

RESOLUTION 2014-35

**RESOLUTION CONSENTING TO ASSIGNMENT
AND ASSUMPTION OF LANE FIELD NORTH
OPTION AGREEMENT FROM LPP LANE FIELD,
LLC TO LFN DEVELOPERS, LLC, 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, 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, the development of Lane Field North is projected to cost approximately \$130 million; and

WHEREAS, the Developer proposes to assign its interest in the Option to Lease to a single purpose entity comprised both of AIG Global Real Estate (AIG) or one or more affiliates of AIG, and the Developer (LFN Developers, LLC); and

WHEREAS, the Lane Field North Option requires Developer to obtain Board of Port Commissioners' (BPC) consent for the assignment and assumption of the Option to Lease to LFN Developers, LLC (LFN); and

WHEREAS, the District received an equity term sheet demonstrating AIG's commitment to provide 87% of the equity financing for the project while the Developer will receive credit or reimbursement for their predevelopment costs spent to date such that the partners will fund future capital at their respective venture interests; and

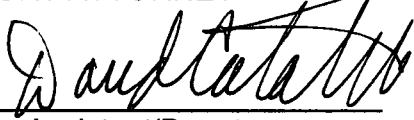
WHEREAS, staff has reviewed all of the relevant information required by BPC Policy No. 355 and recommends that the BPC consent to the assignment and assumption of the Option to Lease, conditioned on the following:

1. The District's consent to the assignment shall be null and void and of no further force and effect if Developer does not assign its interests to LFN Developers, LLC, as confirmed by receipt of an executed assignment and assumption agreement signed by both Developer and LFN Developers, LLC, within 90 days of District's consent.
2. The District's consent to the assignment shall be null and void and of no further force and effect if Developer does not deliver to District, and grant its irrevocable consent for, a reciprocal easement with the District for Lane Field South's use of parcel 2 on Lane Field North's leasehold, as confirmed by receipt of an executed reciprocal easement agreement signed by LFN Developers, LLC, within 90 days of District's consent.
3. If required by the District, in its sole and absolute discretion, Developer and LFN Developers, LLC, if applicable, or their successors-in-interest, shall allow the District or the developer of Lane Field South to be added as co-permittee to the Coastal Development Permit (Permit No. A-6-PSD-08-004-A1), as it may be amended from time to time, or enter into an agreement with the District and/or the developer of Lane Field South to allow for the development Lane Field South pursuant to the Coastal Development Permit (Permit No. A-6-PSD-08-004-A1), as it may be amended from time to time.

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

The San Diego Unified Port District hereby consents to assignment and assumption of the Lane Field North Option to Lease Agreement from LPP Lane Field, LLC to LFN Developers, LLC, with the above conditions.

APPROVED AS TO FORM AND LEGALITY:
PORT ATTORNEY


By: ~~Assistant~~/Deputy

2014-35

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

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

NAYS: None.

EXCUSED: None.

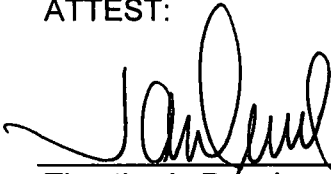
ABSENT: None.

ABSTAIN: None.



Robert E. Nelson, Chairman
Board of Port Commissioners

ATTEST:



Timothy A. Deuel
District Clerk

(Seal)