



CONVENTION CENTER ADVISORY BOARD MEETING

September 12, 2023 – 9:30 AM

AGENDA

1. Call to order

Chair Lawrence Herrup called the meeting to order at 9:35 a.m.

2. Approval of Minutes from the July 11, 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

Mr. Martin shared an overview of current real estate market conditions, particularly focusing on the impact of increased interest rates on various portfolios. It was noted that the real estate market, especially multifamily and some industrial portfolios, has been affected by higher interest rates, resulting in impairments, particularly for assets trading at lower caps, around three and a half caps. Despite the challenges posed by the interest rates, it was highlighted that the return on equity (ROE) remains around 10% to 11%, signifying continued good performance, even comparable to 2019 levels.

The discussion then shifted to the financing status of the project. It was mentioned that a construction loan had been negotiated for the guaranteed maximum price (GMP) contract for approximately \$465 million. The financing will be divided between a lender providing \$325 million and five other lenders contributing around \$135 million. A decision on financing is expected within the next 30 days, despite some logistical challenges due to the absence of decision-makers during this period.

Mr. Martin shared the project's general contractors, Balfour Beatty, has successfully secured 85% to 90% of the subcontractors. This is a positive development because subcontractor engagement is a contingency for loan closure. The project also received its foundation permit, paving the way for further progress. The timeline indicates that work on the foundation is likely to begin in November 2023, with details to be discussed further. However, a setback was noted concerning early work. Delays were experienced

with Florida Power & Light (FPL), primarily due to their involvement in hurricane relief efforts. FPL's delay impacts the project's schedule, and a 60-day delay from the original early work agreement is projected. It was emphasized that the early work scope would still be completed within this extended timeline.

Regarding permits, the foundation permit has been obtained, while the tower permit is expected in approximately six (6) months. Mr. Martin acknowledged the hard work of the project manager in facilitating the permitting process. In response to offers of assistance, it was noted that the project was well-supported, especially in terms of data and information. Coordination efforts, with city departments, are underway, focusing on the sequencing of construction activities, road closures, and pedestrian safety measures. The meeting concluded with the assurance that the project team is dedicated to closing the financing efficiently and on time. Mr. Martin emphasized patience during the ongoing process and appreciation for the support provided by all involved parties.

Pride Park Update – City of Maimi Beach - Heather Shaw

Heather Shaw began by explaining that the inclusion of Pride Park on the agenda was due to its relevance to both DesignMiami and the OVG360 items, which were on the September City Commission agenda. The Commission has an item to approve an agreement with DesignMiami for the use of Pride Park and to discuss authorizing negotiations with OVG360 for the operation of the Convention Center. It was explained that Pride Park was of significant importance to these two items, as well as the Palm View community. It was noted that Commissioner Fernandez had referred an item related to Pride Park to the Public Safety and Neighborhood Quality of Life Committee (PSNQLC), and Commissioner Meiner currently has a similar item on the PSNQLC September meeting agenda that was deferred in July.

It was further clarified the management of Pride Park is shared by OVG360 and the City. While OVG360 operates the park, a special event permit for the use of the park, is still required. Miami Beach Special Event Guidelines have been amended to include a 30-day notice for Pride Park utilization. Several surveys had been conducted, and the Palm View community provided feedback. Concerns were raised, including the Palm View preference for the park to be passive rather than overly activated; reduce the park's availability for special events from 120 days to around 75 days; allowing only DesignMiami and the Miami International Boat Show to use it; exceptions were expressed for countywide events like the Super Bowl. The Palm View feedback also noted a desire for park maintenance and management to return to the City's Parks and Recreation Department instead of being handled by a private entity, even though the private entity operated it on behalf of the city. Additionally, Palm View wants more community programming in the park. Ms. Shaw emphasized that these discussions would likely impact the Convention Center as it was part of a larger campus that included the Fillmore, hotel, and other facilities. The Convention Center's promotion and sales contribute to room nights in local hotels and resort tax revenue. It was encouraged for committee members to stay informed about these developments, as they might want to voice their opinions during discussions.

Committee member John Aleman inquired about how the Palm View neighborhood had communicated their concerns. Ms. Shaw explained that the Palm View Neighborhood Association chair initially raised the issue, followed by email correspondence between the community and the City.

Committee member Aleman asked for clarification on the specific problems raised by the community to which Ms. Shaw summarized the concerns, including the desire for a

passive park, reduced days for activation, park management by the city, and more community programming. Furthermore, Committee member Aleman raised the question of whether the proposed reduction in activation days would affect the Convention Center's activities. Ms. Shaw explained that it would depend on the nature of the activations, and some smaller events would still be possible. Committee member Aleman emphasized the need for the committee to formally request a certain number of days to be dedicated for Convention Center purposes to prevent potential conflicts with other park activities. Several committee members agreed with Committee member Aleman and expressed their support for this request and stressed the importance of preserving the Convention Center's vitality.

Chair Herrup pointed out that the park has a historical context, having been a golf course/parking lot before conversion into a park. It was emphasized that the park was intended to be returned to a park with activation opportunities for the Convention Center. He later circled back to the Pride Park item and what action the board should take to inform the Commission of the board's position on its utilization. He furthermore initiated the discussion, asking if anyone would like to propose a motion on behalf of the committee or if the committee should issue a Letter to Commission (LTC). Support was expressed for issuing a LTC, mentioning that discussions were scheduled with the PSNQLC for September 20th. Committee member Aleman emphasized the importance of having clear articulation of the desired number of days for Convention Center activities based on studies, data, marketing goals, and objectives. Committee member Jacobs proposed sending a letter in advance of both meetings to communicate the committee's position to the Commission. Committee member Aleman chimed in emphasizing that the committee's intention was not to limit usage but to provide boundaries.

Committee member Hernandez acknowledged the need for flexibility and suggested issuing a LTC to maintain the status quo initially, followed by a response based on the Neighborhoods Committee's decision. Chair Herrup then inquired about the ideal number of days for Convention Center activities. Heather emphasized that the City had not yet had the opportunity to test the 120-day limit thoroughly and suggested maintaining flexibility to adapt as needed. Chair Herrup then proffered a motion, stating that the committee supports maintaining the 120-day limit with an exemption for countywide events and discretion granted to the city manager for necessary modifications. The importance of working closely with neighborhood associations and the Convention Center Advisory Board was emphasized.

Motion: The Convention Center Advisory Board recommends the City: a) maintain at least the 120 day annual limit on events in Pride Park as written in the City's Special Events Guidelines due to Pride Park's critical nature in the sale, promotion and utilization of the Convention Center campus; b) exclude county-wide events (such as Super Bowl and Formula 1 type events) from the 120-day limit, as proposed by the Palm View Homeowner's Association (HOA); and c) given that despite the fact that Pride Park is part of the managed Convention Center Campus, the 120-day annual limit is a shared limit that includes non-convention center events, that the City authorize the City Manager the discretion to extend the number of days event may occur in Pride Park, where the event is in the best interest of the City and creates a meaningful economic impact, taking into account feedback from the Convention Center Advisory Board, Palm View HOA, Greater Miami and Miami Beach Convention and Visitor Bureau (GMCVB), and the management of the Miami Beach Convention Center.

Chair Herrup called for a roll call vote, and the motion passed unanimously. He requested that the LTC be drafted and sent to the committee and ex officio members for review as

soon as possible and also suggested forwarding it to Commission by Friday, September 29.

ii. **Marketing & Sales** - GMCVB – David Whittaker

Mr. Whitaker presented an economic impact study, which focused on the effect of events on sales tax revenue and provided additional facts and figures. The presentation reflects the economic impact of events held at the Miami Beach Convention Center, with a focus on 22 major events that contribute significantly to the local economy. Mr. Whitaker emphasized that not all event details are available, particularly for proprietary events like Art Basel. The presentation uses a nationwide model to calculate economic impacts, including direct and indirect sales, room nights, and job support.

For the 22 events discussed, the presentation reveals the following impacts:

- Direct economic impact: \$55 million
- Total economic impact: Nearly \$94 million
- Room nights generated: 61,000

The presentation highlights that 2023 performance is solid but not exceptional due to recovery from COVID-19-related challenges and renovations. It also outlines the impressive list of events scheduled for the coming year, projecting a much higher economic impact, with almost \$137 million in direct impact, nearly 100,000 room nights, and substantial tax revenues exceeding \$23 million, including a significant contribution to the city. Overall, the presentation emphasizes the vital role of the Convention Center in driving economic growth in the local community and generating revenue that benefits various businesses and services, thanks to collaboration with the city and its partners.

Mr. Whitaker went on to mention that it had been about two (2) years since the GMCVB had started this journey and highlighted the successful recruitment of Carol Motley. He noted that Carol was currently attending Trade Show Executive's Gold 100 Awards & Summit event in San Diego, which hosts the Trade Show Executive's Fastest 50 Conventions. He then explained he had some slides to share and noted that there are approximately three (3) more weeks left in their sales cycle.

A chart was displayed indicating the current number of confirmed sales, which stood at a possible 12. He further elaborated that seven (7) of these sales were confirmed, while five (5) were pending license agreements, signatures, or deposits. He expressed confidence in securing at least two (2) of the pending sales, as they had commitments, letters of agreement, hotel contracts, and lease agreements in place. He detailed their progress and mentioned that they were on track to exceed their goal of 11 wins, with the possibility of reaching 12. However, he emphasized the need to remain cautious and not count their successes prematurely. A slide was shared showing the events and their respective dates, with six (6) Priority 1 (P1) events and four (4) Priority 2 (P2) events.

Mr. Whitaker concluded with sharing information about their significant increase in leads, growing from 78 leads in the previous year to 176 leads currently. They attributed this success to the increased interest in the destination, the appeal of the venue, and their continuous efforts to build and maintain a strong pipeline. Chair Herrup asked which events were still in the pipeline and awaiting confirmation to which David replied to eXp Realty had verbally committed to a multi-year agreement. Three (3) of these agreements had been signed, and they were now awaiting the deposit checks to finalize the deal. Mr. Whitaker further elaborated on the concept of incentives that were offered to secure these

events. Incentives included sponsoring receptions for board meetings, organizing events for the city to announce the event's arrival, negotiating expense reductions in the Convention Center, and collaborating with hotels to provide room rebates, contributing to the event's revenue.

iii. Operations – OVG360 - Freddie Peterson

Mr. Peterson noted August was dedicated to maintenance and upkeep of the venue to prepare for upcoming events in the months ahead. An event focused on safety and security was hosted in collaboration with IAVM (International Association of Venue Managers) on August 10th. The event drew attendees from various sectors, including first responders and hotels underscoring the commitment to safety and security.

The Convention Center is set to host approximately nine (9) events in September, including a significant medical event - the Lymphatic and Vein Societies gathering. The Independent Hotel Show, in partnership with the GMCVB and the GMBHA, is another highlight for September. Mr. Peterson shifted the discussion to the exceptional performance of the sales team, highlighting that they had exceeded their goals by reaching \$1.4 million in the fiscal year, surpassing the initial goal of \$1.2 million. Additionally, the short-term sales team already has 26 events booked for FY24, indicating strong partnerships and growing interest in the venue. The recent website launch in April has led to an influx of leads, and the team is doing an excellent job in managing inquiries. Committee member Hernandez shared positive feedback received at the recent Southern District of Florida *Bench and Bar* Convention hosted at the Convention Center. The event was highly successful, with attendees praising the venue's facilities, cleanliness, and exceptional food. It was noted that feedback from the attendees was overwhelmingly positive, particularly highlighting the quality of the food and the professionalism of the staff.

iv. Food & Beverage – Sodexo Live! – Danny Medina

Mr. Medina began by sharing updates and highlights from the summer months of July and August. It was noted that there was a slightly lighter volume during this period. The *Bench and Bar* event kicked off the season, with the sales team achieving success in hosting this event. The Rum Room hosted several events, gaining momentum. Notably, there was a Small Business Cybersecurity Resiliency Networking Event, in collaboration with IBM and the Economic Development Department, which received positive feedback. Moreover, the Rum Room received notable recognition in local publications and even nationally in magazines like Food Management. An article highlighted the Convention Center's food recovery and on-site agricultural efforts. A recent private event hosted by SunTrust/Truist Bank was mentioned, along with a mixology team working on exciting creations. Danny invited everyone to join for happy hour daily from 5 p.m. to close and introduced a new brunch initiative on Sundays. He concluded by highlighting Chef Samantha's recent achievement as the winner of Season 2 of Food Network's "Beachside Brawl." While unable to provide extensive details due to Food Network's unique restrictions, he expressed pride in her accomplishment and mentioned that more information would be shared in the coming months. Chair Herrup inquired about the new hours for the Rum Room. Danny provided the following details:

- Lunch Hours: Tuesday to Friday, 11:30 a.m. to 2:30 p.m.
- Dinner Hours: Tuesday to Thursday, 5:00 p.m. to 9:00 p.m.; Friday and Saturday, 5:00 p.m. to 10:00 p.m.
- Brunch: Sundays, 11:00 a.m. to 3:00 p.m.
- Happy Hour: Every day from 5 PM to close
- Power Lunch Deal: Offered Tuesday to Friday, including an appetizer, entree, and dessert.

The board also learned that the Rum Room continues to participate in Miami Spice, offering a great deal for \$45, including an appetizer, entree, and dessert.

4. New Business

Chair Herrup shared an important announcement regarding upcoming vacancies for the Chair and Vice Chair positions on the committee. He informed the committee that both he and Vice Chair Matos will leave the committee in December 2023 due to term limits. They explored the possibility of extending their terms due to the force majeure clause related to the COVID-19 situation. However, the City Clerk confirmed that there was no possibility of extending their terms. Due to the Sunshine Law limitations, direct communication was not possible, so Heather would facilitate the process. By participating in the process, individuals interested in these leadership roles would be well-prepared to assume their responsibilities come January. This proactive approach would ensure a smooth transition and continuity in the committee's work.

Heather Shaw chimed in to mention that committee members appointed by departing commissioners will need to be reappointed as well.

5. Good and Welfare

David Whitaker announced the GMCVB annual meeting, to be held at the Convention Center on Thursday, October 26, at 3:00 p.m.

In addition, David acknowledged Chair Herrup for his contributions and mentioned that they may find a way to recognize him and the Vice Chair during the event, as they are highly deserving of such recognition.

- 6. Adjournment** - Chair Herrup adjourned the meeting at 11:10 a.m. Next meeting is Tuesday, October 10, 2023, at 9:30 a.m.