The background of the slide features a photograph of a modern, multi-story building with a distinctive architectural style, characterized by numerous balconies and a curved facade. In the foreground, several tall palm trees are visible, partially obscuring the building. The overall scene is brightly lit, suggesting a sunny day. The text is overlaid on this image.

MIAMI BEACH CONVENTION CENTER HEADQUARTER HOTEL

Finance and Citywide Projects Committee
Portman Holdings Proposal

June 3, 2015

KEY TERMS

- No Public Participation
 - No public subsidies or public financing
 - Use of MBCC facilities at prevailing/market rates
- No Gambling
 - Use restriction to prohibit gambling on Hotel Site
 - Developer/owners for term of lease may not own, operate or manage any establishment offering gambling or wagering in Miami-Dade County

KEY TERMS

- Developer Funds:
 - All costs to develop, design, construction, equip and operate hotel
 - Referendum (general elections) cost
- Voter Referendum Required
 - 60% of voters must approve lease
 - November 2015 ballot

ROOM BLOCK TERMS

- Broad Terms
 - City-Wide Events and Orange Bowl, Super Bowl
 - 80% of rooms 30 months and out
 - 18 – 30 months, if available
 - One 4-day period each month (operator determined)
 - Includes release of block provisions
 - For up to 14 event days per month
 - Price protection based on average group rate

PROPOSED PROGRAM

Rooms	800	
		per room
Meeting Sq. Feet (leasable)		
Grand Ballroom	26,500	33
Jr. Ballroom (2)	21,000	26
Other	47,700	60
Total	<u>95,200</u>	<u>119</u>
Parking Spaces	320	0.4

Food & Beverage Sq. Feet

		seats
Cafe	2,100	40
3-Meal	14,600	300
Rooftop	6,900	120
Pool Grille	3,900	130
Lobby Lounge	5,500	180
Club Lounge	4,400	92



DEVELOPMENT BUDGET

Hard Costs

Hotel and Skybridge*	\$237.7m
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Soft Costs

Architectural and Engineering	13.6m
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FF&E/OS&E	43.9m
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Development Fee	22.4m
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Pre-Opening/Working Capital	7.5m
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Art in Public Places	3.6m
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Other	22.3m
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Contingency	20.3m
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Financing & Performance Bonds	34.2m
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Total Budget	<u>\$405.5m</u>
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* Includes construction contingency
Source: Portman proposal

FINANCE PLAN

Finance Plan Intent

Debt **60%**

Construction Financing \$243.3m

Equity **40%**

Portman Equity 17.0m

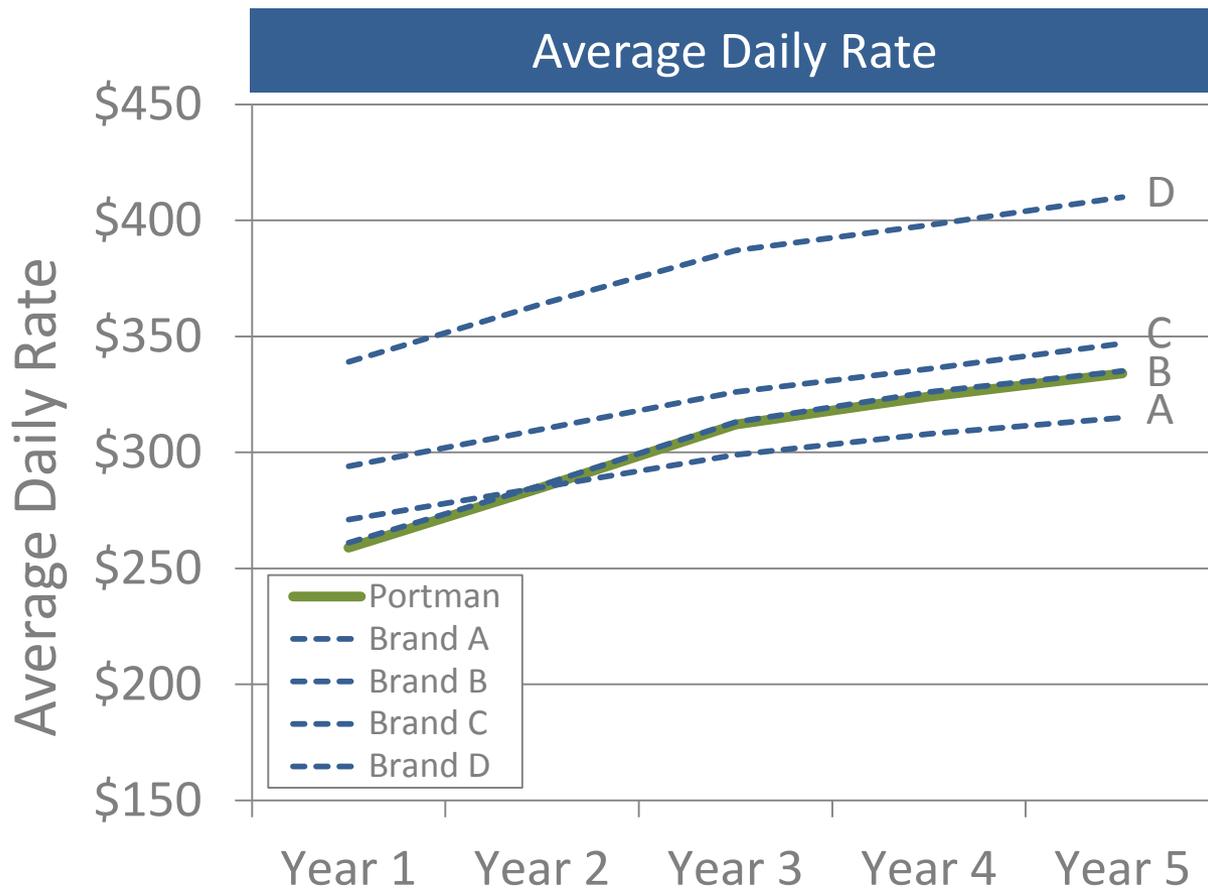
Third Party Equity 145.2m

Total \$405.5m

- Included construction debt financing support letters from:
 - Regions Bank
 - PNC Bank
- Included equity support letter from:
 - China Orient Summit Capital

ADR & OCCUPANCY PROJECTIONS

Portman's ADR and occupancy projections are similar to brand projections



Occupancy	
Brand A	80%
Brand B	80%
Portman	80%
Brand C	78%
Brand D	76%

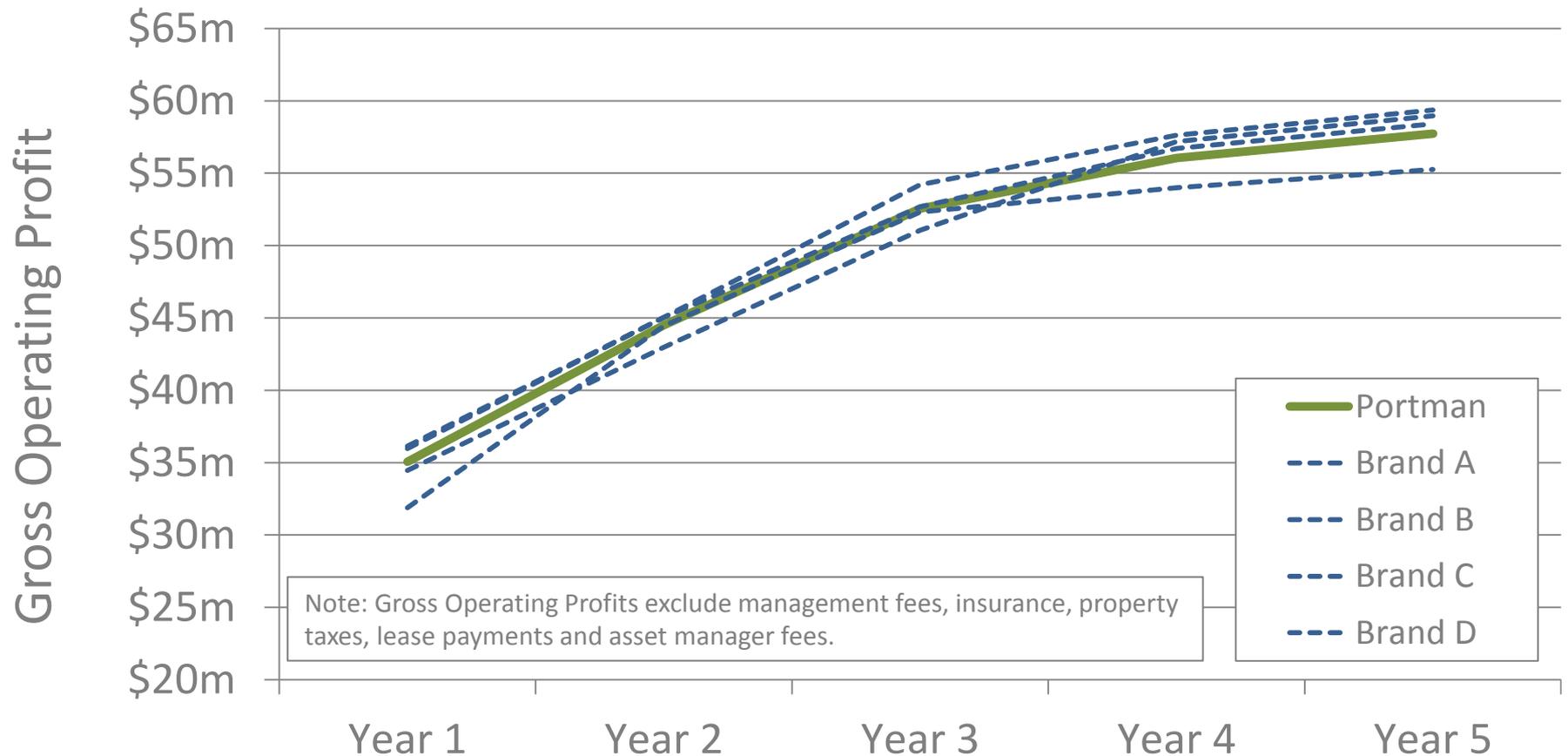
Include brand proformas from:

- Hilton
- Hyatt
- Marriott
- Westin

Sources: Portman proforma, hotel brand proformas

GROSS PROFIT PROJECTIONS

Portman's Gross Profit projections are similar to brand projections



PROJECTED RETURNS



	Net Operating Income	Cash- On-Cost Returns
Year 1	\$24.3m	6.0%
Year 2	\$30.8m	7.6%
Year 3	\$35.1m	8.7%
Year 4	\$36.6m	9.0%
Year 5	\$37.7m	9.3%
Year 6	\$38.8m	9.6%
Year 7	\$40.0m	9.9%
Year 8	\$41.1m	10.1%
Year 9	\$42.1m	10.4%
Year 10	\$43.1m	10.6%

LEASE PROPOSAL

- City receives greater of Fixed Rent or Percentage Rent
- Percentage Rent proposed is 4% of gross revenues

99-Year Term



VALUE OF LEASE PAYMENTS

	Over 30 Years		Over 99 Years	
	Total	NPV @ 5%	Total	NPV @ 5%
Minimum Fixed Rent	\$91m	\$36m	\$708m	\$60m
Variable Rent	89m	35m	705m	59m
Percentage Rent - 4% of gross revenues	<u>\$180m</u>	<u>\$71m</u>	<u>\$1,414m</u>	<u>\$119m</u>

NPV as of January 1, 2016
2% growth rate assumed from year 11-99

Sources: Portman proforma, City of Miami Beach, SAG

LAND VALUE ASSESSMENT

2013 Appraisal

(Will be Updated)

\$103,500 - \$129,900
per room

Portman Proposal

NPV of Lease @ 5%
\$149,000
per room

- NPV as of January 1, 2016
- 2% growth rate assumed from year 11-99

COMPARABLE P3 HQ HOTELS

	Miami Beach HQ Hotel 2018	Houston Marriott 2016	Washington DC Marriott Marquis 2014	Nashville Omni 2013	Indianapolis JW Marriott 2011
Rooms	800	1,000	1,175	800	1,005
Meeting SF/key	119	104	81	69	102
Development Cost per key	\$405m \$506,000 <i>Parking & No Land</i>	\$359m \$359,000 <i>No Parking</i>	\$516m \$439,000 <i>No Land</i>	\$270m \$338,000 <i>Land & Parking</i>	\$315m \$313,000 <i>Land & Parking</i>
Private Investment	\$405m + 4% Lease Payment	\$265m + "Easement" repays \$59m grant over 50 years	\$310m + \$60m NPV Lease Payment	\$244m	\$267m
Public Role	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> \$59m grant funded by profits generated by existing publicly-owned hotel \$31.7m publically financed parking garage 10 State tax rebates (6% HOT, 6.25% Sales) 20 yr City tax rebates (7% HOT, 1% Sales, 1.5% Beverage) 20 yr property tax abatement (24% of tax) 	<ul style="list-style-type: none"> \$47m grant \$25m loan repaid by developer \$134m grant; TIF bonds backed by citywide hotel tax \$60m NPV in land lease payments for \$200m in land 	<ul style="list-style-type: none"> \$26m grant (land) Schedule payments of \$245.5m over 20 yrs (generally equating to sales tax rebates) – NPV \$110m 20 yr property tax abatement 	<ul style="list-style-type: none"> \$48m grant from monetized project taxes; repaid by hotel generated taxes

TRANSACTION RENT

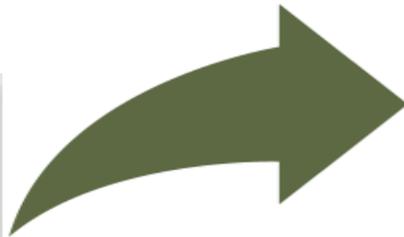
- For First 3 Sales of the Hotel
- If Sale Exceeds \$580 million, City Receives the lesser of:
 - \$2 million
 - 0.25% of Gross Sales Price

CITY REVENUE IMPACT

As Parking Lot

\$263,700

2014 parking meter
and
valet concessions
revenues



As Hotel

\$11,878,400

Operating year 4 (2022)
City leases and taxes



TOTAL CITY FINANCIAL IMPACT

	Over 30 Years		Over 99 Years	
	Total	NPV @ 5%	Total	NPV @ 5%
Hotel Lease				
Minimum Fixed Rent	\$91m	\$36m	\$708m	\$60m
Variable Rent	89m	35m	705m	59m
Percentage Rent (4% Gross)	180m	71m	1,414m	119m
Taxes				
CRA City (thru 3/2044)	34m	16m	34m	16m
CRA County (thru 3/2044)	26m	12m	26m	12m
New Resort Tax (Hotel 1%)	30m	12m	229m	20m
Resort Tax (Hotel 3%, F&B 2%)	118m	48m	902m	79m
CDT Allocation (thru 2044)	36m	16m	36m	16m
Property Taxes	13m	4m	326m	16m
Subtotal	258m	108m	1,553m	159m
CITY TOTAL	\$438m	\$178m	\$2,967m	\$278m

Sources: Portman proforma, City of Miami Beach, SAG

TOTAL FINANCIAL IMPACT

	Over 30 Years		Over 99 Years	
	Total	NPV @ 5%	Total	NPV @ 5%
CITY TOTAL	\$438m	\$178m	\$2,967m	\$278m
COUNTY				
Convention Devl. Tax (3%)	54m	20m	650m	44m
Local Option Sales Tax (1%)	44m	18m	336m	29m
Property Taxes	12m	4m	266m	14m
Subtotal County	110m	42m	1,252m	87m
SCHOOLS (Property Tax)	60m	24m	453m	40m
OTHER PROPERTY*	7m	3m	55m	5m
STATE SALES TAX (6%)	264m	107m	2,019m	176m
TOTAL	\$878m	\$354m	\$6,746m	\$586m

* Regional and Children's Trust portion of property tax
Sources: Portman proforma, City of Miami Beach, SAG

CALENDAR

- May 20 – Authorization to negotiate
- June 3 – Finance Committee
- July 8 – First Reading (Development and Lease Agreement and Proposed Referendum Language)
- July 29 – Second Reading (Development and Lease Agreement and Proposed Referendum Language)
- November 3 – Hotel Special Election

Questions

An architectural rendering of a modern, multi-story building with a curved facade. The building features numerous balconies and a prominent yellow decorative panel with intricate patterns. The scene includes palm trees, a street with cars, and a group of people in the foreground, suggesting a vibrant urban environment.