

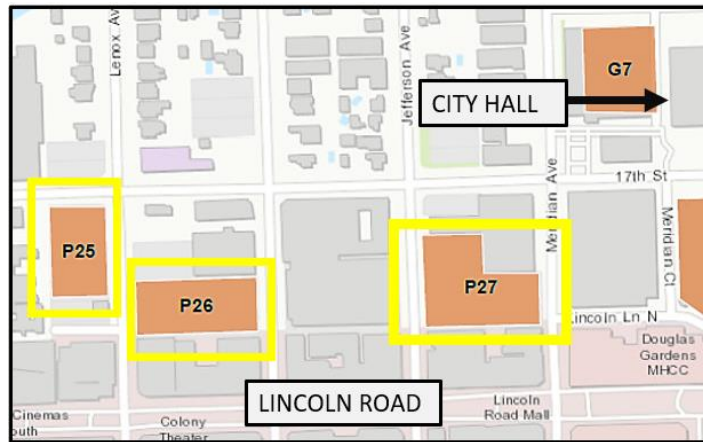
Lincoln Lane Mixed-Use Development Projects including Class A Office

Frequently Asked Questions

Project Sites

1. Where are the proposed Project sites located and what is the size of each Project site?

The Projects sites are located in three (3) surface parking lots (P25, P26 and P27) one block north of the Lincoln Road Pedestrian Mall. The P25/P26 Project is located on two separate parcels on either side of Lenox Avenue: Parking Lot P25 is located at 1680 Lenox Avenue, and Parking Lot P26 is located at 1080 Lincoln Lane North. The P27 Project is located on Parking Lot P27 at 1664 Meridian Avenue.





Parking Lot P25	
Address	1680 Lenox Avenue
Size	37,454 sq. ft. (0.86 acres)
Parking Spaces	86 spaces
Adjacent Zoning	CD-2 / CD-3
Height allowed by Code	100 feet
FAR allowed by Code	1.87
Developer	Lincoln Road Property Owner, L.P.

Parking Lot P26	
Address	1080 Lincoln Lane North
Size	48,000 sq. ft. (1.10 acres)
Parking Spaces	106 spaces
Adjacent Zoning	CD-3
Height allowed by Code	100 feet
FAR allowed by Code	2.75
Developer	Lincoln Road Property Owner, L.P.

Parking Lot P27	
Address	1664 Meridian Avenue
Size	59,273 sq. ft. (1.36 acres)
Parking Spaces	151 spaces
Adjacent Zoning	CD-3
Height allowed by Code	100 feet
FAR allowed by Code	2.75
Developer	1664 Meridian, LLC

Transaction Structure

2. Are the Projects sites for sale or for lease?

The proposed Projects do NOT involve the purchase or sale of public land. The City Commission authorized proposed ground leases, subject to voter approval at referendum (Resolutions No. 2022-32242 (P25/P26) and 2022-32246 (P27)). Although the City would retain ownership of the land throughout the lease term, the City Commission has placed the proposed leases on the ballot in accordance with the City Charter (Resolution Nos. 2022-32243 (P5/P26) and 2022-32246 (P27)).

The Projects propose 99-year ground leases for each of the Project sites, with a 51-year initial term and two (2) 24-year renewals. Both parcels in the P25/P26 Project will be governed by individual 99-year ground leases and a single development agreement will guide construction on both parcels. The P27 Project will be governed by a 99-year ground lease and a development agreement.

Throughout the 99-year term of the ground leases, the City will retain ownership and title to the underlying land, as well as ownership of the municipal parking component within each Project. The Developer/Ground Lessee will be responsible for all costs and expenses related to the development, design, and construction of each Project, and shall own all improvements (except for the municipal parking components owned by the City), throughout the lease term. Throughout the lease terms, the Developer/Ground Lessee will pay all costs and expenses associated with the operation of the Projects, including those related to utilities, maintenance, insurance, real estate taxes, assessments, etc. Upon the expiration or termination of the leases, possession of the land and the buildings will automatically revert back to the City.

Development Firms and Investment

3. How much will each development firm invest to develop its respective Project?

Lincoln Road Property Owner, L.P., an entity comprised of Integra Investments, Starwood Capital Group, and The Comras Company, will invest at least \$140 million on capital construction costs for the P25/P26 Project—over and above the required payments for rent, real estate taxes, etc. The Developers' financial capital investment will include construction of two (2) brand-new municipal parking facilities incorporating sustainable building design and at no financial cost to the City.

1664 Meridian, LLC, an entity comprised of The Peebles Corporation, Scott Robins Companies, Inc., and the Baron Corporation, will invest at least \$141 million on capital construction costs for the P27 Project—over and above the required payments for rent, real estate taxes, etc. This capital investment includes construction of a brand-new municipal parking facility featuring sustainable building design and at no financial cost to the City.

4. Will the City contribute any funding to the Projects?

No. As approved by City Commission Resolution Nos. [2022-32241](#), [2022-32242](#), [2022-32244](#), and [2022-32245](#), the proposed development agreements and ground leases stipulate that there shall be **no City funding or financing and no public subsidies, tax rebates, or tax abatements** contributed to either

Project. The prohibition against public financing of any kind is reflected in the ballot questions approving the ground leases. The Developers/Ground Lessees have reimbursed the City for expenses related to independent consultants and outside counsel, which were incurred during negotiation for the Projects. Upon project completion, the City will be entitled to guaranteed rent payments, ad valorem property taxes, and 100% of net parking revenues derived from the public parking components of each Project.

Design

5. What is the maximum and proposed height for the proposed Projects?

The City Commission enacted Ordinance No. [2022-4499](#) to allow a maximum building height of 100 feet for the proposed Projects. **The proposed Projects comply with existing regulations in the City Code pertaining to floor area ratio (FAR). No aspect of the Projects, or the ballot questions seeking voter approval of the related ground leases, contemplates any modification of the floor area as permitted in the City Code.**

Pursuant to the RFP, the City required the Projects to incorporate enclosed City-owned public parking, which adds to overall Project height but contributes no revenue to the Developers/Ground Lessees. The allowance for limited additional height permits the Projects architects to incorporate designs that enhance project viability and attract higher-quality tenants to the leasable spaces. Specifically, the additional height allows the P25 Project to incorporate greater floor-to-ceiling heights, the P26 Project to include one (1) additional convertible office floor, and the P27 Project to avoid the use of below-grade parking levels, a key design aspect that improves the structure's resilience against sea level rise.

Prior to adoption of Ordinance No. 2022-4499, the Planning Board and the Land Use and Sustainability Committee reviewed the height increase, and both voted to transmit the building height ordinance to the City Commission for consideration. As required with all zoning amendments, the Planning Department analyzed the potential impact of additional height and determined that it would not lead to structures that are out-of-scale with the built context of neighboring properties. Buildings of similar, or greater, height exist today in the immediate vicinity of the Project sites, including 1688 Meridian Avenue (101 feet), 1111 Lincoln Road (124 feet), and 401 Lincoln Road (168 feet). Additionally, in the 2018 Miami Beach referendum, Miami Beach voters approved a height of 185 feet for the Convention Center hotel to be built on public land near Lincoln Road.

Should Miami Beach voters approve either Project at the November 8, 2022 Referendum, the Design Review Board shall review and approve the proposed structure(s), specifically addressing building design, massing, and potential impacts on surrounding structures. A public hearing will offer an additional opportunity for the community to weigh in and provide comment prior to the granting of design approval.

6. Will the proposed Projects include any public open space and/or greenspace?

Yes. The RFP specifically identified the need for projects to enhance the urban experience by activating the sites with neighborhood amenities and transforming Lincoln Lane into a vibrant, pedestrian-friendly passageway. Both Projects include substantial ground-level open spaces and landscaped pedestrian paths intended for public use, for leisure and/or functional connectivity in the neighborhood. These public spaces are woven into the retail fabric on the ground floor and will promote community placemaking.

P25/P26 Project. The P25 concept plan includes 13,800 sq. ft. of ground floor, landscaped public space. The P26 concept plan includes 20,450 sq. ft. of ground floor, landscaped public space, including a 3,500 sq. ft. pocket park with shade from trees and a waterfall fountain feature.

P27 Project. The P27 concept plan includes over 17,000 sq. ft. of ground floor, landscaped public space. The Project reimagines Lincoln Lane into an activated linear park. All four sides of the property feature landscaped public plazas and the biophilic architecture cascades down from a green roof deck to landscaped decks on each floor.

7. How can I view renderings of the proposed structures?

Project Concept Plans and renderings are available on the City's [2022 Election website](#).

Project Uses

8. What will be developed on each Project site?

P25/P26 Project Concept Plan. Both parcels will include mixed-use parking facilities with sustainable LEED Gold design: the P25 site includes a seven-story building with three (3) levels of Class A office space above parking; the P26 site includes, an eight-story building with four (4) levels of Class A office space above parking. Both sites will contain ground floor retail, public parking owned by the City, additional private parking for the office uses, and landscaped public open space. On P26, the retail area along Lincoln Lane includes a 3,500 sq. ft. urban square pocket park with shaded seating accessible to the public. The Project includes a 1,000 sq. ft. community benefit space, offered rent-free (except for pass-through expenses like property taxes and common area maintenance) to a not-for-profit organization or educational partner, to be mutually selected by the City and Developer.

P27 Project Concept Plan. A six-story mixed-use parking facility with sustainable LEED building design including three (3) levels of Class A office space, 43 market-rate residential rental units on the two highest floors, and ground floor retail. The parking garage is hidden from view within the core of the building, containing public parking owned by the City, and private parking for the office and residential uses. The unique architecture includes reverse stepping of the building façade along Lincoln Lane, which maximizes the public space and enhances the pedestrian experience.

9. What is Class A office space?

In recent years, the City's long-term planning efforts toward economic diversification and fiscal prudence have aimed to attract new office users and office development. Among various initiatives aimed at targeting the regional influx of businesses and investment in targeted industries, the City Commission authorized the issuance of the Lincoln Lane Mixed-Use Development RFP with the goal of improving the city's existing office building inventory by requiring no less than 50% of floor area within each Project to be developed as Class A office space.

"Class A" is typically defined as extremely desirable, investment-grade property with the highest quality construction and workmanship, materials, and systems, significant architectural features, high-quality finishes and trim, abundant amenities, and first-rate maintenance and management, in an excellent location with exceptional accessibility. The proposed Projects are designed to attract top-tier, long-term

office tenants using design features such as advanced building systems technology, sustainable architecture, increased air and light, flexible working spaces, access to outdoor space for occupants, and incorporation of biophilic design on all levels, terraces, and decks.

Class A office tenants strengthen the City's economy by bringing high-wage jobs and employees who will support Lincoln Road and other local businesses. The Projects can also benefit City residents in a more direct manner: by increasing the inventory of desirable office space, residents who now have to commute to and from the mainland on workdays are more likely to find suitable office space closer to their homes. Miami Beach can become a true "live-work-play" community.

10. What type of use restrictions will be imposed on the proposed Projects?

The ground leases were prepared with consideration towards fostering development that is compatible with and complementary to the existing businesses on Lincoln Road. Ground floor portions of the Project must be activated with retail, commercial, or similar uses which integrate with the Lincoln Road pedestrian experience. The ground leases prohibit certain commercial uses customarily excluded from City property, e.g. illegal practices, adult entertainment, the sale of medical marijuana or paraphernalia, as well as certain types of businesses that are better suited for private property, e.g., pharmacy stores, tattoo parlors, t-shirt shops, convenience stores or grocery stores (other than in-store purveyors of fine, specialty and/or gourmet foods and beverages), formula retail and chain stores (with limited exceptions), and big-box retail stores. Integration of smaller-sized retail bays will encourage storefront occupancy by service-based businesses and local operators. A complete list of prohibited uses can be found in section 6.2 of the ground leases, available [here](#).

The RFP aimed to grow the City's office inventory. Accordingly, the ground leases require that Class A office space must constitute no less than 50% of floor area within each Project. Class A office attracts sought-after tenants, such as firms in targeted business industries whose high-wage employees will help activate the commercial corridor and stimulate the local economy. To provide convenience to the public, the ground leases stipulate that the City-owned public parking spaces must be situated on lower levels. Members of the public will be charged prevailing municipal rates to park, comparable with other City parking facilities. The P25/P26 Project focuses exclusively on Class A office in the upper levels. The P27 Project will include Class A office space and will also contain approximately 43 market-rate rental units. The P27 Project prohibits short-term rentals or transient/hotel uses and all residential tenants must have a minimum lease term of 12 months. The residential units cannot be designed as micro-units or used as co-living spaces.

Revenue to the City

11. Will rent be paid to the City?

Minimum Guaranteed Rent: In addition to the annual ad valorem property taxes generated from the Projects and the retained City parking revenue, the Projects will yield rent revenue to the City. The ground leases for the Projects provide rent to be paid to the City on an annual basis. The minimum guaranteed rent from Lincoln Road Property Owner, L.P. for the P25/P26 Project, throughout the 99-year term, is approximately \$210,088,941. The minimum guaranteed rent from 1664 Meridian, LLC for the P27 Project, throughout the 99-year term, is approximately \$145,704,144. The combined minimum guaranteed rent for both the P25/26 and P27 Projects throughout the 99-year lease term is approximately \$355,793,085.

Lump Sum Rent Payments: A portion of the minimum guaranteed rent for the Projects will be paid to the City through lump sum payments. The P25/P26 Project will yield a \$2.5 million initial lump sum rent payment to the City immediately upon the Effective Date, of the lease, followed by a \$500,000 lump sum rent payment per building (\$1 million total) when a Temporary Certificate of Occupancy (TCO) is achieved. The P27 Project will yield a \$2 million initial lump sum rent payment to the City upon commencement of construction.

Percentage Rent Participation: The City also benefits from percentage rent participation (the City's share of Project revenue). The City will receive a higher amount of rent if 5% of the effective gross income for any of the Projects is greater than the annual minimum guaranteed rent amount. The projected percentage rent participation from Lincoln Road Property Owner, L.P. for the P25/P26 Project, throughout the 99-year term, is approximately \$470,831,644. The projected percentage rent participation from 1664 Meridian, LLC for the P27 Project, throughout the 99-year term, is approximately \$345,408,801. The combined projected percentage rent participation for both the P25/26 and P27 Projects, throughout the 99-year lease term, is approximately \$816,240,445.

Rent Escalations: The minimum guaranteed rent to the City will escalate annually for the P25/P26 Project by the greater of 2% or the Consumer Price Index (CPI) but no more than 3%. The minimum guaranteed rent to the City will escalate over the 99-year lease term for the P27 Project by 1.5% in years 1-5; the greater of 1.5% or CPI but not more than 2% in years 6-10; the greater of 1.5% or CPI but not more than 2.5% in years 11-15; and by the greater of 1.5% or CPI but not greater than 3% in years 16 through 99).

Base Rent Resets: The ground leases also incorporate base rent resets at years 51 and 75, where the guaranteed annual rent will be escalated by determining what the rent would have been in the at the commencement of years 52 and 75 if the year-to-year increases during years 1-51 and 52-75, respectively, were the greater of 2% or CPI without any cap. If the CPI is higher than 2% in any given year, then that higher escalation applies; if the CPI is equal to or less than 2% in any given year, the rent is increased by 2% for that year. The City's estimated minimum guaranteed rent does not take into account the impact of the rent resets. Because the CPI will not be capped when the rent resets take place, the minimum guaranteed rent to the City over the 99-year lease term will likely be significantly higher than projected.

Transaction Rent (Fee): The City will receive 1.5% of the gross proceeds on every sale/transfer by the Developer/Lessee on any developed portion or component of the Project. The transaction rent will be capped at \$2.5 million for the P25/P26 Project (\$875,000 for P25 and \$1,625,000 for P26), subject to inflation. For the P27 Project, the City will receive 1.5% of the gross proceeds on every sale/transfer capped at \$2 million, subject to inflation. No transfer rent will be due to the City on the first transfer by Developer of all or a portion of the Project if such sale occurs within the first five (5) years from the permitted transfer date. If the first transfer by Developer/Lessee occurs on or after the fifth anniversary of the permitted transfer date, then transaction rent would be owed to the City. Every sale/transfer following the first transfer by the Developer is also subject to transaction rent for the entire term of the lease.

12. How will the rent to the City be used?

The minimum guaranteed rent from Lincoln Road Property Owner, L.P. for the P25/P26 Project throughout the 99-year term is approximately \$210,088,941. The minimum guaranteed rent from 1664 Meridian, LLC for the P27 Project throughout the 99-year term is approximately \$145,704,144. If ballot question #4 passes, this would require the City to adopt an ordinance dedicating the guaranteed rent

payments the City receives from the Project ground leases, in equal portions annually, to enhance funding for City projects, programs, and services addressing the following areas:

- Resiliency and Sustainability Infrastructure Initiatives;
- Workforce Housing; and
- Public Safety and Crime Prevention Measures.

If ballot question #4 does not pass, the rent collected from the Projects would be designated as General Fund revenue through the annual budget process without a predetermined allocation for specified City projects, programs, and services.

13. What are the anticipated ad valorem property taxes to be allocated to the City of Miami Beach during the lease terms? Will residents benefit from ad valorem property taxes collected?

Both Projects will feature private uses including office, retail and residential, therefore generating ad valorem property taxes to be collected by Miami-Dade County. Based on ad valorem property tax assessments for similar nearby developments, it is estimated that the City's share of the ad valorem property taxes generated by both Projects will equal approximately \$1.2 million annually. These funds will be disbursed to the City and allocated to the City's General Fund to be budgeted in each fiscal year. General Fund revenue may be expended as designated in the City's adopted annual budget including but not limited to for services, programs, and projects benefiting Miami Beach residents.

14. Will the City continue to collect public parking revenue?

The City currently operates municipal parking lots P25, P26, and P27, the sites for the proposed Projects. The P25/P26 site collectively includes 192 parking spaces. The P27 site includes 151 parking spaces. Each Project will include a replacement parking component, providing the same number of public parking spaces within a garage structure. Upon completion of the public replacement parking component, 100% of net revenues collected from the 192 replacement parking spaces at the P25/P26 Project, and the 151 replacement parking spaces at the P27 Project will be provided back to the City.

The City shall operate the replacement parking component for each Project, provided the City will have the right, in its sole discretion, to require the Developer(s) to operate the replacement parking component. If the City requires the Developer(s) to operate the replacement parking component, the Developer(s) and the City will negotiate terms such as standards of operation and maintenance, responsibility for costs and expenses, etc. In all circumstances, the City and Developer(s) stipulate that parking rates for replacement parking components will not be higher than the City's then-applicable rates for similar parking facilities.

Development Schedule and Impacts

15. Will the proposed Projects be under construction at the same time and what are the anticipated impacts of construction?

If both Projects are approved in the Referendum, construction of the two Projects will likely be phased. Project sequencing will take into account all appropriate factors, including impacts on parking availability in the area and other area impacts such as the construction of the Convention Center Hotel, provided that the City may also determine that both Projects can reasonably be constructed simultaneously without

having an adverse impact on the City's residents, businesses, and visitors. If both Projects are approved at Referendum, details as to project phasing and order of commencement is anticipated to be determined by the City within sixty (60) days following official certification of the Referendum results.

The City recognizes that, if voters approve the Projects, the construction process must be properly planned for and managed to mitigate potential adverse impacts to residents and the Lincoln Road District. Prior to commencing construction, the Projects will require approval at a public hearing before the Design Review Board. The land use board application requires a traffic study, reviewed, and approved by the Transportation Department, that addresses needs to support anticipated demand. Like all major construction projects in the city, to receive a building permit, the Projects will be **required to pay for and construct any necessary concurrency upgrades and improvements to ensure the City's existing infrastructure can support demand**, e.g., water and sewer, transportation, etc.

The Lincoln Road Business Improvement District has expressed its support for both Projects, finding that the developments will fully realize the Lincoln Road District as a "live-work-play" neighborhood.

16. What is the construction schedule/timeline for the proposed Projects?

If one or both Projects are approved at Referendum, details as to Project phasing and order of commencement is anticipated to be determined within sixty (60) days following official certification of the Referendum results. For the P25/P26 Project, construction will begin on P25 no later than 35 months after the commencement date, and on P26 no later than 54 months after the commencement date. Temporary Certificate of Occupancy (TCO) is required to be achieved at 63 months from the commencement date for P25 and 82 months for P26. Construction will begin on the P27 Project no later than 34 months after issuance of a notice to proceed. The Project is required to achieve TCO no later than 64 months after notice to proceed.

Parking

17. Will public parking be available during construction? At what rates?

Yes. Plans to reduce disruption to residents and the businesses on Lincoln Road during construction are incorporated in both Projects which have the support of the Lincoln Road Business Improvement District (BID). The P25/26 Project provides for no net loss of parking capacity during construction through a staging process on both sites without the need to displace existing parking to offsite facilities. During construction, until such time as a parking structure is developed on one of the sites, the P25/P26 Project will incorporate a valet service that is partially subsidized by the Developer and available to the public at rates compatible with Lincoln Road municipal rates. The P25/P26 Project will enable the City to continue to receive parking revenue throughout construction and the temporary valet system will offer convenience to residents and patrons of Lincoln Road. The P27 Project parking mitigation plan includes support for parking demand at nearby private parking facilities around Lincoln Road, during the period that P27 is under construction.

18. Will public parking be available when the proposed Projects are completed? At what rates?

Yes. Both Projects will contain replacement parking equal to the number of spaces currently existing on all three (3) parking lots, and the City will be entitled to the net revenues from these spaces that are anticipated to be consistent with current collections. The ground leases require that public parking rates

in the completed Projects shall not be higher than the City's existing rates for similar parking facilities. The City shall operate all public parking replacement components for each Project, provided that, the City shall have the right, in its sole discretion, to decide that the Developer shall operate the public parking replacement components if notice is provided to the Developer by or before sixty (60) days following official certification of the Referendum results. If the City elects to operate the public parking replacement component, applicable terms will be incorporated into a separate operating agreement. If the City requires Developer to operate the public parking replacement component, the Developer and the City will negotiate terms such as standards of operation, responsibility for costs and expenses, etc. In all circumstances, the City and Developer stipulate that parking rates for Public Parking Components shall not be higher than the City's then-applicable rates for similar parking facilities.

Public Engagement

19. Will voters have an opportunity to approve the proposed Projects?

Section 1.03(b)(2) of the City Charter requires approval, by a majority of the voters voting in a City-wide referendum, of any lease of ten (10) years or more of certain City-owned parking lots located in the vicinity of Lincoln Road, including the three parcels related to the proposed Projects, P25, P26, and P27. Prior to placement on the ballot, the ground leases and development agreements, for both Projects, were negotiated in final form and approved by the City Commission at a public hearing.

The City Commission adopted Resolutions 2022-32243 and 2022-32249, calling for a Special Election on November 8, 2022, pursuant to Section 1.03(b)(2) of the City Charter, for the purpose of submitting ballot questions to the City's voters. In the event the Referendum is not successful or if the ballot question(s) are not approved, the ground leases and development agreements shall be null and void.

Since 2019, there have been nineteen (19) publicly noticed meetings regarding office development, Lincoln Lane, and the proposed Projects. If the Projects are approved on November 8, 2022, there will be additional opportunities for the public to weigh in on the proposed Projects, including public hearings before the Design Review Board to review the architectural design of the Projects.