

RESOLUTION 2013-114

**RESOLUTION CONSENTING TO \$18,500,000
LOAN BETWEEN UNION BANK, N. A. AND
BARTELL HOTELS, LP DBA HOLIDAY INN
BAYSIDE, 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, Bartell Hotels, LP (Bartell) operates the Holiday Inn Bayside located at 4875 North Harbor Drive in San Diego, California under a lease with the District; and

WHEREAS, Bartell recently completed construction of a new four-story building that added 57 guest rooms, a ballroom, additional meeting space and related support facilities; and

WHEREAS, Bartell is now seeking to refinance an existing \$9 million line of credit with an \$18.5 million loan through Union Bank N. A. to repay the cost of construction and also to remodel the existing five-story hotel tower building; and

WHEREAS, Board of Port Commissioners (BPC) Policy No. 355 allows District staff to administratively approve new financing that replaces construction financing or financing that is no more than 10% of \$250,000 greater than the existing loan amount; and

WHEREAS, in 2007, the BPC approved a \$9 million line of credit for Bartell secured by the Holiday Inn leasehold; and

WHEREAS, the new loan being requested requires BPC consent as it exceeds both administrative approval thresholds; and

WHEREAS, staff has reviewed the terms of the loan in accordance with BPC Policy No. 355 and recommends that the BPC consent to the lease encumbrance, with the following conditions:

1. The loan amount will not exceed \$18,500,000;
2. The loan term will not extend beyond the lease expiration date of April 30, 2062;
3. All other terms, conditions, provisions and covenants of the lease shall remain and continue in full force and effect and no further encumbrance of the lease or any part thereof shall be made without the prior written consent of the District in each instance, as provided in the lease;
4. It is understood that the District has not reviewed or approved the terms and conditions of the proposed encumbrance documents, such as the leasehold deed of trust or note secured thereby and is not agreeing to be a party to the leasehold deed of trust, note or other documents;
5. Nothing contained in the conditions of approval shall be construed to modify, amend or waive any provisions of the lease;
6. The District's consent to the encumbrance shall be null and void and of no further force and effect if Lessee does not obtain financing from Union Bank, as confirmed by receipt of final loan documents signed by both Bartell and Union Bank, within 90 days of District's consent;
7. Bartell acknowledges that it will not seek rent relief as a result of not being able to meet its debt service or debt repayment obligations; and
8. The District's consent to this encumbrance is conditioned upon the leasehold having no other loans in effect, as confirmed by receipt of a full reconveyance recorded in the Office of the Recorder of San Diego County within 90 days of the District's consent.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District, as follows:

That the Executive Director or his designated representative is hereby authorized on behalf of the San Diego Unified Port District to consent to a \$18,500,000 loan between Union Bank, N. A. and Bartell Hotels, LP dba Holiday Inn Bayside, with the following conditions:

1. The loan amount will not exceed \$18,500,000;
2. The loan term will not extend beyond the lease expiration date of April 30, 2062;
3. All other terms, conditions, provisions and covenants of the lease shall remain and continue in full force and effect and no further encumbrance of the lease or any part thereof shall be made without the prior written consent of the District in each instance, as provided in the lease;
4. It is understood that the District has not reviewed or approved the terms and conditions of the proposed encumbrance documents, such

as the leasehold deed of trust or note secured thereby and is not agreeing to be a party to the leasehold deed of trust, note or other documents;

5. Nothing contained in the conditions of approval shall be construed to modify, amend or waive any provisions of the lease;
6. The District's consent to the encumbrance shall be null and void and of no further force and effect if Lessee does not obtain financing from Union Bank, as confirmed by receipt of final loan documents signed by both Bartell and Union Bank, within 90 days of District's consent;
7. Bartell acknowledges that it will not seek rent relief as a result of not being able to meet its debt service or debt repayment obligations; and
8. The District's consent to this encumbrance is conditioned upon the leasehold having no other loans in effect, as confirmed by receipt of a full reconveyance recorded in the Office of the Recorder of San Diego County within 90 days of the District's consent.

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 16th day of July, 2013, by the following vote:

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

NAYS: None.

EXCUSED: None.

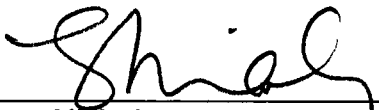
ABSENT: None.

ABSTAIN: None.



Ann Y. Moore, Chair
Board of Port Commissioners

ATTEST:



Laura Nicholson
Deputy District Clerk

(Seal)