

SAN DIEGO UNIFIED PORT DISTRICT

ORDINANCE 2826

ORDINANCE AUTHORIZING AN AMENDED AND RESTATED LEASE TO BARTELL HOTELS, A CALIFORNIA LIMITED PARTNERSHIP, DBA HILTON SAN DIEGO AIRPORT FOR THE LEASEHOLD LOCATED AT 1960 HARBOR ISLAND DRIVE TO UPDATE CURRENT LEASE TERMS AND TO INCREASE MINIMUM ANNUAL RENT FROM \$713,215 TO \$719,425

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, Waterfront Harbor GL, LLC a Delaware limited liability company (Waterfront) operates a 211 room hotel at 1960 Harbor Island Drive (Hotel) under a lease and two lease amendments, which expire in 2048; and

WHEREAS, the Hotel leasehold is comprised of 112,548 square feet of land area and 59,117 square feet of water area; and

WHEREAS, Waterfront is proposing to assign their lease to Bartell Hotels, a California limited partnership, dba Hilton San Diego Airport (Bartell); and

WHEREAS, the lease provides that as a condition of consent to an assignment, rent shall be set at current market rates and the lease language updated to current District standards; and

WHEREAS, it is District's practice that minimum annual rent (MAR) be set at not less than 75% of the average rent paid by the tenant in the prior three years; and

WHEREAS, Waterfront has paid an average of \$959,233 per year over the past three years and 75% of \$959,233 is \$719,425; and

WHEREAS, MAR will be increased from \$713,215 to \$719,425 to bring the MAR to market; and

WHEREAS, Waterfront's current percentage rental rates are consistent with the standard rates that the Board of Port Commissioners adopted in December 2004; and

WHEREAS, the Hotel lease will be restated to update to District's current standard language including such key clauses as baseball appraisal, sustainable leasing, eminent domain, labor law, indemnity, prevailing wage, project submittal, public art policy, and insurance.

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

Section 1. The Amended and Restated Lease between the San Diego Unified Port District and Bartell Hotels, a California Limited Partnership, dba Hilton San Diego Airport for the leasehold located at 1960 Harbor Island Drive to update current lease terms and increase Minimum Annual Rent from \$713,215 to \$719,425 is hereby granted.

Section 2. The Executive Director or her designated representative is hereby directed to execute said Amended and Restated Lease.

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:
GENERAL COUNSEL



By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 8th day of September, 2015, by the following vote:

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

NAYS: None.

EXCUSED: None.

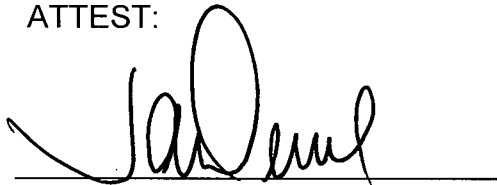
ABSENT: None.

ABSTAIN: Castellanos.



Dan Malcolm, Chairman
Board of Port Commissioners

ATTEST:



Timothy A. Deuel
District Clerk

