



# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

## COMMISSION MEMORANDUM

TO: Mayor David Dermer and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: June 6, 2007

SUBJECT: **REPORT OF THE SPECIAL FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING OF MAY 9, 2007.**

### **NEW BUSINESS**

**1. Discussion and resolution regarding the agreement between the City of Miami Beach and Live Nation to operate and manage the Jackie Gleason Theater of the Performing Arts.**

### **ACTION**

**The Committee did not issue a binding recommendation and agreed to leave the item for Commission approval. The Committee agreed that prior to the May 16, 2007 Commission Meeting, a draft of the agreement with the noted revisions would be posted for public review on the City's website**

City Manager Jorge Gonzalez introduced the item. In October of 2006 the City elected to pursue a management agreement with Live Nation for managing the Jackie Gleason Theater of the Performing Arts. He noted that the City had been working with Live Nation to create a term-sheet which would be part of the management agreement. The Manager advised that the contents of the revised agreement and term-sheet are in-line with the agreement previously presented to the City. He noted that the ten (10) year agreement would have one, five (5) year renewal option.

Mr. Bruce Eskowitz, of Live Nation – North America, reiterated that the agreement with the City has not changed since its initial introduction. He advised that construction is scheduled to begin in July 2007 and last approximately ninety (90) to a hundred (100) days. The Theatre would re-open by mid-October 2007 in time for the Sleepless Night production put on by the City.

Ms. Karen Couty, with the International Ballet Festival of Miami, stated that she was concerned about the closing of the Theater during the International Ballet Festival's annual performance. She inquired if certain areas of the Theatre would be left open for performances during the construction period. Chairman Gross apologized that no accommodations could be made and suggested making other arrangements.

The owner of Mangos on Miami Beach, David Wallack, expressed his concern that under the management of Live Nation, food and beverages would be sold at the Jackie Gleason during concerts and performances. He felt that the sale of food and beverages after midnight would create competition with other local business and night clubs. Mr. Roger Abramson expressed his concern that the Jackie Gleason is being turned into a rock-and-roll ballroom. Mr. Joe Fontana advised that he felt that the Fillmore would bring a different type of audience to Miami Beach. He suggested appointing a committee, including individuals from the entertainment industry to review the management agreement.

Chairman Gross requested a review of the major terms of the agreement.

Assistant City Manager Tim Hemstreet gave a summary of the major provisions of the agreement:

1) Initial term of the agreement

Live Nation originally offered a 15 year term with a 2% escalator annually. The term negotiated by the Administration was a ten 10 year term with a 2% escalator annually with an automatic renewal at the sole discretion of Live Nation for an additional five years for years 11th-15th; and what was agreed was that if Live Nation exercised their option for renewal, in that case to go to 15 years, there would be an automatic adjustment for the CPI from the initial year of the term through the end of the year ten of the term continuing with a 2% escalator from year 11<sup>th</sup> to 15<sup>th</sup>.

2) Not allow assignment of Management Agreement without approval of City Commission.

In negotiations with Live Nation, as a publicly traded company with a number of subsidiaries and related entities, an assignment without the City's consent within their family of entities would be appropriate. There are other protections within the agreement such as minimum net worth requirements as well as a Letter of Credit.

3) Pre-purchase of parking

The original agreement allowed for parking pursuant to an agreement. If the City and Live Nation negotiate a pre-purchase parking agreements that would come back to the City Commission with a negotiation time limit of approximately one year.

4) Acknowledgement of future construction work around the Jackie Gleason Theatre.

There was acknowledgment that there will be future construction specifically for the New World Symphony (NWS), in the surrounding areas of the Jackie Gleason Theatre.

5) Clarification was made in defining events, as a "ticketed concert/event that has a specifying beginning ending time."

6) There was a request to reduce the termination payment of the City in event that the City's required distributions were in the future determined by a government entity to be subject to property tax and the City were to terminate the agreement.

7) Prohibition that Live Nation sells food or beverages after 12 midnight, and is prohibited from operating the facility in a manner similar to a nightclub pending.

8) Specify that the front lawn of the Jackie Gleason Theater is not a Management Agreement.

9) The City has the right to do annual inspections of the facility to make sure that maintenance requirements are being met.

10) Ability of Live Nation to control sponsorships within the facility the section of the Agreement will be modified as well as the ordinance.

11) Naming rights.

The language would be amended to clarify that “permanent naming” is for the length of the term of the Agreement.

Mr. Hemstreet added that the agreement additionally calls for a continuation of existing community benefit funds which pays for offsets on discount tickets for seniors and students, as well as for rent for about 12 not-for-profit groups per year in the Gleason.

JMG/PDW/rs/nsi

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