Agenda Item #: 3#411

PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS AGENDA ITEM SUMMARY

Meeting Date:		[X] Consent [] Ordinance	[] Regular [] Public Hearing
Department:	Facilities Development &	, and the second se	

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: a change in the principal owners of JR Wake Parks, LLC/Apex Wake Parks (Apex) as the Concessionaire under the Concessionaire Service Agreement (R2016-0397) for the operation of a wake board and water sports concession located in Okeeheelee Park in West Palm Beach.

Summary: On March 22, 2016, the Board approved the Concessionaire Service Agreement with Apex for the construction, operation and the maintenance of a wake board cable complex for wake boarding and water skiing, wake surfing, zip ling, tubing and kneeboard rentals, competitions, and lessons at the Park for the Park's patrons. Apex is currently waiting for their permits to be issued to begin construction. Palm Beach Cable, LLC and West Palm Cable, LLC are the principal owners of Apex with each having a 50% ownership interest in Apex. Palm Beach Cable, LLC and West Palm Cable, LLC are negotiating for Palm Beach Cable, LLC to acquire West Palm Cable, LLC. Palm Beach Cable, LLC is 51% owned by Greg Norman, Jr. and 49% owned by Great White Shark Enterprises, which is 99% owned by Greg Norman and 1% owned by GN Holdings, which is 100% owned by Greg Norman. West Palm Cable, LLC is 100% owned by Rene Hofmann. Upon the completion of the transaction, Apex will be 100% owned by Palm Beach Cable, LLC whose ownership will remain unchanged. Apex is requesting the County's consent for Palm Beach Cable, LLC to acquire West Palm Cable, LLC. Rene Hofmann will remain involved in the construction and operation of the wake board and water sports concession. Staff supports this ownership transfer as the principals of these organizations will remain essentially unchanged. The initial term of the Concession Service Agreement is for 10 years, with two (2) extension options for 10 years each. All terms and conditions of the Concessionaire Service Agreement will remain in full force and effect. (PREM) District 2 (HJF)

Background and Justification: Apex is 50% owned by Palm Beach Cable, LLC and 50% owned by West Palm Cable, LLC. Palm Beach Cable, LLC and West Palm Cable, LLC are negotiating a transaction for Palm Beach Cable, LLC to acquire West Palm Cable, LLC. Apex believes this acquisition will improve Apex's position to complete the wake board and water sports concession efficiently and successfully. Upon County's consent of Palm Beach Cable, LLC's acquisition of West Palm Cable, LLC, Apex will be 100% owned by Palm Beach Cable, LLC. There will be no material change in ownership of Palm Beach Cable, LLC. Apex will pay \$24,000/year (\$2000/month) for guaranteed annual rent and 8.5% of Apex's annual gross revenues that exceeds the guarantee annual rent as percentage rent. The Concession Service Agreement requires Rene Hofmann to be an active participant in the operation of the wake board and water sports concession for a period of one (1) year after the concession is operational. Mr. Hofmann will be the Chief Operating Officer of Apex and will continue to participate in the operation of the wake board and water sports concession. Parks supports this transaction.

Attachments:

1. Location Map

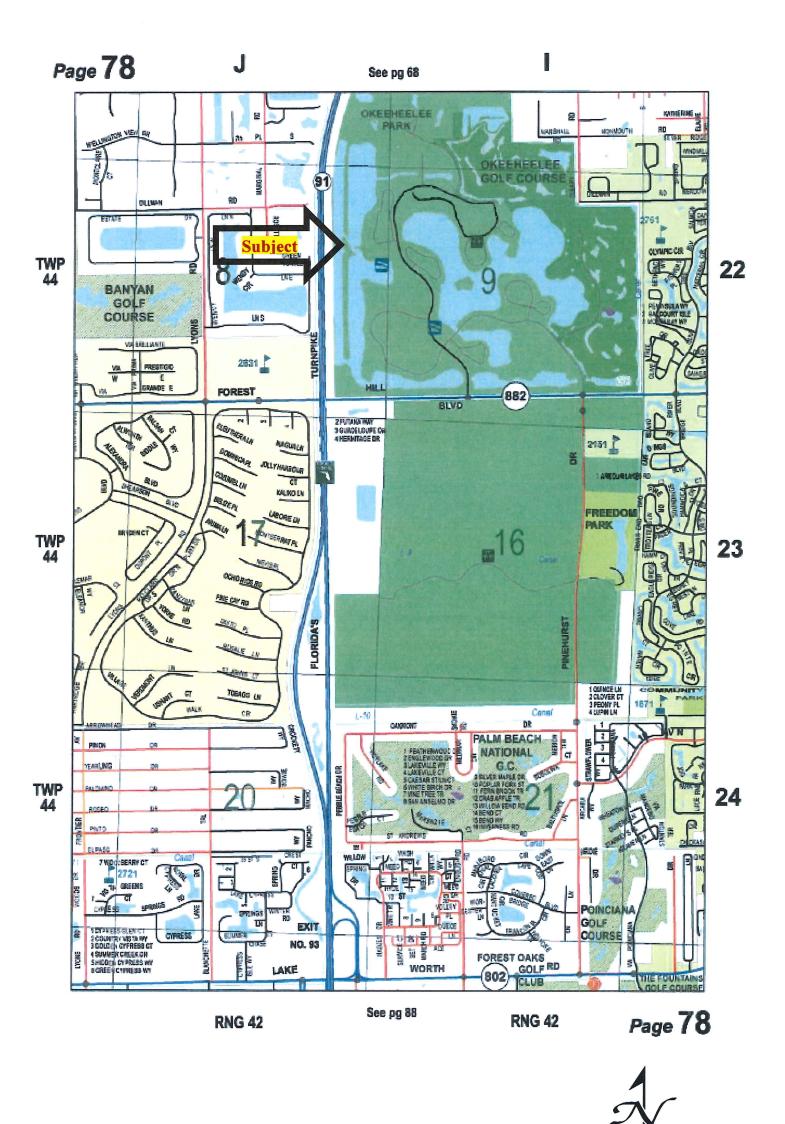
2. Request for Consent of Ownership Change Letter dated 1/22/18

Recommended By:	Army WIF	2/10/13
Approved By:	Department Director	Date
	County Administrator	Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of l	Fiscal Impact	•			
Fiscal Years	2018	2019	2020	2021	2022
Capital Expenditures Operating Costs External Revenues Program Income (County) In-Kind Match (County					
NET FISCAL IMPACT					
# ADDITIONAL FTE POSITIONS (Cumulative)					
Is Item Included in Current B	udget: Yes		No _×		
Does this item include the use	of federal fun				
Budget Account No: Fund		pt		Object _	
B. Recommended Sources of	f Funds/Sum	mary of Fiscal	Impacts		
₹ No fiscal impact.		mary of Fiscal	ттрасс:		
Fixed Asset Number					
Departmental Fiscal Revi	ew: Lay	m Sylve	<u> </u>		
	III. <u>REVII</u>	EW COMME	NTS		
. OFMB Fiscal and/or Con	tract Develon	ment Comme	nto:		
OFMB DUW 3	16	Contract Deve	J. Am	obut 5	126118
. Legal Sufficiency:		-/-	ce/10 AC		
Assistant County Attorney	127/18				
Other Department Review	**				
Department Director					
Department Director This summary is not to be	used as a bas	is for paymen	f.		

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LOCATION MAP

Parks & Recreation Department Attn: Director, Parks Financial and Support Services John Prince Park 2700 Sixth Avenue South Lake Worth, FL 33461

Palm Beach County Property and Real Estate Management Division Attn: Director 2633 Vista Parkway West Palm Beach, FL 33411-5605

Palm Beach County Attorney's Office Attn: Real Estate Attorney 301 North Olive Avenue, Suite 601 West Palm Beach, FL 33401

Dear Sir or Madam,

It is with great pleasure that we write to provide an update on the development of the wake park at Okeeheelee Park. Specifically, we write to inform the County, and request that the County approve, of an ownership change between the principals of JR Wake Parks, LLC (the "Company") to allow for more efficient completion of the remaining tasks.

As you know, for the past eighteen (18) months, JR Wake Parks, LLC has been operating under a Concessionaire Service Agreement with Palm Beach County for the development of a wake park at Okeeheelee Park. JR Wake Parks, LLC is owned and controlled by two Members: Palm Beach Cable, LLC (which is owned and controlled by Greg Norman, Jr., Greg Norman, and their related entities, Great White Shark Enterprises, LLC and GN Holdings, LLC); and West Palm Cable, LLC (which is owned and controlled by Rene Hofmann. The Disclosure of Beneficial Interests which accompanied the Concessionaire Service Agreement is attached for your reference.

For internal business reasons, the Company and its Members believe that the Company will be in an improved position to complete the park efficiently and successfully if Member Palm Beach Cable, LLC were to acquire full ownership and control of the Company. As a consequence, the Members intend for Palm Beach Cable, LLC to acquire a full one hundred percent (100%) interest in the Company by acquiring West Palm Cable, LLC's interest in the Company.

Note that following the transaction, the parties intend that Mr. Hofmann will remain involved in the Company as Chief Operating Officer and will participate in strategic decisions to ensure that the Company receives the continued benefit of his expertise.

Mr. Norman, Mr. Hofmann, Palm Beach Cable, LLC, and West Palm Cable, LLC have already reached a tentative agreement for the proposed transition and now request the County's final approval so that they may consummate the transaction.

Please note that following the proposed transaction, the Company will remain within the full ownership and control of Mr. Norman and his affiliated entities. Indeed, given the reputation of Mr. Norman, individually, and the Great White Shark brand within the industry, and given the consolidation of control and decision-making authority that will follow this transaction, we believe the Company and the park will be in an improved position in all material respects.

For your consideration, we request County approval of three (3) related changes.

First, we request that the County approve the proposed transfer of membership interests from West Palm Cable, LLC to Palm Beach Cable, LLC.

Second and relatedly, we request that the County approve a change in designated points of contact by removing Rene Hofmann as a point of contact.

Third, and finally, we request that the County approve the enclosed Amended Disclosure of Beneficial Interests, which will govern following the conclusion of the proposed transaction.

So that we may promptly continue performing our duties under the Agreement, please respond as soon as practicable and confirm that the County is willing to approve of the proposed transaction. And of course, please do not hesitate to contact us if you have any questions.

Sincerely,

1/22/18

Gregory Norman, Jr.

1/22/18

Rene Hofmann

EXHIBIT "B" TO THE DISCLOSURE OF BENEFICIAL INTERESTS

SCHEDULE TO BENEFICIAL INTERESTS

Concessionaire is only required to identify five percent (5%) or greater beneficial interest holders. If none, so state. Concessionaire must identify individual interest holders. If, by way of example, Concessionaire is wholly or partially owned by another entity, such as a corporation, Concessionaire must identify such other entity, its address and percentage interest, as well as such information for the individual interest holders of such other entity.

NAME	ADDRESS	PERCENTAGE OF INTEREST
JR Wake Parks, LLC	2041 Vista Parkway, Level2 West Palm Beach, FL 33411	50% owned by West Palm Cable, LLC 50% owned by Palm Beach Cable, LLC
West Palm Cable, LLC	PO Box 771539 Orlando, FL 32877-1539	100% owned by Rene Hofmann
Palm Beach Cable, LLC	2041 Vista Parkway, Level2 West Palm Beach, FL 33411	51% owned by Greg Norman Jr
Palm Beach Cable, LLC	2041 Vista Parkway, Level2 West Palm Beach, FL 33411	49% owned by Great White Shark Enterprises, LLC
Great White Shark Enterprises, LLC	2041 Vista Parkway, Level2 West Palm Beach, FL 33411	99% owned by Greg Norman 1% owned by GN Holdings, LLC
GN Holdings, LLC	2041 Vista Parkway, Level2 West Palm Beach, FL 33411	100% owned by Greg Norman