

MIAMI BEACH

COMMITTEE MEMORANDUM

TO: Public Safety and Neighborhood Quality of Life Committee Members

FROM: Eric Carpenter, City Manager

DATE: May 14, 2025

TITLE: DISCUSS TIMELINE FOR CONSTRUCTION OF MIAMI BEACH CONVENTION CENTER HEADQUARTER HOTEL AND ANTICIPATED OPENING DATE.

RECOMMENDATION

N/A

BACKGROUND/HISTORY

On July 25, 2018, the Mayor and City Commission adopted Resolution No. 2018-30425, approving the Lease between the City of Miami Beach (the "City") and MB Mixed Use Investment Holdings, LLC (the "Developer"), approving the construction and development of the Miami Beach Convention Center Hotel (the "Hotel Project") at the site (the "Site") located at the northeast corner of Convention Center Drive and 17th Street as defined in the Hotel Lease.

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.

On December 9, 2019, the City approved the Grand Hyatt Hotel brand pursuant to Section 13.3 of the Hotel lease.

On March 4, 2020, the City and the Developer entered into an early access agreement (the "Early Access Agreement") to grant access to the Developer to the Site and to certain other areas, so that the Developer could perform certain pre-construction activities (the "Early Work") that would accelerate the timeline for construction of the Hotel Project.

On March 13, 2020, the Developer notified the City they were asserting a Force Majeure event and an Economic Force Majeure event with respect to the COVID-19 pandemic.

On April 14, 2022, pursuant to the Early Access Agreement, the Hotel Developer's contractor mobilized on the Site and commenced the initial phases of the Early Work.

On November 16, 2023, the Developer notified the City that they were 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, which delayed their ability to finance the full construction of the hotel project. On November 17, 2023, LTC 515- 2023 advised the Mayor and City Commission that the Developer experienced a significant increase in project costs due to rising construction costs and interest rates and needed additional time to secure the financing required to fund the Hotel project.

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.

Following various meetings of the Miami-Dade Board of County Commissioners (BCC), the City

Commission and the RDA Board at which the grant agreement among the RDA, the Developer and the Public Finance Authority was discussed, approved, and modified, a grant agreement providing for up to \$92,500,000 in funding to allow for the expeditious development of the Hotel Project was approved by the BCC, the City Commission and the RDA Board, with the final necessary approval occurring at the November 20, 2024 meeting of the BCC.

ANALYSIS

The Developer has been providing monthly updates on the status of the Project to the Public Safety and Neighborhood Quality of Life Committee since December 2024. The Committee requested that the Developer return to the May Committee meeting with an additional update.

On March 19, the City Commission adopted a Resolution authorizing the City Manager to extend the outside possession date of April 1, 2025, for up to sixty (60) days, to the extent reasonably required for the Developer to achieve financial close. An extension was approved through April 11.

On April 10, the Developer successfully reached financial close, officially taking possession of the site. A groundbreaking ceremony is currently being planned.

The test pile program has been successfully completed. Auger cast pile foundation work is now underway. Vertical construction is scheduled to begin in September 2025, with building topping out anticipated by July 2026. The hotel is expected to open in late 2027.

FISCAL IMPACT STATEMENT

N/A

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-notices/>

FINANCIAL INFORMATION

CONCLUSION

The foregoing is presented to the members of the Public Safety and Neighborhood Quality of Life Committee for update and discussion.

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

City Manager

Sponsor(s)

Commissioner Laura Dominguez

Co-sponsor(s)

Condensed Title

Convention Center Headquarter Hotel Timeline and Anticipated Opening Date