



# MIAMI BEACH

OFFICE OF THE CITY MANAGER

LTC # 175-2006

## LETTER TO COMMISSION

TO: Mayor David Dermer and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: July 3, 2006

SUBJECT: **CIRQUE DU SOLEIL – Las Vegas, NV July 13 – 16, 2006**

As you are aware, the City Administration has been negotiating a potential transaction with Cirque du Soleil (“CDS”) that would locate a CDS show in the Jackie Gleason Theater of the Performing Arts on a permanent basis. This is a substantial and noteworthy opportunity for Miami Beach, and one that most likely will involve a significant City financial investment and a corresponding significant financial return on that investment.

The Administration, along with Commission liaison Commissioner Simon Cruz, has performed two due diligence and fact finding trips related to this proposal (Montreal, Canada, and Las Vegas, Nevada). The Mayor also participated in a due diligence and fact finding exercise with CDS during his recent trip to Las Vegas.

Traditionally, the Administration performs due diligence for potential business issues on behalf of and at the request of the City Commission. However, in certain instances, it may be appropriate for the Commission to participate directly in some fact finding and due diligence exercises. Based on the significance of the potential financial investment and return on this transaction, I have arranged with CDS for a fact-finding trip for the City Commission for the dates July 13<sup>th</sup> through 16<sup>th</sup>, 2006.

The intent of the trip is to provide you with first-hand knowledge of CDS’ operations, venues, and corporate philosophies. Having participated in a similar trip earlier this year, I am able to advise you that the information to be gained is invaluable and almost certainly impossible to convey fully in either a written or spoken format. The trip is intense but will provide you with a good understanding of the intricacies and complexity of this business and potential Development Agreement.

To this end, I am proposing that the Commissioners who have not had a chance to see CDS performances first hand to see some of their Las Vegas productions and participate in in-depth, walk-throughs of their facilities. CDS has confirmed that they will have personnel available July 13 through 16, 2006 to facilitate this fact-finding trip. Our current, proposed plan would be to leave Miami on July 13<sup>th</sup> and return on July 16<sup>th</sup>. Each day is anticipated to include one to two theater facility walk-throughs and one show, which represents at least an eight (8) hour investment of time. These experiences will provide you with detailed knowledge of how Cirque du Soleil operates its theaters, the breadth of their operations, and how they approach this business. Cirque du Soleil has a unique business model that is key to their success. This trip will expose you to its organizational culture and values. You are invited to discuss CDS with any of the CDS representatives present. However, please keep in mind that under Florida law, you are precluded from discussing the issue between Commissioners. Hilda Fernandez and I will accompany you to facilitate this trip and to provide insights to any questions that may arise.

**LTC - CIRQUE DU SOLEIL – Las Vegas, NV July 13-16, 2006**

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Ms. Lupita Ramos, in my office, will be coordinating the trip on our behalf and will be contacting you shortly to determine your interest in attending and in formalizing the trip and daily schedules.

Please feel free to contact Ms. Ramos, Assistant City Managers Hilda Fernandez, Tim Hemstreet, or myself should you have any questions or concerns about this issue.

C:     Jose Smith, City Attorney  
       Hilda Fernandez, Assistant City Manager  
       Robert Middaugh, Assistant City Manager  
       Tim Hemstreet, Assistant City Manager

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