



CONVENTION CENTER ADVISORY BOARD MEETING

June 13, 2023 – 9:30 AM

AGENDA

1. Call to order

Chair Lawrence Herrup called the meeting to order at 9:30 a.m.

2. Approval of Minutes from the May 9, 2023, Meeting (Action Item) – Minutes unanimously approved.

3. Old Business

a. Status Reports:

i. City of Miami Beach

1. MBCC Hotel Update – Terra Group

David Martin, CEO of Terra Group, provided background and an update on the Convention Center hotel project. In June 2022, the foundation permit for the hotel construction was filed. The good news is that they received the permit after fulfilling all agency requests and the expectation is to receive the permit next week. In June/July of 2022, approval was granted to start the early work phase. This involved utility work, such as relocating FPL duct banks and stormwater culverts. Additionally, the back portion of the Jackie Gleason facility was demolished, and a rehabilitation facility was established. The team has been working on these tasks, which were estimated to take 12 to 14 months.

The completion of the early work phase is expected in August or September. In November 2022, the general contractor for the project was selected, Balfour Beatty Construction. The construction drawings were bid out to the entire subcontractor community on January 4, 2023. It was reported that the project has met an 80% threshold of IR (Investment Return). Securing lump sum agreements through the general contractor for all direct costs of building the hotel was identified as a critical piece for construction financing.

Input from various subcontractors was obtained to develop the construction schedule. In March 2023, the team worked with construction lenders to solidify the construction loan, as the goal is to close the construction loan in October 2023, once the early work phase is completed and a notice to proceed is issued. The team has been working on finalizing architecture, engineering, interior design, and consultants. Drawing approvals and permits have been obtained, along with coordination of early work requirements from Balfour Beatty.

The project is falling within the same timeline communicated with the city approximately a year ago. Logistics planning is considering the Convention Center activations, schedule, events, and parking.

Meetings have been held with Balfour Beatty on routine updates and discussions related to the logistics system. David expressed the team's excitement for the upcoming construction of sales rooms and model rooms over the next six (6) months, as well as the necessary logistics and means for meetings. Close coordination with the city was emphasized.

During the meeting, a discussion took place regarding the anticipated groundbreaking and grand opening dates of the project. The grand opening date is projected to be in spring of 2026. The team plans to close the construction loan in October and issue the notice to proceed around October or November. Several term sheets for financing have been received, and negotiations are underway; the goal is to finalize the commitment by the end of July. Collaboration and support from various agencies, including the Miami-Dade County Division of Environmental Resource Management, were mentioned as crucial for planning initiatives. The team is currently focused on satisfying pre-possession conditions outlined in the development process. Under the early work phase, the project operates under a site access agreement adopted a few years ago, ensuring compliance with all permits and regulations. Concerns were raised about the impact of construction on the south loading dock of the Convention Center and the installation of the skybridge. The team confirmed ongoing discussions with Freddie and the Convention Center team would take place as the goal is to schedule the installation during nighttime hours unless the south loading dock is not in use. Further details and a construction schedule from Balfour Beatty will be provided to address any potential conflicts with Convention Center events. Freddie Peterson chimed in thanking Elsa, David, and the rest of the team for their excellent communication.

Member Chris Gloede expressed curiosity about the discussions concerning the Fillmore and its future impact on the project. David acknowledged that the current focus is on the ongoing project and its construction, but the team is open to supporting any decisions made by the city and residents regarding the Fillmore. Provisions have been made to accommodate the preservation of the existing structure if that is the desired outcome. In the event the city decides on a new development or vision plan for the Fillmore, the team is willing to engage in coordination and integration efforts. David emphasized that the team would let the city take the lead determining the alternatives and feasibility studies for the Fillmore. The team is prepared to collaborate with the city's vision and work towards integration once a clearer direction is established.

The discussion shifted to the progress and implications of the revised timeline for the hotel project. Concerns were raised about the impact of the change in timing, from fall 2025 to spring 2026. It was acknowledged by David Whitaker (GMCVB) that clients planning conventions and events need a definitive date rather than a general season. The opening of the hotel sales office and the ability to commit to room availability were identified as key components for attracting business. The collaboration with Hyatt and their dedication to providing support and certainty were emphasized. The need to establish a timeline where Hyatt can confidently offer a certain number of rooms, even if contracts cannot be finalized immediately, was highlighted as crucial for closing deals. It was noted that January and February are not peak convention times, but April, May, and June, including the summer, are crucial for attracting business. Clients may choose alternative options or delay their events to a later date, such as 2027, to ensure certainty. The interest in the hotel project and the positive reception of the building improvements were acknowledged as favorable factors. The city's leaders were commended for their investment in the building and the vision behind the project, which has generated significant interest. However, clients require

more certainty before committing to bookings and contracts. Chair Herrup emphasized the importance of working towards a clearer timeline, collaborating with Hyatt, and providing the necessary assurances to clients to secure bookings for the hotel.

Furthermore, the significance of the entire permit set, not just the foundation permit, was emphasized by Member John Aleman. It was requested that David from Terra Group provide the critical path dates for the full permit set, including the relevant agencies involved. The possibility of informing the county in advance to facilitate the permitting process and ensure smooth progress was discussed. Chair Herrup suggested working with Heather, reviewing the critical path, and reporting on any areas where the board could aid or support, perhaps through a Letter to Commission (LTC) process.

Finally, it was agreed that the developer should communicate the permit set and critical path to the board, rather than the CCAB attempting to determine it independently and it was suggested to update the CCAB on this matter. The public forum was considered a potentially helpful platform to raise awareness if any delays in permitting were caused by the city. The involvement of Commissioner Higgins, who represents the district, was discussed to provide support, and communicate the importance of the project. The CCAB agreed to inform Commissioner Higgins about the project's milestones and extend an invitation for her or her staff to attend the next meeting or join via Zoom. The invitation aimed to provide a direct update to the Commissioner and allow her to hear from the stakeholders involved.

ii. Marketing & Sales - David Whitaker (GMCVB)

1. Florida Travel Advisories

Mr. Whitaker emphasized the importance of not exacerbating crises but rather managing them effectively. Public perception and headlines were noted as crucial factors to consider. The impact on leisure tourism and meetings and conventions in Miami and Miami Beach were discussed as separate but related subjects. Various issues beyond the current situation were highlighted, including LGBTQ rights, education in public schools, immigrant safety, and reproductive rights. Gun violence was also mentioned as a significant concern, particularly for European travelers. The challenging hotel occupancy and demand growth in the past few months were noted, with a reminder that comparisons to the previous year's exceptional performance may not provide an accurate representation. The potential unseen impact of lost opportunities, both known and unknown, were mentioned. The importance of focusing on positive aspects and the efforts made by the organization were highlighted. It was also emphasized that travel advisories should not be equated with boycotts and provided examples of support from organizations such as the NAACP and the National Coalition of Black Meeting Planners. Mr. Whitaker shared various programs and achievements related to inclusivity, diversity, small business development, scholarships, and cultural promotion.

It was mentioned that, as of now, no major convention has definitively canceled due to the travel advisories. However, ongoing discussions between hotels and some meetings regarding their decisions were acknowledged. The need for continued monitoring and engagement with clients was emphasized. Changes in state legislation and ongoing discussions with partners were identified as factors that would influence the situation.

iii. Operations - Freddie Peterson (OVG360)

It was mentioned that June is a very busy month for hosting tournaments and events. Four (4) events are currently taking place simultaneously at the venue, including the World and

Travel Taste event and BeautyCon World. One of the significant events this month is Cruise Ship Interiors. The month will conclude with the FIME and SuperCon events, scheduled to move in at the end of the month. July is expected to be slightly slower, with two upcoming events: Swim Week and Cabana, along with the city's Summer Senior Bash.

In addition to hosting events, there is a significant focus on maintaining and operating the 1.4 million square feet of space at the venue. The venue also played a crucial role in emergency management for the county, primarily in terms of sheltering and recovery during severe weather events. It was mentioned that the Director of Sales, Micah Allen, has left the organization to join the New Orleans Convention Center. Her departure was acknowledged with appreciation for her 15 years of service and best wishes in her new role. Christian Jaramillo was introduced as the new senior sales manager and was recognized for his efforts and commitment to keeping operations running smoothly. The sales team has been busy, with numerous leads coming in, and efforts are being made to accommodate business from the April-May-March timeframe into August.

Chair Lawrence expressed concerns regarding the need for repairs, maintenance, and callbacks from the city due to the high level of activity at the venue. It was mentioned that while budgets for the 2023-2024 fiscal year might be finalized, attention should be directed towards the 2024-2025 fiscal year. The focus is on ensuring the facility remains not just cutting edge but leading edge to compete effectively with other venues worldwide. The importance of starting the pitch for the 2024-2025 fiscal year budget was emphasized to provide the necessary tools and resources for David, Christian, and the entire sales team to outperform the competition. The goal is to negotiate fruitfully and avoid potential setbacks where potential clients may express interest but perceive the facility as not being up to their expectations. Furthermore, Chair Herrup acknowledged the presence of a great team, including Rickelle, Heather, Luis, and a supportive city manager, who understand the importance of the facility's upkeep.

iv. Food & Beverage - Danny Medina (Sodexo Live!)

Danny cited the busy month of May, highlighting various events and initiatives. Activities included participating in the Sodexo Stop Hunger foundation, partnering with OVG360 partners and MBCC to cook soup for Camillus House, and serving approximately 300 people. Food waste diversion and minimizing the facility's footprint were highlighted, with over 55,000 pounds of food waste diverted from the landfill since May 2022. Collaboration with Compost for Life allowed the generated compost to be used in the facility's gardens at the Rum Room. The staff's commitment to collecting food scraps and focusing on sustainability was commended. A meeting with the city Environment and Sustainability Department was scheduled to further discuss sustainability initiatives and continue working toward the mission. The team expressed pride in their accomplishments and looked forward to the fall season, the launch of a new menu for the Convention Center and working with Art Basel. Changes to operating hours were mentioned, with discussions focused on finding the optimal schedule. The opening time for the Rum Room & Venu was shifted earlier, and consideration was being given to possibly extending the closing time on weekends to capture more late-night crowds. A suggestion was made to leverage the convention attendees by informing them about the late-night operations at the Rum Room. The idea of offering discounts to convention-goers who present their badges and organizing late-night happy hours on Fridays and Saturdays was considered. The team expressed plans to work closely with show organizers to promote the venue's offerings to the thousands of attendees at each event. The team acknowledged the importance of sharing the finalized plans and offerings with the group, including a late-night strategy.

4. New Business

5. Good and Welfare

Chair Herrup reminded everyone to ensure they have filled out their financial disclosure forms and submitted the affidavit of affiliation with the City of Miami Beach. A reminder was given that the deadline for submission is the 31st of the month.

Heather Shaw took a moment to introduce two (2) interns and highlight the importance of fostering the next generation. Seth Kessler, a student at Duke, and John Tandy, a student at American University, were acknowledged as interns who are gaining valuable experience by participating in the meeting and being part of the Economic Development team for the summer.

6. Adjournment – Chair adjourned the meeting at 10:35 am. Next meeting is July 11, 2023, at 9:30 a.m. in the MBCC Business Center.

7. Attendance – Lee Zimmerman absent.