



CONVENTION CENTER ADVISORY BOARD MEETING

May 13, 2024 – 9:30 AM

Meeting Minutes

1. Call to order

Chairwoman Jacobs called the meeting to order at 9:37 a.m.

2. Review and approve March 12, 2024 meeting minutes (Action item)

Vice Chair Anthony Hernandez noted a correction on page 6 referencing him.

Heather Shaw introduced David Martinez, Interim Assistant City Manager.

3. Old Business

a. Status Reports:

i. Convention Center Hotel Update – David Martin – Terra Group

David Martin expressed gratitude for the opportunity to present and emphasized the project's importance to him, highlighting his involvement since 2018. The project faced several challenges, including a referendum, an appeal that lasted a year, and the COVID-19 pandemic, which delayed progress. Despite these obstacles, significant investments have been made, totaling over \$25 million. The entire job was bid on in 2023, and Balfour Beatty was onboarded as the general contractor. The project is 90% bought out, and the necessary permits to start construction have been acquired. The team is working on preparing the site, and the foundation permit has been obtained, with the vertical permit expected soon. Mr. Martin informed the committee that construction costs have increased significantly from \$263 million in 2018 to approximately \$450 million today, driven by inflation, private equity activities, and the competitive construction industry. The project currently faces a funding gap of \$227 million. Mr. Martin detailed the financial structure, involving JP Morgan for the construction loan and equity, and discussed ongoing negotiations with the City of Miami Beach for a grant package. The grant is crucial for closing the funding gap, and discussions with the county are underway to extend the RDA's funding period from 2033 to 2036. The project promises significant public benefits, including job creation and substantial tax revenues for the city, county, and school board. Mr. Martin outlined additional community benefits, such as provisions for emergency use of the hotel facilities and support during crises.

Committee member Carl Linder expressed concerns about the project's financial viability and the return on investment. Mr. Martin explained the projected NOI of \$60 million and discussed financing details, including interest rates and the expected stabilization period of three years. Mr. Linder asked when groundbreaking is expected. Mr. Martin is hopefully and striving for September – October 2024.

Mr. Gidney asked about the economic value to the city and the project's updated financial projections. Mr. Martin confirmed that the city's projected annual tax revenues, from the project, are significant and agreed to provide updated before-and-after financial comparisons. Vice Chair Anthony Hernandez asked about impact of potential Federal Reserve rate hikes on the project's financing. Mr. Martin noted that the project's financing is relatively stable despite potential rate increases, as most costs were locked in 2023. Chairwoman Jacobs asked about the 99-year lease and possession conditions, to which Mr. Martin explained there are certain conditions required to take possession, including the constructional close. He confirmed that work is progressing under an early works agreement to avoid delays. Chairwoman Jacobs then expressed gratitude to David Martin for the detailed presentation and ongoing commitment to the project.

ii. City of Miami Beach – Heather Shaw - Economic Development

Ms. Shaw highlighted the ongoing efforts to finalize the budget in preparation for the June 26, 2024, Commission Meeting. She also added upcoming events include the Feinberg Fisher School and South Pointe Elementary graduations on May 30th and 31st, the Senior Prom in the same week, and summer Tai Chi classes for seniors.

The success of the eMerge Americas event was shared and its positive impact on Lincoln Road businesses. The TEDx Miami event partnering with Lincoln Road for an after-party. David Martinez, Interim City Manager, asked whether the hotel deal goes directly to the Board of County Commissioners or through a committee first. Ms. Shaw believed it goes to a committee first. Vice Chair Anthony asked if there was a resident discount to book the convention center. Ms. Shaw explained there is no resident discount, but negotiations can vary based on time of year and other factors. The application process for city departments and nonprofits to use the convention center were explained:

- Nonprofits have their own application and waiver which allows for the rental cost of the space to be waived after city manager, Economic Development & Commission's approval.

- If a city department wants to use the space, there is a waiver process that includes approval by assistant city manager and city manager. It is strongly encouraged to request the space at least 180 days in advance to properly accommodate the request and other events already taking place.

Mr. Jaramillo noted an increase in last-minute bookings and a high utilization rate of the venue, with events happening once or twice a week. Ms. Motley chimed in mentioning the success of the meeting planner newsletter in promoting the convention center and the Rum Room and Venue. Efforts to bring more groups to the convention center through familiarization tours and targeted marketing were also highlighted. Vice Chair Anthony suggested considering a covered walkway between the convention center and the restaurant to mitigate the impact of rain on foot traffic going into hurricane season.

iii. Marketing & Sales – GMCVB – Carol Motley

1. Presentation on Convention Center Hotel Economic Impact

Ms. Motley began by stating the presentation would cover recent numbers from October 1,

2023, to the end of April 2024, economic impact, the headquarter hotel project, and a new marketing video. Through April 30, the economic impact for nine groups scheduled through 2027 was discussed. Four groups have occurred, and more are anticipated. Contracts with Adobe, Iconnections, and Fraternal Order of Police are confirmed. Sibos is in the final stages, with a destination booking agreement signed, potentially adding \$152 million in economic impact. The total projected economic impact is over \$200 million. It was noted, work continues with Destinations International to break down economic impacts specific to Miami Beach.

Board member Chris Gloede inquired about Adobe's discussions with the Lincoln Road development group regarding activations. Ms. Motley confirmed Adobe's site visits and ongoing discussions, with another 75 people visiting soon. Current hotel production numbers are at 70% of the annual goal, with efforts to increase summer business through a \$5 room rebate program. Momentum in city-wide leads has increased significantly, with 120 leads already this year. Ms. Motley discussed tracking groups lost due to the absence of a headquarter hotel, affecting booking potential. Ongoing booking efforts continue despite this challenge, with significant economic impacts achieved. Vice Chair Anthony inquired about presenting these findings at the RDA meeting to which Ms. Motley stated she had not been asked to present but is open to it. Mr. Gidney inquired about missed opportunities and potential bookings with a headquarter hotel. Ms. Motley provided conversion rates (20-23%) and detailed the types of groups interested such as association, medical, and corporate.

Mr. Gloede asked about the logistics of 800-room capacity for the headquarter hotel and coordinating with other hotels. Ms. Motley explained the lead is sent out to the entire Miami Beach demographic of hotels but usually the interested party will come to the headquarter hotel first and ask for 640 rooms, which would be 80% of the hotel. Once that has been sorted, her team specifically puts together the complete hotel package.

Mr. Linder questioned the average room rate and its impact on revenue projections. It was clarified that the average rate is based on county research and is a cautious estimate. Furthermore, Ms. Motley introduced a new video produced to market the Miami Beach Convention Center and its surrounding district. The video will be updated with new developments and renderings as they occur.

v. Operations – OVG360 – Freddie Peterson

Mr. Peterson asked Mr. Jaramillo if there were any updates on his end. Mr. Jaramillo reported an increase in various conventions, particularly Galaxy Cons, Anime, and last-minute requests. Plans to shift these events to "need" times were discussed, particularly August and December. It was noted upcoming religious groups include a Jehovah's Witness event with over 15,000 attendees for July 2025. Significant interest in sports events and dance competitions were highlighted with quick turnaround bookings becoming more common.

Mr. Linder noted the seating issues at the Seatrade Cruise Global Conference, where additional chairs were brought in during the event. Mr. Peterson explained that room sets are determined by show managers and adjusted as needed, often to maintain a full-room appearance for marketing purposes. Coordination with contractors and the fire department ensures compliance and safety. The complexities of event management were discussed, emphasizing coordination with multiple stakeholders, and maintaining safety standards.

The upcoming schedule was outlined with 37 events across April, May, and June, including annual events and city of Miami Beach events. The city's investment of \$640 million into the convention center was touched on and continued reinvestment with 16 capital projects totaling nearly \$10 million.

Chairwoman Jacobs called for a motion:

Motion: The CCAB commends the Miami Beach Convention Center teams and vendors for their commitment to excellence and quality service during the activation and execution of the Temporary Commission Chamber at the Miami Beach Convention Center.

Motion made by: Antonio Hernandez

Seconded by: Prakash Kumar

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

Danny Medina began by stating April was an exceptional month focused on quality over quantity. Major events included Seatrade Cruise Global Conference and Axon, among four or five others. He noted over 1,000 service orders fulfilled, mostly hosted events, and 25,000 beverages sold, equivalent to 3,000 gallons of product. Water was the top seller with nearly 10,000 bottles sold. Lunch was the most provided meal, with turkey sandwiches being particularly popular.

Revenue from April events surpassed the Miami Boat Show and nearly equaled Art Basel combined, specifically through catering services. Events like Axon and Seatrade Cruise Global contributed significantly to this success.

4. New Business

Chairwoman Jacobs proposed moving the July 9th meeting to a Zoom-only format due to the Fourth of July weekend travel which occurs for many committee/ board members. Ms. Shaw clarified certain committees must meet in person, but advisory committees like this one can meet via Zoom.

Chairwoman Jacobs suggested going Zoom-only for July and potentially not meeting in August unless necessary. Ms. Shaw is committed to keeping the group informed about any developments affecting the July meeting.

5. Good and Welfare

6. Adjournment - Next meeting is Tuesday, June 11, 2024, at 9:30 a.m.

7. Attendance: Chair Robin Jacobs, Vice Chair, Antonio Hernandez, Marc Gidney, Lee Zimmerman, Prakash Kumar, Chris Gloede, and Carl Linder.