

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AUTHORIZING THE CITY MANAGER TO DECLINE, IN WRITING, THE RIGHT OF FIRST OFFER TENDERED TO THE CITY BY CLPF – LINCOLN, LLC (CLPF) WITH REGARD TO THE PROPOSED SALE TO A QUALIFIED BUYER OF CLPF'S LEASEHOLD INTEREST IN THE PROJECT LOCATED AT 1691 MICHIGAN AVENUE (THE PROPERTY) FOR THE TOTAL PURCHASE PRICE OF \$62,500,000.00, SUCH RIGHT OF FIRST OFFER BEING REQUIRED PURSUANT TO SECTION 36.2 OF THE AGREEMENT OF LEASE BETWEEN THE CITY (OWNER) AND CLPF IN RESPECT OF THE PROPERTY.

WHEREAS, on January 5, 1998, the City issued RFP No. 20-97/98, seeking proposals for the development of Public-Private Parking Facilities. On July 7, 1999, the Mayor and City Commission adopted Resolution No. 99-23236, approving the Agreement of Lease and the Development Agreement between the City and Lincoln Plaza Partners, LLC, for the development of a mixed-use project, located at Michigan and Jefferson Avenue, between Lincoln Lane and 17th Street (the "Land"); and

WHEREAS, an Agreement of Lease dated September 1, 1999 was executed between the City, as Owner/Ground Lessor, and Lincoln Plaza Partners LLC, a Florida limited liability company, as Tenant/Ground Lessee (the "Ground Lease"), under which Ground Lease Tenant agreed to develop a commercial project, consisting of an office building, a parking garage, and ground floor retail space (collectively the "Project"), which Project is currently located at 1691 Michigan Avenue, and commonly referred to as "The Lincoln" (the Land and Project will be collectively referred herein to as the "Premises"); and

WHEREAS, pursuant to the Ground Lease, Tenant leases the land from the City and Tenant holds ownership and title to the Project, and upon the expiration of the Ground Lease, ownership of, and title to, the Project automatically vests in the City, without the payment of consideration; and

WHEREAS, the Ground Lease has an initial term of 50 years, expiring September 30, 2052, plus two automatic renewal options for 20 years each, unless the Tenant is in default or notifies the City within the last twenty-four (24) months of the end of the term in question that it will not exercise its option; and

WHEREAS, on December 20, 2000, the Mayor and City Commission adopted Resolution No. 2000-24220, approving the Sale and Assignment and Assumption of the Ground Lease from Lincoln Plaza Partners, LLC to LNR Jefferson, LLC. On October 5, 2005, LNR Jefferson, LLC changed its name to The Lincoln, LLC; and

WHEREAS, on or about July 18, 2006, The Lincoln LLC sold the Project and assigned its leasehold interest in the Land to Lincoln Miami Beach Investments, LLC, a Delaware limited liability company; and

WHEREAS, on November 17, 2006, Lincoln Miami Beach Investment, LLC changed its name to OIK Lincoln Miami Beach Investment, LLC, and thereafter, on June 17, 2009, merged with 1691 Michigan Ave Investment LP, a Delaware limited liability partnership; and

WHEREAS, on February 12, 2014, the Mayor and City Commission approved Resolution No. 2014-28486, authorizing the Mayor and City Clerk to execute Amendment No. 1 to the Ground Lease, modifying the Scope of Use under the Ground Lease by reducing the minimum number of parking spaces required for the parking garage facility, from 700 to 645 spaces; increasing the minimum number of parking spaces required to be maintained at all times for use by the general public from 100 to 155 parking spaces; and further increasing the monthly parking spaces for members of the general public from 50 to 75, in connection with the development of a miniature golf project at the sixth floor of the garage with the subtenant, City Middle, LLC; and

WHEREAS, City Middle, LLC never developed the miniature golf project; therefore, Amendment No. 1 was never executed; and

WHEREAS, on January 13, 2016, the Mayor and City Commission adopted Resolution No. 2016-29268, declining the Owner's Reciprocal Right of First Refusal and approving the sale of the Project to CLPF-Lincoln, LLC, a Delaware limited liability company ("Tenant"), subject to the Administration's successful completion of its evaluation of the proposed purchaser; and

WHEREAS, the Ground Lease was further assigned to Tenant by an Assignment and Assumption of Ground Lease dated April 8, 2016; and

WHEREAS, on May 4, 2022, the Mayor and City Commission adopted Resolution No. 2022-32136 declining the Owner's Reciprocal Right of First Refusal in connection with a proposed sale to 1691 Property Owner, L.O., a Delaware limited partnership that was to be owned by a fund managed by Starwood Capital Group ("Starwood Affiliate"), and rescinding Resolution No. 2014-28486 which had authorized the execution of Amendment No. 1; and

WHEREAS, on July 20, 2022, the Mayor and City Commission adopted Resolution No. 2022-32217 authorizing a new Amendment No. 1 ("New Amendment No. 1") that included the modification of certain terms requested by Starwood Affiliate as well as revisions favorable to the City; and

WHEREAS, the New Amendment No. 1 was executed by the Parties on July 22, 2022, but became null and void and of no further force or effect on December 31, 2022 because the contemplated sale by Tenant to Starwood Affiliate was not consummated; and

WHEREAS, on December 28, 2023, the Tenant provided notice to the City ("Offer Notice") of its desire to sell its leasehold interest in the Premises to a third party and offering the City, as required by Section 36.2(a) of the Ground Lease, the right to purchase the Tenant's leasehold interest for the sum of \$62,500,00.00 and upon other terms specified in the notice (the "Right of First Offer Transaction")(a copy of the Offer Notice is attached to the Memorandum accompanying this Resolution as Exhibit A); and

WHEREAS, the City has a period of forty-five (45) days to elect to consummate or reject the Right of First Offer Transaction; and

WHEREAS, if the City fails to respond within such forty-five (45) day period, the City will be deemed to have rejected the Right of First Offer Transaction, provided, as this matter requires consideration by the City Commission, pursuant to Section 26.2(c)(iii) of the Ground Lease, the period for responding is extended to the date that is fifteen (15) days after the first regular meeting of the City Commission that is no earlier than ten (10) days following receipt of the request that requires consideration, so the City has until February 15, 2024 to respond to the Offer Notice; and

WHEREAS, pursuant to Section 36.2(b) of the Ground Lease, if the City rejects (or is deemed to have rejected by failing to respond to the Offer Notice within the designated period) the Right of First Offer Transaction, Tenant may consummate the proposed transaction with any other permitted buyer, on terms and conditions that are no less favorable to Tenant than those included in the Offer Notice, within one hundred eighty (180) days following the earlier to occur of (i) February 15, 2024 or (ii) receipt by Tenant of a notice by the City declining to consummate the Right of First Offer Transaction; and

WHEREAS, the Offer Notice contained the following terms:

Owner of Ground Lease:	City of Miami Beach
Seller:	CLPF- Lincoln, LLC, a Delaware limited liability company
Purchase Price:	\$62,500,000.00
Buyer:	Black Lion Investment Group, Inc., a California corporation ("Black Lion"); and

WHEREAS, the City's capital budget for the 2024 fiscal year is already fully committed to projects that are priorities for the City; and

WHEREAS, the current five-year Capital Improvement Plan (CIP) for the City totals approximately \$1.1 billion, of which \$115.7 million was appropriated in FY 2024 as part of the capital budget adopted by the City Commission on September 27, 2023, resulting in a \$1.0 billion unfunded CIP for FY 2025 – FY 2028; and

WHEREAS, in view of the as yet substantial amount remaining unfunded for CIP projects in the pipeline (FY 2025 – FY 2028), and because there are other important projects that have been deferred due to lack of funding, the City Manager recommends that the City decline the Right of First Offer Transaction; and

WHEREAS, concurrently with the Offer Notice, on December 28, 2024, Tenant provided a second written notice to the City ("Notice of Sale") requesting the City's approval of Black Lion Investment Group, Inc. ("Black Lion") as a buyer of the Lincoln (a copy of the Notice of Sale is attached to the Memorandum accompanying this Resolution as Exhibit B); and

WHEREAS, the City has sixty (60) days from receipt of the Notice of Sale to consent to the sale; and

WHEREAS, the City Administration has commenced conducting its due diligence, at the sole expense of Black Lion, to determine whether or not Black Lion qualifies as a "Permitted Buyer" under Section 10.3 of the Ground Lease; and

WHEREAS, if Black Lion satisfies the criteria to be a Permitted Buyer, the City will consent to the sale transaction subject to execution by Tenant and Black Lion of appropriate documentation; and

WHEREAS, based upon the foregoing, the City Manager recommends that the Mayor and City Commission authorize the City Manager to decline the Right of First Offer Transaction in relation to the contemplated sale of the Tenant's leasehold interest in The Lincoln for the total purchase price of \$62,500,000.

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission authorize the City Manager to decline, in writing, the Right of First Offer tendered by Tenant to the City by CLPF – Lincoln, LLC (CLPF) with regard to the proposed sale to a qualified buyer of CLPF's leasehold interest in the project located at 1691 Michigan Avenue (the Property) for the total purchase price of \$62,500,000.00, such right of first offer being required pursuant to Section 36.2 of the Ground Lease between the City and CLPF in respect of the Property.

PASSED AND ADOPTED this _____ day of _____ 2024.

Steven Meiner, Mayor

ATTEST:

Rafael E. Granado, City Clerk

**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**



City Attorney

1-25-24

Date