

MIAMIBEACH

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COMMITTEE MEMORANDUM

TO: Honorable Chair and Members of the Finance and Economic Resiliency Committee

FROM: Raul J. Aguila, Interim City Manager

DATE: March 26, 2021

SUBJECT: **REVIEW OF A PROPOSED TRANSACTION WITH THE GREATER MIAMI JEWISH FEDERATION, INC., A FLORIDA NOT-FOR-PROFIT CORPORATION (THE "FEDERATION"), THE CITY'S LONG-TERM LESSEE AND OPERATOR OF THE HOLOCAUST MEMORIAL SITE LOCATED AT 1933-1945 MERIDIAN AVENUE (THE "MEMORIAL"), FOR AN AMENDMENT TO THE EXISTING LEASE FOR THE MEMORIAL TO EXTEND THE TERM OF THE EXISTING LEASE FOR AN ADDITIONAL TWENTY-ONE YEARS, AND TO EXPAND THE LEASED PREMISES TO INCLUDE THE ADJACENT MUNICIPAL PARKING LOT AT 775 19TH STREET (THE "ADDITIONAL PREMISES"), FOR THE SOLE PURPOSE OF PERMITTING THE FEDERATION, AT ITS SOLE COST AND EXPENSE, TO DEVELOP, CONSTRUCT, OPERATE AND MAINTAIN A STATE-OF-THE-ART HOLOCAUST MEMORIAL COMMUNITY LEARNING CENTER ON THE ADDITIONAL PREMISES, FOR THE PRESENTATION OF EXHIBITS, LECTURES AND OTHER INTERACTIVE PROGRAMMING THAT CONNECTS THE HOLOCAUST EXPERIENCE TO CONTEMPORARY CIVIC LIFE AND PROMOTES TOLERANCE, REMEMBRANCE AND GLOBAL HUMAN RIGHTS.**

BACKGROUND

The City is the owner of the property located at 1933-1945 Meridian Avenue, the current site of the Holocaust Memorial ("Memorial").

On January 26, 2000, the City entered into a 99 year lease agreement with the Holocaust Memorial Committee, Inc. (the "Lease"), to operate and maintain the Holocaust Memorial located at 1933-1945 Meridian Avenue (the "Memorial"), which Lease was assigned to the Greater Miami Jewish Federation, Inc. ("Federation"), on January 16, 2008, pursuant to Resolution No. 2008-26732. The Federation has successfully operated and maintained the Memorial since that time. Importantly, the Federation's existing Lease for the Memorial expires in 78 years, on March 8, 2099.

The Memorial is dedicated to teaching and inspiring through Holocaust education, cultural programs and initiatives, visitations to the Memorial, and outreach to the community. The goal of the Memorial is to illuminate the dangers of antisemitism, racism, persecution and other hatreds through the lens of the murder of 6 million Jews and others who perished during the Holocaust in

Europe from 1939-1945. The Memorial is a solemn gathering place for our community, a symbol of strength that expresses the Holocaust through art and beauty. The Memorial serves as a reminder for the future, encouraging visitors to learn about the Holocaust, remember and honor its victims and survivors, and confront issues of genocide, anti-Semitism, and unchecked, divisive movements grounded in hatred. There is no entrance fee to visit the Memorial, and all of its programming for the community is free to the general public. The Memorial is open every day, including holidays.

Over the years, the Memorial has conducted significant educational programming for students. A visit to the Memorial for students centers on the experience of our community's Holocaust survivors. After viewing the Memorial's Emmy award winning movie, students meet with a Holocaust survivor to hear of their experience, what life was like before and during the war, and how hatred of a particular group can grow into something extremely dangerous and catastrophic. Over the years, the Memorial has served as a focal point for Holocaust-related education efforts, serving thousands of schoolchildren, teachers, college students, and the City's residents and visitors.

Prior to the COVID-19 pandemic, the Memorial concluded the year with over 100,000 visitors, including more than 11,000 students from South Florida, primarily from Miami-Dade County. This does not include the Memorial's robust social media, new initiatives for teachers, and materials that are widely distributed throughout the U.S.

OVERVIEW OF THE PROPOSED HOLOCAUST PROJECT

Although the visitor experience at the Memorial is impactful, the Memorial lacks facilities that would permit the presentation of changing exhibits, lectures and other programming and related activities. As a result, many local and regional visitors to the Memorial rarely visit the Memorial more than once.

At the State of the City address on February 24, 2020, Mayor Gelber announced that he intended to sponsor a proposed transaction for a modest expansion of the Memorial, which would include the footprint for the adjacent parking lot at 775 19th Street, currently used as a surface parking lot with only 22 parking spaces (5 of which are already designated for the Memorial).

The Federation has proposed an expansion of the existing Memorial site, and a corresponding modest extension of the existing Lease, to allow the Federation to expand the Memorial and develop a community center to activate the Holocaust Memorial through interactive experiences. The Federation has proposed that the current Lease for the Memorial be amended to include a portion of the City owned surface parking lot, adjacent to the Memorial, located at 775 19th Street, Miami Beach, equal to approximately 12,000 square feet ("Additional Premises").

The proposed transaction would be structured as an amendment to the existing Lease (the "Lease Amendment"), which would extend the term of the existing Lease for an additional 21 years, for a total term of 99 years from the effective date of the Lease Amendment, include the Additional Premises as part of the Lease, for the sole purpose of providing the Federation with the ability to design, construct, operate and maintain a cultural center at the Memorial, at the Federation's sole cost and expense, as further described below.

The proposed cultural center would consist of approximately 7,000 square feet for learning and education space, exhibition space (both temporary and permanent), performance space and

outdoor landscaped areas (collectively, the “Project”). The Project is intended to activate the Memorial through interactive and other programming to reach broader audiences by educating students and the public about tolerance, human rights and the need for global understanding and community.

The proposed transaction does not contemplate any amendments to the City’s Comprehensive Plan or Land Development Regulations pertaining to height, floor area, or allowable uses.

In addition, the Project will not require any funding to be provided by the City, and does not contemplate changing any of the terms of the existing Lease.

THE APPROVALS REQUIRED FOR THE PROJECT

City Commission Approval. Pursuant to Section 82-37 of the City Code, the Lease Amendment would require two readings before the City Commission, with the second reading being a public hearing. The Lease Amendment would require the waiver of competitive bidding and the appraisal requirement under Section 82-39 of the City Code, on a 5/7ths vote of the City Commission. The Administration strongly recommends the foregoing waivers, as the Federation holds the existing Lease for the next 78 years and is the only party who could develop the Project in a manner which could be integrated with the Memorial itself. In addition, such waivers would be consistent with prior waivers the City has granted to not-for-profit entities in other leases or management agreements, as the purpose of the proposed transaction is to promote charitable and educational interests, for the benefit of the general public.

Voter Referendum Requirement. Pursuant to Section 1.03(b)(3) of the City Charter, which requires voter referendum approval for the sale or lease of ten years or more of certain City-owned property located in the Civic and Convention Center District (the “CCC District”), including, specifically, all City-owned surface parking lots located in the CCC District, **the Lease Amendment will require approval by sixty (60%) of the voters voting in a Citywide referendum.**

THE LEASE AMENDMENT AND DEVELOPMENT OF THE PROJECT

Term Sheet. The Federation’s proposed term sheet is attached hereto as **Exhibit “___”**. The terms for the Lease Amendment and the development of the Project are outlined below.

The Lease Amendment. As the lessee under the Lease Amendment, the Federation would be responsible for the development, design and construction of the entire Project at the Federation’s sole cost and expense. Subject to and contingent upon voter referendum approval, the Lease Amendment would:

- Extend the term of the existing Lease for an additional 21 years (for a total term of 99 years from the effective date of the Lease Amendment);
- Include the Additional Premises as part of the Lease;
- Provide for the development of the Project at the Federation’s sole cost and expense (with the development related terms set forth more fully below);

- Specify that the use of the Additional Premises will be limited to a community center providing educational and cultural exhibits, events and programming compatible with and complementing the Memorial, as well as ancillary uses consisting of a gift pavilion for the sale of commemorative pictures and similar personal items, and a café serving light fare and not to exceed 1,000 square feet.
- Require the Federation to accept the Additional Premises in its as-is condition, including without limitation, environmental condition.
- Clarify that prior to commencement of construction, the City will have the right to continue to use the Additional Premises as a surface parking lot.
- Indemnify the City for losses in connection with any lawsuit challenging the validity of the Lease Amendment, any governmental approvals, or the failure of the Federation to complete construction in accordance with the Lease Amendment.
- Provide each party with termination rights. Specifically, the Federation will have the right to terminate the Lease Amendment for convenience prior to issuance of the building permit for the Project. The City will have the right to terminate the Lease Amendment as a result of any default by the Federation, including failure to satisfy the conditions precedent to commencement of construction and/or achieve the outside dates for commencement of construction and completion of construction.
- The annual rent for the entire leased premises under the existing Lease would remain unchanged at the current annual rent of \$10.00. In addition, the City and the Federation do not intend to modify the terms of the existing Lease, except as may be necessary to accommodate the Project.

Development of the Project. The Federation's obligations with respect to development and construction of the Project will be incorporated into the Lease Amendment. The City Commission shall approve the concept plan design of the Project as part of its approval of the Lease Amendment. The Federation's possession of the Additional Premises and commencement of construction will be subject to the satisfaction of certain conditions, including (1) approval by the City's Design Review Board ("DRB"); (2) delivery of acceptable payment and performance bonds naming the City as a co-obligee; (3) delivery of a budget for the costs of construction; (4) City's approval of the general contractor/design builder for the Project; (5) delivery of the general construction contract with the approved general contractor/design builder; and (6) the City's receipt of satisfactory evidence that the Federation has sufficient funds to build the Project.

The Federation also agrees to establish certain Project milestones, including target dates for DRB Approval, commencement of construction and completion of construction and outside dates for commencement of construction and completion of construction (which the parties continue to discuss as of the date of this Memorandum).

Following any termination for default by the City after commencement of construction, the Federation will restore the Additional Premises to the condition existing prior to execution of the

Lease Amendment so that the Additional Premises may be fully utilized by the City as a surface parking lot and the Federation shall reimburse the City for any losses it may suffer as a result of the Federation's failure to complete construction.

Project Milestones

Target Date for DRB Approval	24 months after the Effective Date (plus 1 month to exhaust all appeals)
Target Date for issuance of final building permit and commencement of construction	24 months after DRB Approval
Target date for completion of construction and issuance of TCO	24 months after commencement of construction

Reimbursement of City Expenses. In furtherance of the Federation's commitment that the City will not be required to provide funding for the Project, the Federation has signed a reimbursement agreement with the City, and has agreed to reimburse the City for its out of pocket costs and expenses in connection with the due diligence and negotiation of the proposed Lease Amendment, including parking bond consulting fees, outside counsel, surveys, and other reviews, as may be reasonably required by the City.

CONCLUSION

The Administration recommends that the Finance Committee review the term sheet, and favorably recommend that the City Commission approve a Lease Amendment consistent with the term sheet. As set forth above, if the proposed transaction is approved by the City Commission, the Lease Amendment will require, and be subject to and contingent upon, approval by 60% of the voters voting in a City-wide referendum.

Attachments

Exhibit A: Draft Memorial Term Sheet