

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: March 19, 2025

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AUTHORIZING THE CITY MANAGER TO EXTEND THE OUTSIDE POSSESSION DATE FOR UP TO SIXTY (60) DAYS FOR THE CONVENTION CENTER HOTEL PROJECT (THE "PROJECT") BEING DEVELOPED PURSUANT TO THE DEVELOPMENT AND GROUND LEASE AGREEMENT WITH MB MIXED USE INVESTMENT, LLC ("THE DEVELOPER"), TO THE EXTENT REASONABLY REQUIRED FOR THE DEVELOPER TO ACHIEVE FINANCIAL CLOSE.

RECOMMENDATION

Adopt the Resolution.

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 Lease requires that the Project must achieve financial close on all required debt and equity sources for the full construction cost of the Project in order for Developer to take possession of the site. The Developer is currently finalizing all applicable financing documents in anticipation of loan closing and site possession. Coordination with multiple lenders and investors, as well as approval from Miami-Dade County on the final form of the Grant is required.

The current outside possession date required by the Lease is April 1, 2025 (the "Outside Possession Date"). The Developer anticipates that limited additional time may be required to be able to finalize all applicable loan documents and obtain approval from Miami-Dade County of the final form of the Grant.

FISCAL IMPACT STATEMENT

N/A

Does this Ordinance require a Business Impact Estimate?

(FOR ORDINANCES ONLY)

If applicable, 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 Administration recommends authorizing the City Manager to extend the Outside Possession Date for up to sixty (60) days for the Convention Center Hotel Project being developed pursuant to the Development and Ground Lease Agreement with MB Mixed Use Investment, LLC, to the extent the City Manager reasonably determines that any such extension is required for the Developer to achieve financial close and otherwise satisfy the Possession Conditions set forth in the Lease.

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)

Co-sponsor(s)

Condensed Title

Convention Center Hotel Project - Outside Possession Date Up To 60-Day Extension. CM

Previous Action (For City Clerk Use Only)