

SAN DIEGO UNIFIED PORT DISTRICT

ORDINANCE 2740

**ORDINANCE GRANTING AMENDMENT NO. 2 TO
LANE FIELD NORTH OPTION TO LEASE
AGREEMENT WITH LPP LANE FIELD, LLC FOR
DEVELOPMENT OF THE LANE FIELD NORTH
HOTEL PROJECT TO EXTEND THE OPTION TERM
FOR FOUR MONTHS TO APRIL 30, 2014, WITH
CONDITIONS**

WHEREAS, the San Diego Unified Port District (District) is a public corporation created by the Legislature in 1962 pursuant to Harbors and Navigation Code Appendix I (Port Act); and

WHEREAS, Section 87(b) of the Port Act grants authority to the District to lease the tidelands or submerged lands, or parts thereof, for limited periods, not exceeding 66 years, for purposes consistent with the trusts upon which those lands are held, by the State of California; and

WHEREAS, Lane Field San Diego Developers, LLC (LFSDD), has an option to lease agreement dated February 14, 2012, with the District for development of a 400-room hotel on the Lane Field North site (Option) on file in the Office of the District Clerk as Document No. 58634; and

WHEREAS, pursuant to Resolution 2012-97 adopted by the Board of Port Commissioners (BPC) on August 14, 2012 the District consented to the transfer of ownership interests within LFSDD and the assignment and assumption of Option from LFSDD to LLP Lane Field, LLC; and

WHEREAS, pursuant to Ordinance No. 2680 adopted by the BPC on August 14, 2012 the District granted Amendment No. 1 to the Option substituting LPP Lane Field, LLC as the new Optionee and substituting the Option and Lease guarantors with the members of LPP Lane Field, LLC; and

WHEREAS, the Developer has requested a four-month extension of time on the Option, within which, the remaining performance deadlines to finalize the project financing documents and management contracts would be extended; and

WHEREAS, the Developer has agreed to pay option consideration of \$160,000 for the first two-month extension if the Option cannot be exercised by the end of the year, and if necessary, an additional \$160,000 for the second two-month extension, subject to fulfilling certain conditions; and

WHEREAS, Amendment No. 2, will provide the Developer additional time to obtain financing if necessary and the Developer has agreed to update certain lease provisions to the District's standard language; and

WHEREAS, if the Developer exercises the Option and obtains an option to develop Lane Field South, the Developer has agreed to maintain the Setback Park/Plaza as part of Lane Field South; and

WHEREAS, staff recommends that BPC consent be conditioned on the following:

- To qualify for the first two-month extension, the Developer must submit the following in accordance with the Option by December 10, 2013.
 - Irrevocable commitments for both equity and debt financing
 - Executed franchise and management agreements
 - Payment of \$160,000

- To qualify for the second two-month extension, the Developer must submit the following in accordance with the Option by February 4, 2014.
 - Development Permits
 - Performance Bond
 - Construction Contract
 - Completion Guaranty
 - Equal Employment Opportunity Program
 - Payment of an additional \$160,000 in consideration.

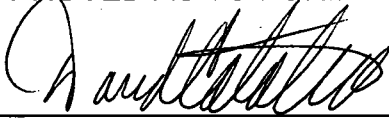
NOW, THEREFORE, the Board of Port Commissioners of the San Diego Unified Port District does ordain as follows:

Section 1. Amendment No. 2 to the Lane Field North Option to Lease Agreement with LPP Lane Field, LLC for development of the Lane Field North hotel project to extend the option term for not more than a total of four months to April 30, 2014 with the above listed conditions is hereby granted.

Section 2. The Executive Director or his designated representative is hereby directed to execute Amendment No. 2 to the Lane Field North Option to Lease Agreement.

Section 3. This ordinance shall take effect on the 31st day from its passage by the Board of Port Commissioners.

APPROVED AS TO FORM AND LEGALITY:



PORT ATTORNEY

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 8th day of October, 2013, by the following vote:

AYES: Castellanos, Malcolm, Merrifield, Nelson, Smith, Valderrama

NAYS: None.

EXCUSED: Moore

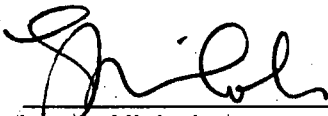
ABSENT: None.

ABSTAIN: None.



Ann Y. Moore, Chair
Board of Port Commissioners

ATTEST:



Laura Nicholson
Deputy District Clerk

(Seal)