

**SAN DIEGO UNIFIED PORT DISTRICT**

**ORDINANCE 2759**

**ORDINANCE GRANTING AMENDMENT NO. 4 TO  
THE OPTION AND LEASE AGREEMENT WITH LPP  
LANE FIELD, LLC FOR DEVELOPMENT OF THE  
LANE FIELD NORTH HOTEL PROJECT**

**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**, LPP Lane Field, LLC (Developer) has an option to lease agreement (Option to Lease) with the District which provides for development of a 400-room hotel on the Lane Field North site, and provides the Developer with options to develop the adjacent Lane Field South site upon exercising the Option to Lease, on file in the Office of the District Clerk, as Document No. 58634, as amended; and

**WHEREAS**, pursuant to Ordinance No. 2680 adopted by the BPC on August 14, 2012, the District granted Amendment No. 1 to the Option to Lease, on file in the Office of the District Clerk; and

**WHEREAS**, pursuant to Ordinance No. 2740 adopted by the BPC on October 8, 2013, the District granted Amendment No. 2 to the Option to Lease, on file in the Office of the District Clerk; and

**WHEREAS**, pursuant to Ordinance No. 2753 adopted by the BPC on February 11, 2014, the District granted Amendment No. 3 to the Option to Lease, on file in the Office of the District Clerk; and

**WHEREAS**, after further review the Developer has identified three areas in the Option to Lease and Lease Agreement that need additional clarification; and

**WHEREAS**, three areas in the Option to Lease and Lease Agreement need additional clarification as follows:

1. Lease Paragraph 3(d): Additional Rent: The proposed modification clarifies that the additional rent calculation is based on gross revenues that the lessee is "due" from operation of the hotel, including rents from the retail space, rather than including gross sales of the subtenants themselves.
2. Lease Paragraph 3.2(c): Rent Review: The proposed modification clarifies and makes internally consistent the maximum percentage rental rates adjustment in the rent review process.
3. Lease Paragraph 25: Insurance: The proposed modifications reflect comments provided by the potential manager of the hotel, Marriott, to clarify the insurance provision of the ground lease attached to the Option to Lease.

**WHEREAS**, staff has reviewed all of the proposed modifications and determined that they are minor in nature or are meant to reflect the intent of the approved transaction with the Developer and recommends the BPC grant Amendment No. 4 to the Option and Lease Agreement.

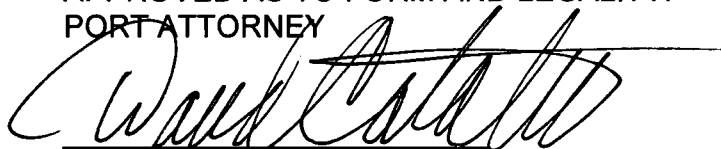
**NOW THEREFORE**, the Board of Port Commissioners of the San Diego Unified Port District does ordain as follows:

Section 1. Amendment No. 4 to the Option and Lease Agreement between the San Diego Unified Port District and LPP Lane Field, LLC to: 1) clarify the additional rent calculation; 2) to make consistent the maximum percentage rental rates adjustment in the rent review process; and 3) to clarify the insurance provision of the ground lease attended to the Option to Lease is hereby granted and approved.

Section 2. The Executive Director or his designated representative is hereby directed to execute Amendment No. 4 to the Option and 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



By: ~~Assistant~~ Deputy

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PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 4<sup>th</sup> day of March, 2014, by the following vote:

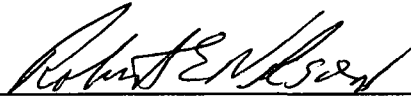
AYES: Bonelli, Castellanos, Malcolm, Merrifield, Moore, Nelson, and Valderrama

NAYS: None.

EXCUSED: None.

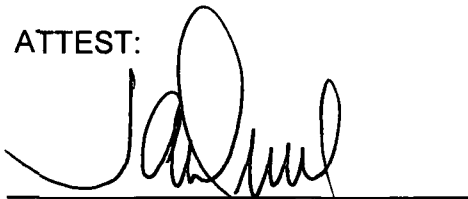
ABSENT: None.

ABSTAIN: None.



Robert E. Nelson, Chairman  
Board of Port Commissioners

ATTEST:



Timothy A. Deuel  
District Clerk

(Seal)