

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING, FOLLOWING SECOND READING/PUBLIC HEARING, AS AUTHORIZED UNDER SECTION 82-37 OF THE CITY CODE AND SECTION 1.03(B)(2) OF THE CITY CHARTER, A LEASE AGREEMENT BETWEEN THE CITY OF MIAMI BEACH (“CITY”) AND LINCOLN ROAD PROPERTY OWNER, L.P. (“LESSEE”) OF THE CITY-OWNED SURFACE PARKING LOT P25 (CONSISTING OF FIVE (5) TAX FOLIOS: 02-3234-004-0870, 02-3234-004-0880, 02-3234-004-0890, 02-3234-004-0900 AND 02-3234-004-0910) LOCATED IN MIAMI BEACH, FLORIDA AND A LEASE AGREEMENT BETWEEN THE CITY AND LESSEE OF THE CITY-OWNED SURFACE PARKING LOT P26 (CONSISTING OF SIX (6) TAX FOLIOS: 02-3234-004-0710, 02-3234-004-0720, 02-3234-004-0730, 02-3234-004-0820, 02-3234-004-0830 AND 02-3234-004-0840) LOCATED IN MIAMI BEACH, FLORIDA (TOGETHER, THE “LEASES”), FOR THE CONSTRUCTION OF MIXED-USE DEVELOPMENTS CONSISTING OF (1) CLASS A OFFICE SPACE, (2) GROUND FLOOR RETAIL, (3) PUBLIC PARKING TO REPLACE THE EXISTING PUBLIC PARKING SPACES ON BOTH PARKING LOTS P25 AND P26, AND (4) ADDITIONAL PARKING TO SATISFY OFF-STREET PARKING REQUIREMENTS FOR THE OFFICE USE (THE “PROJECT”); SUCH LEASES BEING SUBJECT TO AND CONTINGENT UPON APPROVAL BY THE CITY COMMISSION PURSUANT TO SECTION 82-37(A) AND APPROVAL BY A MAJORITY VOTE OF THE VOTERS IN A CITY-WIDE REFERENDUM PURSUANT TO SECTION 1.03(B)(2) OF THE CITY CHARTER; PROVIDING FOR THE PROJECT TO BE DEVELOPED, DESIGNED, FINANCED, CONSTRUCTED, AND OPERATED IN ACCORDANCE WITH THE TERMS OF THE LEASES AND THE DEVELOPMENT AGREEMENT FOR THE PROJECT BETWEEN THE CITY AND LESSEE, APPROVED PURSUANT TO RESOLUTION NO. 2022-_____; AND PROVIDING FOR A MAXIMUM TERM OF NINETY-NINE (99) YEARS, WITH AN INITIAL TERM OF FIFTY-ONE (51) YEARS, AND TWO (2) RENEWAL TERMS, FOR A PERIOD OF TWENTY-FOUR (24) YEARS EACH, AT THE LESSEE’S OPTION; AND FURTHER, AUTHORIZING THE CITY MANAGER TO FINALIZE THE LEASES AND MAKE ANY NECESSARY NON-SUBSTANTIVE CORRECTIONS TO SCRIVENER’S ERRORS, SUBJECT TO FORM APPROVAL BY THE CITY ATTORNEY, AND FURTHER, AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE THE LEASES.

WHEREAS, the City Commission has expressed an interest in diversifying the City’s economy and its revenue sources by capitalizing on the economic growth opportunities presented by the current and projected business growth in the region, particularly by making a concerted effort to attract the financial services and technology industries; and

WHEREAS, in furtherance of this objective, the City Commission has discussed the need to increase Class A office space inventory throughout the City; and

WHEREAS, at its December 11, 2019 meeting, the City Commission discussed the possibility of making available certain surface parking lots north of Lincoln Road to promote the development of Class A office space in the City Center area; and

WHEREAS, on October 9, 2020, the City issued Request for Letters of Interest 2021-029-KB, seeking expression of interest from developers interested in building Class A office developments on the surface parking lots P25, P26, and P27 immediately north of Lincoln Road the (“RFLI”) and the RFLI yielded significant interest, including expression of interest from eighteen (18) respondents; and

WHEREAS, on March 17, 2021, the City Commission adopted Resolution No. 2021-31617, authorizing the preparation of a Request for Proposals for mixed-use development incorporating Class A office space at three City-owned sites near Lincoln Lane North and the 17th Street parking garage (G5)(the “RFP”); and

WHEREAS, the City received proposals from the following three firms: (1) Infinity Collective LLC; (2) Lincoln Road Property Owner, L.P., a Delaware limited partnership and joint venture among Integra Investments, Starwood Capital, and The Comras Company (for clarity, Lincoln Road Property Owner, L.P. is referred to as “Integra” or “Lessee”); and (3) Lincoln Road Holdings LLC, a Florida limited liability company and joint venture among The Peebles Corporation, Baron Corporation, and Scott Robins Companies, Inc., such joint venture partners now having formed 1664 Meridian LLC, an affiliated special purpose entity (which, for clarity, is referred to as “TPC”); and

WHEREAS, after reviewing the various proposals submitted, the process and rankings of an Evaluation Committee appointed by the City Manager, and the assessments of staff and the City’s consultant, the City Manager determined that the best RFP options for the City to pursue were Option 3 (Parking Lot P27) with TPC and Option 5 (Parking Lots P25 and P26 combined) with Integra, and the City Manager recommended that the Mayor and City Commission authorize the commencement of negotiations with these bidders; and

WHEREAS, on February 23, 2022, the City Commission adopted Resolution 2022-32054, authorizing the Administration:

- (a) to enter into negotiations for a ground lease and development agreement with TPC with respect to Parking Lot P27 (RFP Option 3)(the “TPC project”); and
- (b) to enter into negotiations for a ground lease and development agreement with Integra with respect to Parking Lots P25 and P26 (RFP Option 5)(the “Project”); and
- (c) refer both proposed projects and three accompanying amendments to the City’s Land Development Regulations and/or Comprehensive Plan for review by the Finance and Economic Resiliency Committee, the Land Use and Sustainability Committee, and the Planning Board, in accordance with the requirements of the City Code; and
- (d) direct the Administration to maintain the RFP as open and subject to the Cone of Silence with respect to Option 4 (Garage G5) for a period of one (1) year from the date of adoption, February 23, 2022; and

WHEREAS, Integra and the Administration negotiated a term sheet dated April 26, 2022 (the “Term Sheet”), which provided, assuming the adoption of certain land use amendments related to the Project, the development of:

- (a) on P25, a seven-story building with three levels of Class A office space, ground floor retail, required parking associated with the office use, and a public parking component; and

(b) on P26, an eight-story building with four levels of Class A office space, ground floor retail, required parking associated with the office use, and a public parking component; and

WHEREAS, as proposed in the Term Sheet, the City and Integra will enter a long-term ground lease for P25 (the “P25 Ground Lease”) and a long-term ground lease for P26 (the “P26 Ground Lease,” and together with the P25 Ground Lease, the “Ground Leases”), and a development agreement (the “Development Agreement”) to govern the development of both sites, with Integra responsible for financing the design and construction of the Project, with the proposed rent structure and other key terms more fully described in the Term Sheet; and

WHEREAS, pursuant to Section 1.03(b)(2) of the City Charter governing leases of ten years or longer of the City-owned property referred to therein as the Lincoln Road Parking Lots, the Ground Leases require approval by a majority vote of the voters in a City-wide referendum; and

WHEREAS, on March 30, 2022, the Finance and Economic Resiliency Committee received an update on the negotiations from the Administration; and

WHEREAS, on April 8, 2022, the Land Use and Sustainability Committee considered the three legislative amendments requested in support of the two projects, and transmitted the proposed ordinances to the City Commission for consideration; and

WHEREAS, on April 29, 2022, the Finance and Economic Resiliency Committee reviewed the Project’s proposed terms and recommended that the City Commission direct the Administration to prepare a Development Agreement and Ground Leases with Integra for the City Commission’s consideration and approval; and

WHEREAS, on May 4, 2022, the City Commission adopted Resolution No. 2022-32164, accepting the recommendation of the Finance and Economic Resiliency Committee, approving the Term Sheet, and directing the Administration to prepare the Development Agreement and Ground Leases with Integra, to include terms consistent with the Term Sheet and such other terms and conditions as are customary or otherwise necessary or desirable (as determined by the Administration), subject to the prior approval of the City Commission, and further, referring the proposed Project and the associated Development Agreement to the Planning Board for review, in accordance with the requirements of the City Charter and City Code; and

WHEREAS, on May 24, 2022, the Planning Board reviewed the proposed uses for both projects and recommended approval, with a unanimous companion motion recommending that: (1) the City Commission consider devoting a portion of revenues generated from any RFP project incorporating solely market rate residential uses be devoted to funding workforce housing initiatives; (2) the ground leases include a prohibition against big-box retail establishments in the Projects; and (3) the ground leases include provisions that underutilized parking spaces required for the projects’ private components (e.g. office uses) be made available for use by the public during nonpeak hours; and

WHEREAS, the Planning Department analysis of the Ground Leases, pursuant to Section 82-38 of the City Code, is attached as an exhibit to the Commission Memorandum accompanying this Resolution; and

WHEREAS, as required by Section 82-39 of the City Code, the City engaged an independent appraiser to estimate the fair market value of the Ground Leases of the properties, and a copy of the appraisal is attached as an exhibit to the Commission Memorandum accompanying this Resolution; and

WHEREAS, the Ground Leases are attached as an exhibit to the Commission Memorandum accompanying this Resolution; and

WHEREAS, the Administration is supportive of the Project, in recognition of its several intended outcomes pursuant to the goals of the RFP, including encouraging the development of Class A office space and growing the economic base, enhancing the City's parking facilities, creating local jobs, activating Lincoln Lane North and Lincoln Road, and generating substantial community benefits and financial remuneration for the City; and

WHEREAS, on June 22, 2022, the City Commission approved at public hearing/second reading the three related Lincoln Lane North GU land use amendments in support of the projects: (i) Ordinance 2022-4497 amending the Comprehensive Plan to permit market rate residential use, (ii) Ordinance 2022-4498 amending applicable parking regulations, and (iii) Ordinance 2022-4499 amending applicable height regulations; and

WHEREAS, on June 22, 2022, the City Commission approved on first reading the Ground Leases with Integra and set a second reading/public hearing for July 20, 2022; and

WHEREAS, on July 20, 2022 pursuant to Section 142-425(b) of the City Code, the Mayor and City Commission determined that the zoning district classification of the property under the P25 Ground Lease is an average of the CD-2, Commercial Medium Intensity, and CD-3, Commercial High Intensity zoning districts, as defined in the Land Development Regulations, and the zoning district classification of the property under the P26 Ground Lease is subject to the development regulations of the CD-3, Commercial High Intensity zoning district, as defined in the Land Development Regulations; and

WHEREAS, on July 20, 2022, after a duly noticed public hearing/second reading, the Mayor and City Commission determined that it is in the best interest of the City to enter into the Ground Leases, and approved the Project Concept Plan and Mandatory Project Elements, as defined therein, subject to questions related to the Ground Leases being placed on the ballot at the November 8, 2022 General Election.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission hereby approve, following second reading/public hearing, as authorized under section 82-37 of the City Code and section 1.03(b)(2) of the City Charter, a lease agreement between the City of Miami Beach ("City") and Lincoln Road Property Owner, L.P. ("Lessee") of the City-owned surface parking lot P25 (consisting of five (5) tax folios: 02-3234-004-0870, 02-3234-004-0880, 02-3234-004-0890, 02-3234-004-0900 and 02-3234-004-0910) located in Miami Beach, Florida and a lease agreement between the City and Lessee of the City-owned surface parking lot P26 (consisting of six (6) tax folios: 02-3234-004-0710, 02-3234-004-0720, 02-3234-004-0730, 02-3234-004-0820, 02-3234-004-0830 and 02-3234-004-0840) located in Miami Beach, Florida (together, the "Leases"), for the construction of mixed-use developments consisting of (1) Class A office space, (2) ground floor retail, (3) public parking to replace the existing public parking spaces on both parking lots P25 and P26, and (4) additional parking to satisfy off-street parking requirements for the office use (the "Project"); such Leases being subject

to and contingent upon approval by the City Commission pursuant to section 82-37(a) and approval by a majority vote of the voters in a city-wide referendum pursuant to section 1.03(b)(2) of the City Charter; providing for the Project to be developed, designed, financed, constructed, and operated in accordance with the terms of the Leases and the Development Agreement for the Project between the City and Lessee, approved pursuant to Resolution No. 2022-_____; and providing for a maximum term of ninety-nine (99) years, with an initial term of fifty-one (51) years, and two (2) renewal terms, for a period of twenty-four (24) years each, at the Lessee's option; and further, authorize the City Manager to finalize the Leases and make any necessary non-substantive corrections to scrivener's errors, subject to form approval by the City Attorney, and further, authorize the Mayor and City Clerk to execute the Leases.

PASSED AND ADOPTED this _____ day of July, 2022.

ATTEST:

RAFAEL E. GRANADO, CITY CLERK

DAN GELBER, MAYOR

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION



City Attorney *AD* 7-14-22
Date