

MIAMI BEACH

RDA MEMORANDUM

TO: Honorable Chair and Members of the Board of Directors

FROM: Eric Carpenter, Executive Director

DATE: October 30, 2024

TITLE: A RESOLUTION OF THE CHAIRPERSON AND MEMBERS OF THE BOARD OF THE MIAMI BEACH REDEVELOPMENT AGENCY, APPROVING, IN SUBSTANTIAL FORM, A SIXTH AMENDMENT, BY AND AMONG THE CITY OF MIAMI BEACH (CITY), MIAMI-DADE COUNTY (COUNTY), AND THE MIAMI BEACH REDEVELOPMENT AGENCY (RDA) TO THE NOVEMBER 16, 1993 INTERLOCAL COOPERATION AGREEMENT, AS AMENDED (THE "INTERLOCAL AGREEMENT"), RELATED TO THE CITY CENTER / HISTORIC CONVENTION CENTER VILLAGE REDEVELOPMENT AND REVITALIZATION AREA (CITY CENTER RDA); WITH SAID SIXTH AMENDMENT ATTACHED AS EXHIBIT "A" TO THE MEMORANDUM ACCOMPANYING THIS RESOLUTION; AND FURTHER AUTHORIZING THE EXECUTIVE DIRECTOR AND SECRETARY TO EXECUTE THE FINAL SIXTH AMENDMENT, IN THE FORM APPROVED BY THE GENERAL COUNSEL. **JOINT CITY COMMISSION AND RDA**

RECOMMENDATION

It is recommended that the RDA Board adopt the resolution, approving the Sixth Amendment to the Miami Beach Redevelopment Agency Interlocal Cooperation Agreement.

BACKGROUND/HISTORY

On January 26, 1993, the Miami-Dade County (the "County") Board of County Commissioners adopted Resolution No. R-14-93, which, (i) found the City Center/Historic Convention Village Redevelopment and Revitalization Area 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 (the "City"), 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.

On February 3, 1993, the City adopted Resolution No. 93-20709, which established a community redevelopment agency (the "Miami Beach Redevelopment Agency" or the "RDA") and declared the members of the City Commission as the members of the RDA.

On February 12, 1993, the City adopted Resolution No. 93-20721, which adopted the RDA's City Center/Historic Convention Village Redevelopment and Revitalization Area Plan (the "Redevelopment Plan") for the redevelopment and revitalization of the Redevelopment Area.

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.

The 332-acre City Center/Historic Convention Village Redevelopment and Revitalization Area established in 1993, provided the funding mechanism to foster the development of a new

convention hotel development (ultimately the Loews hotel) within proximity of the Miami Beach Convention Center and established the necessary link between the City's many core area civic, cultural and entertainment uses in order to create the fabric of a true urban downtown.

First Amendment

The Board of Miami-Dade County Commissioners (the "Board") through Resolution No. R-889-03, and the City Commission, through Resolution No. 2003-25241, also approved an amendment to the Interlocal Agreement to delegate to the City the power to implement the community policing initiatives.

Second Amendment

The Board, through Resolution No. R-958-04, and the City Commission, through Resolution No. 2004-25560, also approved a second amendment to the Interlocal Agreement whereby (i) the County, City, and RDA agreed that the RDA would remit one and one-half percent (1.5%) of the Tax Increment Revenue paid to the RDA for said fiscal year to the County to defray administrative costs for oversight and processing RDA-related items and 1.5% as a contribution to the City. After debt service and all other obligations related to the bonds or future indebtedness issued by the RDA and approved by the County was satisfied for the fiscal year, and (ii) the County approved the Agency's issuance of refunding bonds in an amount not to exceed a principal amount of \$101,090,000 to refinance all or a portion of the outstanding principal amount of bonds issued with respect to the Redevelopment Area.

Third Amendment

The Board, through Resolution No. R-512-14, and the City Commission, through Resolution No. 2014-28835, also approved an amendment to the Redevelopment Plan and Interlocal Agreement to provide a share of funding for the Miami Beach Convention Center ("Convention Center") Renovation and Expansion Project.

The Third Amendment changed the Plan to include the Convention Center Renovation and Expansion Project and further amended the Interlocal Agreement as follows:

- Extended the life of the Redevelopment Area from 2023 to 2044;
- Authorized the issuance of tax increment revenue bonds in one or more series by the RDA in an amount not to exceed \$430,000,000 for purposes of refunding current outstanding debt, funding eligible community redevelopment project costs, including up to \$275 million for the Convention Center Renovation and Expansion Project, and any reserves and costs of issuance;
- Provided for an ongoing adequate operating and maintenance subsidy for the Miami Beach Convention Center, in addition to the existing \$4.5 million per year and annual year-end revenue sharing that the City currently receives from Convention Development Taxes (CDT) through 2048 – as of 2026 if there are sufficient CDT funds, these are repaid to the RDA with CDT funds;
- Provided for ongoing funding of City operations in the RDA with a cap in growth of 3% or CPI whichever is less;
- Limited capital projects to previously appropriated projects and the following capital projects: Bass Museum Space Interior Expansion, Convention Center Lincoln Road Connectors, 17th St Improvement Pennsylvania Avenue to Washington Avenue, and Lincoln Road from Washington Avenue to Lennox Avenue

- Established that from FY 2023 until FY 2044, the County will receive a refund of City Center RDA operating expenses based on its proportion of revenues contributed to the Trust Fund; and
- Established that from FY 2015 through FY 2022, any funding not used for debt service and operating expenses will go into a fund to be used for shortfalls and eventually prepayment of debt and from FY 2023 any remaining funding will be used to extinguish debt early.

Fourth Amendment

- Provided the \$6,914,221 million in funding for the Convention Center project to address the impacts from Hurricane Irma and the August 2017 rain bomb. These events impacted the facility and created delays which severely challenged the City's ability to deliver the facility at the level required by Art Basel Miami Beach and have created costs impacts.

Due to these delays, Hurricane Irma had a direct impact of at least three (3) weeks on the Convention Center construction including one (1) week of storm preparation and demobilization, one (1) week of storm clean-up, loss of power and additional delays due to a widely displaced workforce returning to work two to three weeks after the storm. Also significant was the impact of Hurricane Irma on the work being performed by Florida Power & Light ("FPL") on the electrical upgrades needed for the renovated Convention Center.

- Provided that the refund of City Center RDA operating expenses to the County begin in FY 2018 instead of FY 2023 and for the City to receive a similar pro-rata share between FY 2018 and FY 2022. This is approximately \$5-6 million per year initially for the County and \$6-7 million per year for the City.
- Provided for the City and County to each contribute, from the pro rata distribution of excess Trust Fund revenues, \$1.5 million a year to the County for beach re-nourishment between FY 2018 and 2023.

Under the amendment, the City funding for beach re-nourishment was limited to projects in Miami Beach, while the County share may be used within Miami Beach and adjacent jurisdictions.

- Provided discretion to the City to fund, from excess Trust Fund revenues, up to an additional \$20 million for the Lincoln Road capital project. Any such amounts would serve to supplement the \$20 million previously appropriated for the Lincoln Road Project from excess RDA tax increment revenues.

Fifth Amendment

- The Fifth Amendment to the RDA Interlocal Cooperation Agreement was approved by Miami-Dade County on March 15, 2022 via Resolution No. 256-22 and was executed April 5, 2022 via City Commission Resolution No. 2022-32014. The Fifth Amendment allowed for \$27.1 million in excess RDA Trust Fund revenues to be accessed by the City to fund the City's financial obligation related to the Final Settlement Agreement for the Miami Beach Convention Center (MBCC) expansion and renovation project. Additionally, the Fifth Amendment clarified that the County's portion of the beach renourishment funds (\$1.5 million), outlined in the Fourth Amendment, could be used for beach renourishment activities at any beaches in the County (not just within Miami Beach).

ANALYSIS

In connection with the proposed issuance of refunding bonds (the "Refunding Bonds") by the RDA to refund a portion of the RDA's Tax Increment Revenue and Revenue Refunding Bonds, Series 2015A (City Center/Historic Convention Village), which refunding will generate debt service

savings, and as otherwise requested by the County, it is necessary to further amend the Interlocal Agreement through a Sixth Amendment to the Interlocal Agreement (the “Sixth Amendment”), which will need to be executed among the County, the City, and the RDA. The Sixth Amendment will, among other amendments to the Interlocal Agreement, amend the Interlocal Agreement, as previously amended, to provide for the issuance of the Refunding Bonds and to amend certain of the provisions with respect to the Distribution of Trust Fund Revenues in order to delete the requirements thereunder that commencing in Fiscal Year 2023-24, excess revenues must be used to extinguish early, or if not subject to prepayment or redemption at that time, establish an escrow for, any “Agency Indebtedness” (which includes bonds issued by the RDA) and, in lieu of those provisions, provide for the uses as set forth in Sections H, I and J of Paragraph XII of the Interlocal Agreement as described in the Sixth Amendment. These changes are necessary to provide for the issuance of the Refunding Bonds. The Net Present Value (“NPV”) of the debt refunding is currently estimated at \$27.1 million.

The Interlocal agreement is also being amended to allow for the grant agreement to facilitate the construction of the Convention Center Hotel and add provisions related to the disposition of RDA Trust Fund funds beginning in FY 2037. Based on projections, it is anticipated that by this date, that all RDA debt will be able to be repaid, and the RDA terminated. It should be noted that if the City Commission or RDA Board make any material changes to the RDA Hotel grant agreement template approved by the Board of County Commissioners for Miami-Dade County (the “Board”) at its October 16, 2024 meeting, the Sixth Amendment approval provided by the Board would be abated until such time as said modified grant agreement is (i) approved for legal sufficiency by the Office of the County Attorney, and (ii) approved by the Board, provided however, that the Sixth Amendment would be void and of no further effect if not so approved by the Board.

FISCAL IMPACT STATEMENT

NA

Does this Ordinance require a Business Impact Estimate? (FOR ORDINANCES ONLY)

The Business Impact Estimate (BIE) was published on . See BIE at:
<https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notice/>

FINANCIAL INFORMATION

CONCLUSION

The Administration recommends the RDA Board approves the Sixth Amendment to the RDA Interlocal Agreement to generate debt refunding savings and to allow for a grant agreement to catalyze construction of the Convention Center Hotel.

Applicable Area

Citywide

Is this a “Residents Right to Know” item, pursuant to City Code Section 2-17?

No

Is this item related to a G.O. Bond Project?

No

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

If so, specify the name of lobbyist(s) and principal(s):

Department

Finance and Economic Development

Sponsor(s)

Co-sponsor(s)