management and operation of the City's downtown arena now named the T-Mobile Center; and

WHEREAS, pursuant to Section 6.2 (d) of the Management Agreement, to the extent that funds in the Capital Reserve Fund are insufficient to pay the costs of the Arena Capital Repairs and Improvements ("ACRI"), the funding for the payment of capital improvements costs of the Arena are to be paid 65% by City and 35% by Manager; and

WHEREAS, pursuant to the terms of the Management Agreement, City and Manager have agreed to a process for the approval of ACRI, and Manager has provided to City a list setting forth the Arena Capital Repairs and Improvements for completion by Manager in calendar years 2021 and 2022 (See Exhibit A to the attached MOU); and

WHEREAS, the City approves the capital expenditures listed in Exhibit A to be performed in calendar years 2021 and 2022; and

WHEREAS, for FY21-22, the City's share of the ACRI cost is \$1,390,226.50 subject to appropriation and the Manager's share is \$748,583.50; and

WHEREAS, for FY22-23, the City's share of the ACRI cost is \$2,802,225.00 subject to appropriation and the Manager's share is \$1,508,891.00; and

WHEREAS, the Downtown Arena Debt Fund balance has historically been used for improvements to the arena but was significantly reduced due to lost revenue caused by the economic impact of COVID-19; and

WHEREAS, the City received Federal stimulus through the American Rescue Plan and used a majority of the first tranche to replace lost revenue in the General Fund and expects to receive a second tranche of Federal stimulus in FY2022-23; and

WHEREAS, the MOU authorizes the Manager, at its option, to advance funds to fund the 2021 and 2022 proposed capital projects, if City has not made available its share of the required funding; and

WHEREAS, pursuant to Section 6.2(d) of the Management Agreement, the MOU provides that if the Manager advances funds to pay for any of the 2021 and 2022 proposed capital projects, and the City fails to provide funds necessary to fund its share of the 2021 and 2022 proposed capital projects, then Manager can recover the funds it advanced offset against funds due to City under the Management Agreement until an amount equal to all amounts advanced together with interest has been paid; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the Director of Finance is authorized to execute this Memorandum of Understanding on behalf of the City with the Manager as to the T-Mobile's Arena Capital Repairs and Improvements to be performed in calendar years 2021 and 2022. A copy of the MOU is attached to this ordinance.

Section 2. That the sum of \$1,390,226.50 is hereby appropriated from the Unappropriated Fund Balance of the General Fund for capital improvements to the T-Mobile Center for the Exterior LED Signage and Point of Sale System:

22-1000-638027-G-ARENAIMP	Downtown Arena Improvements	\$1,390,226.50
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Section 3. That the Director of Convention and Entertainment Centers Department is the designated requisitioning authority for Account No. 22-1000-638027-G-ARENAIMP.

Section 4. That the Director of Finance will include a request in the FY2022-23 Submitted Budget to appropriate \$2,802,225.00 for capital improvements for the building automation system, Interior LED Signage, LED Scorer's table and building enhancements at the T-Mobile Center specifically from the second tranche of the American Rescue Plan federal stimulus.

Section 5. That the Council will make the final decision on the City Manager's proposed FY22-23 budget for the capital improvements to the T-Mobile Center, but hereby expresses its intent, subject to the availability and appropriation of funds, to provide \$2,802,225.00.

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

Tammy Queen
Director of Finance

Approved as to form and legality:

Lana K. Torczon
Assistant City Attorney