

# Sports & Entertainment Venue Operations in Response to COVID-19

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In the initial COVID-19 response, sports events, entertainment events, and conventions felt a hard and fast impact, disrupting (first and foremost) people's lives, but also testing the structures of contractual rights and obligations that underpin the industry's operations. With no events occurring, the revenue streams that support the industry's businesses have faced an aerodynamic stall. Without events, there are no ticket sales, no concessions sales, no content to televise or stream, no in-venue inventory for sponsor fulfillment or activation, etc.

No one yet knows when events will resume, or what a phased reentry will look like, or how the demands of fans, delegates, sponsors, and consumers will be permanently changed on the backside. However, significant pent-up demand for live events and meetings may well exist once it is safe (and perceived to be safe) for them to occur.

In the meantime, most businesses are trying to remain flexible and assess their options in the short term. They need to deal with this year's shortfalls and stabilize the situation for next year. An early and critical part of this process is assessing their rights under existing contracts and deciding which contracts require renegotiation.

No two contracts are the same. Contract language, the economic deal terms, specific obligations that a party may be seeking to excuse, and factual circumstances will all be factors in that assessment. Some current examples include:

- Rent abatement / restructuring negotiations related to venue leases;
- Sponsor agreements / multimedia rights contracts renegotiations for make goods and reset for next year, and beyond that the potential restructure of contract term and inventory (with substitution of venue inventory – at least the short term while everyone is mandatorily at home – for inventory delivered in social or digital platforms);
- Termination or renegotiation of hotel, venue, convention center, talent, and other agreements related to convention and event postponement;
- Financing modifications (such as temporary shifts to interest only payments and extensions to maturity dates);
- Venue management agreements, including negotiation of fees and operating requirements for COVID response; and
- Concessions, merchandise, and ticketing agreements – addressing how to make up losses through fee abatement, deal extensions or other economic restructuring.

Seeking legal guidance sooner than later to evaluate existing contracts and strategically discuss restructuring agreements can help determine the best path forward.

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## Contact:

[Denis Braham](#) | 713.650.2743 | [dbraham@winstead.com](mailto:dbraham@winstead.com)

[David Staas](#) | 713.650.2662 | [dstaas@winstead.com](mailto:dstaas@winstead.com)

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