

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

MIAMI BEACH

COMMITTEE MEMORANDUM

TO: Public Safety and Neighborhood Quality of Life Committee Members

FROM: Eric Carpenter, City Manager

DATE: April 9, 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 April Committee meeting with an additional update.

On March 18, the General Contractor, Balfour Beatty, mobilized on site and commenced the test piles program, which is expected to take approximately one month.

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. The City Manager has since approved an extension through April 11.

The Developer continues to work diligently towards loan closing and meeting all site possession conditions. A comprehensive list (as outlined in the Developer and Ground Lease Agreement) along with their current status is provided in Attachment 1.

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-notice/>

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?

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

No

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)

Commissioner Alex Fernandez

Condensed Title

Convention Center Headquarter Hotel Timeline and Anticipated Opening Date.

MIAMI BEACH CONVENTION CENTER HOTEL DEVELOPMENT & GROUND LEASE AGREEMENT
 ARTICLE IV GENERAL TERMS OF LEASE; SECTION 4.1b POSSESSION DATE, CONDITIONS PRECEDENT TO POSSESSION
 03.27.2025

SECTION 4.1b Item #					Target Date for Submission to the City
DESCRIPTION		DOCUMENTS REQUIRED		STATUS	
I. FINANCING / PAYMENTS	1	Evidence of no uncured Event of Default	Estoppel Letter from MB Mixed Use Investment LLC	In Progress	Before Construction Loan Execution Date
	4	Lessee shall have provided to City, and City Manager shall have Approved , any changes to the Budgeted Improvement Costs (Exhibit C, p 99 of 183), provided that <u>City Manager shall not withhold its Approval so long as Lessee has obtained and delivered to the City written evidence of the existence and availability of:</u>	Updated Budget to be determined upon Term Sheet for Construction Loan with Lender	In Progress	Before Construction Loan Execution Date
	4.1	(A) Liquid Assets to fund the Equity Commitment	Proof of entity contribution letter	Complete	Submitted - 8/10/2023
	4.2	(B) the Initial Hotel Operator Financial Commitment	Provide section of the Hotel Services Agreement (HSA) about operator financial contribution or proof of contribution.	In Progress	Before Construction Loan Execution Date
	4.3	(C) the Mezzanine Loan Commitment	Executed Mezzanine Loan	In Progress	Before Construction Loan Execution Date
	4.4	(D) the Construction Loan Commitment that demonstrate that the Hotel Project is In Balance	Executed Construction Loan	In Progress	Before Construction Loan Execution Date
	5	Lessee shall have reimbursed the City for the costs associated with the City's voter referendum in connection with this Lease, not to exceed Twenty -Five Thousand Dollars (\$25,000)	Developer's Payment to City	Complete	Complete
	18	Art in Public Places Fee	Financial Guarantee Bond	In Progress	March 31 2025

MIAMI BEACH CONVENTION CENTER HOTEL DEVELOPMENT & GROUND LEASE AGREEMENT
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 03.27.2025

SECTION 4.1b Item #		DESCRIPTION	DOCUMENTS REQUIRED	STATUS	Target Date for Submission to the City
II. HOTEL OPERATOR	Lessee and the Initial Hotel Operator shall have delivered to City an instruments reasonably acceptable to the City:				
	7.1	(A) certifying that Lessee and the Initial Hotel Operator have duly executed and entered into the Management Agreement , and any related franchise, technical services and/or centralized services agreements, that the Management Agreement, Franchise Agreement and any other such agreements are in full force and effect and there are no defaults (or any events that could ripen into defaults), and that the Management Agreement requires the Hotel Operator to comply with the terms of the Room Block Agreement	1. Certificate from Grand Hyatt and MB Mixed Use indicating the agreements we have in place (estoppel letters). 2. Signed room block agreement (exhibit attached to the lease agreement). LG will send draft for all section 7. Drafts sent to the City for review before sharing with Hyatt. Need confirmation these are good to send. 1) Hyatt recognition agreement; 2) Estoppels (7.27.23: drafts of the estoppels sent to the City for review prior sending to Hyatt)	In Progress	Before Construction Loan Execution Date
	7.2	(B) acknowledging that for so long as the Initial Hotel Operator is managing and operating the Hotel Project it shall observe and comply with the Room Block Agreement			
	7.3	(C) in the form of an agreement among Lessee, the Initial Hotel Operator and the City , to the effect that if this Lease is terminated as a result of any Event of Default, the Hotel Operator shall, at the City's option, continue to perform under the Management Agreement in accordance with the terms thereof and the Franchise Agreement so long as the Hotel Operator is being paid compensation thereafter accruing under the Management Agreement and the City shall perform, and the Hotel Operator shall accept the City's performance of, the duties and obligations under the Management Agreement to be performed by the Lessee, as "owner," thereunder, but only to the extent accruing from and after the date of termination of this Lease; provided, however, if the First Leasehold Mortgagee enters into a similar agreement with the Lessee and the Hotel Operator, the City agrees that the Hotel Operator shall continue to perform and such performance shall not be optional on the part of the City.			
	10	Lessee shall have delivered to the City Manager reasonable evidence that the Approved Plans (Exhibit E of Development Agreement) have been approved by the First Leasehold Mortgagee and the Initial Hotel Operator	a. City Manager to Approve Modification to the "Approved Plans" Exhibit E of Development Agreement to match Current Plans. b. MB Mixed Use (First Leasehold Mortgagee) letter indicating approval of "Approved Plans" c. Hyatt (initial hotel operator) letter indicating approval of the "Approved Plans" with conditions such as model rooms review	In Progress	Submitted. Minor comments to be addressed by April 2.

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SECTION 4.1b					Target Date for Submission to the City
Item #		DESCRIPTION	DOCUMENTS REQUIRED	STATUS	
III. PLANS & OTHER	6	Lessee shall have obtained, and shall have delivered to City a copy of, all Governmental Approvals necessary for the Commencement of Construction and for the demolition of all improvements currently located within the Hotel Site, the areas in which the Off-Site Improvements are to be constructed and the areas in which the Skybridge is to be constructed	Condition satisfied with Foundation Permit (Approved 7.3.223)	Complete	Complete
	8.2	Preparation and filing of applications for and obtaining all applicable Governmental Approvals described on Exhibit "K" for the Hotel Project (other than the items under paragraph 12 of Exhibit "K")	Folder with Early Work Permits and Foundation Permit. Note: requirement for Possession is foundation permit.	Complete	Complete
	11	Lessee shall have delivered to the City:	Executed Assignments	In Progress	April 4
		a) a duly executed Assignment of Plans and Approvals			
		b) duly executed Assignment of Hotel Project General Construction Contract			
	14	c) duly executed Assignment of Contracts and Agreements	Letter from Lessee	In Progress	1 day prior to possession date
		The representations and warranties made by the Lessee in this Lease pursuant to Sections 4.3(a) and 5.2 remain true and correct in all material respects on and as of the Possession Date			
	15	Lessee shall have delivered to the City a maintenance of traffic plan for the staging of the Work during the construction period (the "MOT Plan"), which MOT Plan shall have been Approved by the City Manager and which will include minimal disruptions to 17th Street and Convention Center Drive, subject only to closures for short time periods upon Approval by the City Manager as reasonably necessary to complete the Work	MOT plan approved by City Manager	Under Review	Submitted.
	16.a	Lessee shall have delivered to the City a parking and transportation plan for the off-site parking and transportation of construction workers (...)	Parking and transportation plan during construction.	Under Review	Submitted
	EASEMENTS	Lessee agrees that this Lease shall be subject to and contingent upon the execution of certain easements , including any applicable access easements. On the Possession Date, the easements in substantially the forms attached hereto as Exhibit "G" (the "Easements") shall be executed by all necessary parties. The Parties shall also, prior to the Possession Date, enter into any and all easements which may be required by Lessee to: (i) design, permit and construct enclosures regarding the Fillmore Theatre in the area of demolition; Develop, construct, operate, repair, maintain and reconstruct the Hotel Project, including to connect utilities to the Hotel Site as shown in the Approved Plans; The Parties shall thereafter cause the Easements to be promptly recorded among the public records of Miami-Dade County, Florida.			
		Easement Parcel 01: Right-of-Way Easement at new Hotel Alleyway	Legal Description and Sketch	Revisions in progress	April 2
		Easement Parcel 02: Skybridge	Legal Description and Sketch	Revisions in progress	April 2
		Easement Parcel 03: Temporary Staging Area (Construction Trailers & Sales Center)	Legal Description and Sketch	Complete	Complete
		Easement Parcel 04: Crane Easements ("Swing areas" per Balfour's MOT)	Legal Description and Sketch	Complete	Complete
		Easement Parcel 05: (NEW) Hotel Electrical Switchgear Room and conduits	Letter agreement with FPL re access and maintenance. Legal Description and Sketch	Complete	Complete

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SECTION 4.1b Item #		DESCRIPTION	DOCUMENTS REQUIRED	STATUS	Target Date for Submission to the City
IV. CONSTRUCTION CONTRACT	2	Lessee shall have entered into, and delivered to the City a duly executed copy of, the Hotel Project <u>General Construction Contract</u> (and all then existing change orders thereto), in form and substance and with a Hotel Project General Contractor Approved pursuant to Subsection 2.8(b) by the City Manager reflecting the guaranteed maximum price for completion of the lessee improvements	GMP Amendment and Corresponding Exhibits (Construction Agreement) with lump sum amount, schedule	Complete	Complete
	8.1	A <i>Schedule of performance</i> for the Hotel Project setting forth the dates and times of delivery of the Hotel project, including the Target Dates, the Outside Dates and other milestones for development and approval of the plans and specifications listed in Section 2.2	GMP Amendment and Corresponding Schedule Exhibits (Construction Agreement) with lump sum amount, schedule	Under Review	Submitted
	9	Lessee shall have presented evidence reasonably acceptable to the City that all insurance coverages required under this Lease (Section IX) are in place.	Certificates of Insurance	COI's from GC approved. Pending COI from MBMU	Partially complete

F:\CMGR\ALL\Convention Center Hotel\Hotel Post Referendum\Hotel Ground Lease Agreement_Deliverables for Possession\Conditions Precedent to Possession Log\Copy of MBCCH Possession Conditions - 2025-03-27 for April PSNQL Memo.xlsx\Pre-Possession

C4 AJ REFERRAL TO THE PUBLIC SAFETY AND NEIGHBORHOOD QUALITY OF LIFE COMMITTEE TO DISCUSS TIMELINE FOR CONSTRUCTION OF MIAMI BEACH CONVENTION CENTER HEADQUARTER HOTEL AND ANTICIPATED OPENING DATE.

Applicable Area:

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Commissioner Laura Dominguez

DATE: October 30, 2024

TITLE: REFERRAL TO THE PUBLIC SAFETY AND NEIGHBORHOOD QUALITY OF LIFE COMMITTEE TO DISCUSS TIMELINE FOR CONSTRUCTION OF MIAMI BEACH CONVENTION CENTER HEADQUARTER HOTEL AND ANTICIPATED OPENING DATE.

RECOMMENDATION

BACKGROUND/HISTORY

Please place an item on the October 30, 2024 City Commission meeting agenda as a referral to the Public Safety and Neighborhood Quality of Life Committee ("PSNQLC") to discuss the timeline for construction of the Miami Beach Convention Center Headquarter Hotel and anticipated opening date.

The Administration should be prepared to discuss any tasks that must be completed before formal possession occurs pursuant to the Development and Ground Lease Agreement and an overview of the anticipated timeline for construction. If desirable, the Administration should ask that a representative of the developer's team be present to respond to any questions by the PSNQLC.

ANALYSIS

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-notice/>

FINANCIAL INFORMATION

CONCLUSION

Applicable Area

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

Department

Office of Commissioner Laura Dominguez

Sponsor(s)

Commissioner Laura Dominguez

Co-sponsor(s)

Commissioner Alex Fernandez

Condensed Title

Ref: PSNQLC - Miami Beach Convention Center Hotel Timeline and Opening Date
(Dominguez/Fernandez)