

MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Steven Meiner and Members of the City Commission

FROM: Ricardo J. Dopico, City Attorney 

DATE: May 15, 2024

SUBJECT: **AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING CHAPTER 34 OF THE CITY CODE, ENTITLED "COMMUNITY DEVELOPMENT," BY AMENDING ARTICLE II, ENTITLED "COMMUNITY REDEVELOPMENT," BY AMENDING DIVISION 3, ENTITLED "REDEVELOPMENT TRUST FUND," BY AMENDING SECTION 34-87, ENTITLED "PROHIBITION," TO AUTHORIZE THE REVIEW AND APPROVAL OF CERTAIN REQUESTS FOR FUNDING FROM THE REDEVELOPMENT TRUST FUND OF THE CITY OF MIAMI BEACH REDEVELOPMENT AGENCY TO SUPPORT THE DEVELOPMENT OF PUBLIC AREAS OF THE CONVENTION CENTER HEADQUARTERS HOTEL CONSISTENT WITH SECTION 163.370(2)(C)(3), FLORIDA STATUTES; PROVIDING FOR REPEALER, SEVERABILITY, CODIFICATION, AND AN EFFECTIVE DATE.**

This Ordinance has been placed on the City Commission meeting agenda for First Reading at the request of Commissioners Alex J. Fernandez and Tanya K. Bhatt. The Ordinance has been drafted pursuant to the direction of the Board of the Miami Beach Redevelopment Agency ("Agency") at its meeting on March 13, 2024.

Section 163.370(2)(c)(3), Florida Statutes (the "Redevelopment Act"), authorizes the use of Agency resources to support "public areas of major hotels that are constructed in support of convention centers, including meeting rooms, banquet facilities, parking garages, lobbies, and passageways."

The City, through Resolution 2018-30425, approved a development and ground lease agreement between the City and MB Mixed Use Investment, LLC, a Florida limited liability company (the "Hotel Developer") for the development and operation of the Convention Center Hotel contemplated by the Redevelopment Plan at the location defined in the lease agreement (the "Hotel Parcel"). The Hotel Parcel is ready for the commencement of construction of the Convention Center Hotel upon the closing of construction financing. Due to widespread market conditions, the cost to construct the Convention Center Hotel has increased by more than \$237 million since the award of the lease agreement, and current debt and equity markets cannot alone finance the construction cost of the Convention Center Hotel.

On March 13, 2024, the Board of the Agency adopted a motion directing Agency staff to negotiate a grant agreement with the Hotel Developer to provide financial support from the Agency trust fund for the support of the Convention Center Hotel (the "Motion").

Section 34-87 of the City Code currently prohibits the use of Agency funds to support a project that is owned by or leased to a private entity. Accordingly, the amendments set forth in the attached Ordinance have been drafted to permit the consideration of a grant of Agency funds to the Hotel Developer to support the construction of the hotel, as previously authorized by the Agency Redevelopment Plan and the Redevelopment Act, and pursuant to the direction of the Agency Board on March 13, 2024.

RJD/NK/sp