



## Legislation Text

---

**File #:** ID#18-4357, **Version:** 1

---

### **SUBJECT/RECOMMENDATION:**

Approve the Second Amendment to the Lease Agreement for Ruth Eckerd Hall, approve termination of the Facility Use Agreement, approve an easement agreement between the Clearwater Housing Authority, the City of Clearwater and Ruth Eckerd Hall, Inc, and authorize the appropriate officials to execute same.

### **SUMMARY:**

The City of Clearwater and PACT, Inc. entered into a Lease Agreement (Lease) dated March 7, 2001 whereby the City leased to PACT, Inc. the property known as Ruth Eckerd Hall. Ruth Eckerd Hall, Inc. is the successor in interest to PACT, Inc. The Lease was amended on November 25, 2003 to release a portion of the Entire Parcel to the City to construct a Habitat Restoration and Mitigation Project as permitted by the Florida Department of Environmental Protection.

Ruth Eckerd Hall, Inc. intends to improve the Ruth Eckerd Hall Facility to update the facility and create the "Ruth Eckerd Hall Experience," and to further provide for the continuing operation thereof as a City owned performing arts venue providing quality performing arts experiences and educational opportunities; and the City finds that the renovation and redevelopment of the Ruth Eckerd Hall Facility will preserve, enhance and improve the city-owned facility and enhance the performing arts experience for the community and advance the City's economic development efforts, enhance tourism and arts education and provide a clear sense of regional and national destination for the City.

Ruth Eckerd Hall, Inc. desires to construct, renovate, repair and continue to operate the Ruth Eckerd Hall Facility, and is actively soliciting funds to provide for the long-term operation and maintenance of the said premises and improvements thereon as a performing arts venue; and has requested that the City provide Funding for certain capital improvements and enhancements for the Ruth Eckerd Hall Experience.

The City has determined that it is in the public interest and serves a public purpose to enter into this Second Amendment to the Lease Agreement to provide funding in the amount of Three Million Dollars (\$3,000,000.00) for specific capital Improvements and enhancements necessary for the renovation, repair and operation of the Ruth Eckerd Hall Facility under and pursuant to the terms and provisions of the Lease Amendment. The funding will be paid in three payments, the first in the amount of \$1,500,000, the second in the amount of \$1,000,000 and the third in the amount of \$500,000.

In order to construct the improvements and expansion to Ruth Eckerd Drive which are part of the Ruth Eckerd Hall Experience, REH, the City, and Clearwater Housing Authority must also enter into an Easement Agreement which contains certain minimum insurance requirements to be carried by REH, and the City and REH desire to amend the lease to provide for such insurances.

Additionally, the City and REH entered in to a Facility Use Agreement dated March 7, 2001 for the purpose of providing a subsidy to REH to secure public availability of the Facility for the use of and performances by various community groups and by the City which provided for an annual payment to REH. The Facilities Use Agreement also provided that the City would enter into a guarantee agreement with REH and a lender for certain refinancing in an amount limited to \$1,000,000 (One Million Dollars). Concurrent with the Lease Amendment, the City and REH wish to terminate that Facilities Use Agreement since the City has not needed to use the Facility pursuant to the Agreement.

The City wishes to provide for an ongoing annual contribution of \$420,000 for the purpose of maintenance and improvements to Premises to include repairs, general maintenance, and asset and fixture replacement for the Premises, for the purpose of assuring the continued high-quality maintenance of the city-owned facility.

REH has and will continue to operate and maintain the Facility and Premises for the benefit of the citizens of Clearwater, in consideration of which the City and REH wish to amend the Lease to allow the City to enter into a Guarantee Agreement if requested, with REH and a lender for the purposes of financing, refinancing, renovation, modernization and expansion of the Premises subject to the City's reasonable approval of the plans and proposals for any renovation, modernization, and expansion; such guarantee to be unconditional but limited to an amount not to exceed \$1,000,000 (One Million Dollars) principal and interest inclusive.

**APPROPRIATION CODE AND AMOUNT:**

A first quarter budget amendment will increase cost code 07000-582000-519 (aid to private organizations) with offsetting revenues from General Fund reserves. This will fund the fiscal year 2018 portion of the agreement, with the intention of reimbursement from Penny for Pinellas upon approval.

**USE OF RESERVE FUNDS:**

Funding for this contract will be provided by a first quarter budget amendment allocating General Fund reserves in the amount of \$1,500,000 to Non-Departmental cost code 07000-582000 (aid to private organizations). Inclusive of this item if approved, a net total of \$7,491,630 of General Fund reserves has been appropriated by Council to fund expenditures in the 2017/18 operating budget. The remaining balance in General Fund reserves after the 8.5% reserve requirement is approximately \$9.2 million, including the BP settlement funds. Exclusive of the BP funds, the remaining balance is \$2.7 million, or 2.1% of the current General Fund operating budget.