

SAN DIEGO UNIFIED PORT DISTRICT

ORDINANCE 2880

**ORDINANCE GRANTING AGREEMENT FOR
AMENDMENT OF LEASE AMENDMENT NO. 1 TO
LEASE WITH SEAPORT VILLAGE OPERATING
COMPANY, LLC, DBA THE HEADQUARTERS, TO
UPDATE LEASE TO NEW AND REVISED TERMS**

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, the Seaport Village Operating Company, LLC's (SPV) leasehold is comprised of approximately 273,887 square feet of land area located at 789 West Harbor Drive in the City of San Diego, and is commonly known as "The Headquarters"; and

WHEREAS, SPV has a lease with the District that expires in 2052 (Lease); and

WHEREAS, The Headquarters opened to the public on November 18, 2013 as an entertainment-oriented specialty retail development of approximately 100,000 square feet including restaurants, specialty retail shopping, entertainment facilities, offices for merchants and parking; and

WHEREAS, SPV completed the development of The Headquarters by self-financing the entire construction cost through an unsecured line of credit provided by the Washington State Investment Board; and

WHEREAS, SPV is now seeking to replace the line of credit financing with permanent financing that will encumber the leasehold; and

WHEREAS, SPV is requesting the District's consent to a new loan in an amount up to \$36,650,000 as permanent financing from NorthStar Real Estate Income II, Inc. (NorthStar); and

WHEREAS, in connection with the proposed loan, NorthStar and SPV requested that certain provisions in the Lease be amended and new provisions be added; and

WHEREAS, the Lease was entered into in 2012 and has not been amended since that time; and

WHEREAS, in addition to the amended and new language requested by NorthStar and SPV, staff has updated some of the provisions in the Lease, such as prevailing wage, Office of Foreign Assets Control compliance, hold harmless, and insurance, to the current District standard language.

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

1. That the District grant the Agreement for Amendment of Lease Amendment No. 1 to the Lease (Amendment No. 1) between the San Diego Unified Port District and Seaport Village Operating Company, LLC, dba the Headquarters, for the leasehold located at 789 West Harbor Drive, San Diego, to update the Lease to new and revised terms.
2. The Executive Director or her designated representative is hereby directed to execute said Amendment No. 1 on behalf of the District.
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 13th day of December, 2016, by the following vote:

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

NAYS: None.

EXCUSED: None.

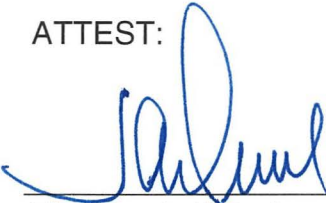
ABSENT: None.

ABSTAIN: None.



Marshall Merrifield, Chairman
Board of Port Commissioners

ATTEST:



Timothy A. Deuel
District Clerk

(Seal)

