

SAN DIEGO UNIFIED PORT DISTRICT

ORDINANCE 2848

ORDINANCE GRANTING AN AMENDED AND RESTATED LEASE TO FELCOR HOTEL ASSET COMPANY, LLC, A DELAWARE LIMITED LIABILITY COMPANY DBA WYNDHAM SAN DIEGO BAYSIDE TO UPDATE TO STANDARD LEASE TERMS, INCREASE MINIMUM ANNUAL RENT FROM \$1,913,400 TO \$2,301,134, ELIMINATE REMAINING RENT REVIEWS AND INCREASE PERCENTAGE RENTAL RATE FOR GUEST ROOMS FROM 7% TO 7.5%

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, FelCor Hotel Asset Company, LLC, a Delaware Limited Liability Company (FelCor) owns the 600-room Wyndham San Diego Bayside (Wyndham) located at 1355 North Harbor Drive under a long-term ground lease with the District expiring October 14, 2029; and

WHEREAS, FelCor operates the Wyndham through a long-term sublease with BHR Operations, LLC, which contracts for management of the hotel under the Wyndham brand; and

WHEREAS, FelCor is proposing to enter into a long-term sublease with Claim Jumper, for an initial 10-year term, with an option to extend through the end of the Wyndham lease (October 1, 2029) for a total potential term of approximately 14 years; and

WHEREAS, FelCor is also proposing to enter into a long-term sublease to replace their current gift shop operator with Travel Traders Hotel Stores, Inc., a Delaware corporation, for an initial five-year term, with one option to extend, for an additional five years, for a total potential term of ten (10) years; and

WHEREAS, the proposed subleases are consistent with the terms of the master lease and BPC Policy No. 355; and

WHEREAS, pursuant to FelCor's lease, the District may adjust rent to market and update outdated lease provisions upon request for consent to sublease; and

WHEREAS, FelCor is willing to update to standard lease language and has agreed to adjust rent to market rent; and

WHEREAS, the proposed minimum annual rent will be increased from \$1,913,400 to \$2,301,134 and percentage rental rates for guest rooms will be adjusted from 7% to 7.5% in exchange for waiving the remaining rent reviews scheduled in 2017 and 2027.

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

Section 1. That the District grant the Amended and Restated Lease between San Diego Unified Port District and FelCor Hotel Asset Company, LLC, a Delaware limited liability company, DBA Wyndham San Diego Bayside for the leasehold located at 1355 North Harbor Drive, San Diego, to update to standard lease terms, increase minimum annual rent from \$1,913,400 to \$2,301,134, eliminate remaining rent reviews and adjusting percentage rental rate for guest rooms from 7% to 7.5%.

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

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

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PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 9th day of February, 2016, by the following vote:


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

NAYS: None.

EXCUSED: None.

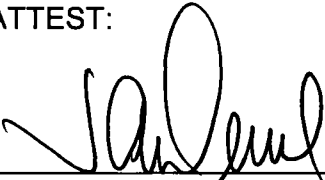
ABSENT: None.

ABSTAIN: None.



Marshall Merrifield, Chairman
Board of Port Commissioners

ATTEST:



Timothy A. Deuel
District Clerk

(Seal)