

RESOLUTION NO. _____

A RESOLUTION OF THE CHAIRPERSON AND MEMBERS OF THE BOARD OF THE MIAMI BEACH REDEVELOPMENT AGENCY (AGENCY), APPROVING THE GRANT AGREEMENT BY AND AMONG THE AGENCY, MB MIXED USE INVESTMENT HOLDINGS, LLC AND PUBLIC FINANCE AUTHORITY TO FACILITATE THE EXPEDITIOUS DEVELOPMENT OF THE MIAMI BEACH CONVENTION CENTER HEADQUARTER HOTEL BY INCURRING UP TO \$92,500,000 IN AGENCY INDEBTEDNESS; AND FURTHER, AUTHORIZING THE EXECUTIVE DIRECTOR AND SECRETARY TO EXECUTE THE GRANT AGREEMENT SUBSTANTIALLY IN THE FORM ATTACHED TO THIS RESOLUTION FOLLOWING FORM APPROVAL THEREOF BY THE GENERAL COUNSEL; AND FURTHER, AUTHORIZING THE EXECUTIVE DIRECTOR, SECRETARY AND GENERAL COUNSEL TO TAKE ALL NECESSARY AND APPROPRIATE STEPS, INCLUDING THE EXECUTION AND DELIVERY OF ADDITIONAL ANCILLARY DOCUMENTS, FOR THE IMPLEMENTATION THEREOF.

WHEREAS, on January 26, 1993, Miami-Dade County (the "County") adopted Resolution No. R-14-93, which, (i) found the City Center RDA to be a "blighted area" within the meaning of Part III of Chapter 163, Florida Statutes, and (ii) delegated to the City of Miami Beach, pursuant to Section 163.410, Florida Statutes, certain powers conferred upon the County Commission as the governing body of Miami-Dade County by Part III of Chapter 163, Florida Statutes, with regard to the Redevelopment Area, so that the City Commission, either directly or through its duly designated community redevelopment agency, could exercise such powers; and

WHEREAS, On February 3, 1993, the City adopted Resolution No. 93-20709, which established a community redevelopment agency (the "Miami Beach Redevelopment Agency" or the "Agency" or "RDA") as an independent legal entity in accordance with Part III of Chapter 163, Florida Statutes, and declared the members of the City Commission as the members of the Agency; and

WHEREAS, On February 12, 1993, the RDA adopted Resolution No. 128-93, which adopted the Agency's City Center/Historic Convention Village Redevelopment and Revitalization Area Plan (the "Redevelopment Plan") for the redevelopment and revitalization of the Redevelopment Area; and

WHEREAS, the County and the City then approved and entered into the Interlocal Cooperation Agreement (the "Interlocal Agreement"), executed on November 16, 1993 by which the County delegated to the City certain redevelopment powers granted by the Act, including but not limited to the creation of the Redevelopment Area and implementation of the Plan; and

WHEREAS, on November 19, 2014, the RDA adopted Resolution No. 607-2014, which adopted an amendment to the Redevelopment Plan defining the Miami Beach Convention Center Renovation and Expansion Project to include a new Convention Center Headquarters Hotel (the "Convention Center Hotel");

WHEREAS, on April 13, 2016, the Mayor and City Commission established the Mayor's Ad Hoc Blue Ribbon Steering Committee (the "Committee") on the Convention Center Hotel chaired by Commissioner Ricky Arriola and Vice-chaired by Commissioner Kristen Rosen-Gonzalez; and

WHEREAS, at the February 14, 2018 City Commission meeting, the Mayor and City Commission directed the Administration to prepare a Request for Proposals for development of a Convention Center Hotel on alternative parcel sites; and

WHEREAS, on May 16, 2018, the Mayor and City Commission approved Resolution No. 2018-30310, authorizing the issuance of a Request for Proposals for the Convention Center Hotel for a lease of the approximately 2.6-acre site located adjacent to the Convention Center on a time frame to be able to place the referendum item on the November 6, 2018 ballot; and

WHEREAS, on May 17, 2018, the City issued Request for Proposals No. 2018-238-KB (the "RFP") for the Development of a Convention Headquarter Hotel Adjacent to the Miami Beach Convention Center; and

WHEREAS, on June 14, 2018, the City received a responsive proposal (the "Miami Beach Connect proposal") from MB Mixed Use Investment, LLC (the "Developer"), a joint venture between Turnberry and Terra Group; and

WHEREAS, on July 2, 2018, the Mayor and City Commission approved Resolution No. 2018-30378, authorizing the Administration to negotiate a Development and Ground Lease Agreement, including a Room Block Agreement (collectively, the "Lease") with the Developer, with said Lease subject to prior approval by the Mayor and City Commission before the final execution thereof; and

WHEREAS, on July 25, 2018, the Mayor and City Commission adopted Resolution No. 2018-30425, approving the Lease between the City and the Developer approving the construction and development of the Miami Beach Convention Center Hotel (or the "Hotel Project") at the site (the "Site") defined in the Hotel Lease; and

WHEREAS, on November 6, 2018, more than sixty percent (60%) of the voters voting thereon in a City-wide referendum approved of the Lease as required by Section 1.03(b)(3) of the City Code; and

WHEREAS, on December 9, 2019, the City approved the Grand Hyatt Hotel brand pursuant to Section 13.3 of the Hotel lease; and

WHEREAS, on March 4, 2020, the City and the Developer entered into an early access agreement (the "Early Access Agreement" or "EAA") to grant access to the Developer to the Site and to certain other areas, including certain portions of the Facility, so that the Developer may perform certain pre-construction activities (the "Early Work") that would accelerate the timeline for construction of the Hotel Project; and

WHEREAS, on March 13, 2020, the Hotel developer notified the City it was asserting a Force Majeure event and an Economic Force Majeure event with respect to the COVID-19 pandemic; and

WHEREAS, on April 14, 2022, pursuant to the Early Access Agreement, the contractor for the Hotel Developer mobilized on the Site and commenced the initial phases of the Early Work within the parking lot; and

WHEREAS, on November 16, 2023, the Developer notified the City that it was asserting an Economic Force Majeure event due to impaired access to financial markets for development of projects in the United States similar to the Grand Hyatt Hotel project, delaying the Developer's ability to raise the capital necessary for the full construction of the hotel project; and

WHEREAS, on November 17, 2023, LTC 515-2023 advised the Mayor and City Commission that the Hotel Developer needed additional time to secure the remaining approximately 12% of their capital raise for the Hotel project; and

WHEREAS, during discussions among RDA staff and the Developer, the Developer requested a \$75 million capital contribution in the form of a grant from the RDA to cover the approximately 12% financing deficit; and

WHEREAS on March 13, 2024, the RDA Board gave direction to RDA staff negotiate with the Developer public benefits and how to close the financial gap without using City funds and come back with a recommendation on how to deliver the long-delayed hotel; and

WHEREAS, on or around March 25, 2024, the RDA engaged PFM Financial Advisors LLC, the RDA's financial advisor, to provide financial advisory services related to the proposed partnership towards the development of a Convention Center Hotel. and also engaged Squire Patton Boggs, the RDA's bond counsel, to provide bond counsel support services; and

WHEREAS, on April 9, 2024, the early site work Certificate of Completion was issued, making the site available for the commencement of the vertical construction upon site possession by the Hotel developer; and

WHEREAS, PFM's review of project's financial proforma revealed that the project would not be able to proceed without the requested capital from the RDA; and

WHEREAS, during several rounds of negotiations, RDA staff and the Developer discussed several approaches to providing future financial return to the RDA; and

WHEREAS, the grant agreement includes a public benefits package that will extend for 22 years after the hotel's opening and is valued by the Developer at approximately \$42.8 million over that period; and

WHEREAS, the grant agreement includes Subordinated Participation Payments (Annual Participation Fee) starting at \$500,000 beginning five (5) years after opening and continuing for fifty (50) years and escalating at 3.0% each year and would total approximately \$56.4 million over the 50-year period; and

WHEREAS, the grant agreement also includes one-time transfer fee of 2.0% of gross sales proceeds less debt and closing costs upon an arm's length sale to a third party that results in a change of control; and

WHEREAS over the first 30 years, the Convention Center Hotel is estimated to generate approximately \$188 million in lease and surcharge payments to the City, an estimated \$751 million in taxes allocated to the RDA, City, and County, and an estimated \$514 million in property taxes supporting the school district and state sales taxes; and

WHEREAS, at its meeting on October 16, 2024, the Miami-Dade County Board of County Commissioners (the "Board") approved the Sixth Amendment to the Interlocal Cooperation Agreement between the RDA, City of Miami Beach, and Miami-Dade County, authorizing, among other things, the execution of the grant agreement by and among the RDA, the Developer, and Public Finance Authority to move forward for the Convention Center Hotel project; and

WHEREAS, on October 16, 2024, the Board also approved the form of grant agreement by and among the RDA, the Developer, and Public Finance Authority, a copy of which is attached to this Resolution.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE CHAIRPERSON AND MEMBERS OF THE BOARD OF THE MIAMI BEACH REDEVELOPMENT AGENCY (AGENCY), that the Chairperson and Members of the Board of the RDA approve the grant agreement by and among the Agency, MB Mixed Use Investment Holdings, LLC and Public Finance Authority substantially in the form attached as to this resolution to facilitate the expeditious development of the Miami Beach Convention Center Headquarter Hotel by incurring up to \$92,500,000 in agency indebtedness; and further, authorizing the Executive Director and Secretary to execute the grant agreement substantially in the form attached to this Resolution following form approval thereof by the General Counsel; and further, authorizing the Executive Director, Secretary and General Counsel to take all necessary and appropriate steps, including the execution and delivery of additional ancillary documents, for the implementation thereof.

PASSED AND ADOPTED this ____ day of October 2024.

ATTEST:

Steven Meiner, Chairperson

Rafael E. Granado, Secretary

(Sponsored by Vice Mayor Alex J. Fernandez and
Commissioner Tanya K. Bhatt)

**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**



Redevelopment Agency
General Counsel

10/22/2024

Date