

## **RESOLUTION 2015-131**

### **RESOLUTION CONSENTING TO ENCUMBRANCE OF MARINE GROUP BOAT WORKS, LLC'S LEASEHOLD ESTATE LOCATED AT 997 G STREET IN THE CITY OF CHULA VISTA IN AN AMOUNT NOT TO EXCEED \$6,735,000 IN FAVOR OF CALIFORNIA BANK & TRUST, 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 1, (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**, Marine Group Boat Works, LLC (Marine Group) has a lease with the District located at 997 G Street in the City of Chula Vista; and

**WHEREAS**, the leasehold covers approximately ten (10) acres of land and 8.2 acres of water, used primarily for vessel repair and construction; and

**WHEREAS**, the lease commenced on February 1, 1985 and on July 10, 2012, the Board of Port Commissioners (BPC) approved Amendment No. 1 to the lease with Marine Group which extended the initial term by ten (10) years to January 31, 2030 and includes an option to extend for an additional eleven (11) years to January 31, 2041; and

**WHEREAS**, Marine Group is requesting the District's consent to an encumbrance of \$6,735,000 to refinance an existing loan with California Bank & Trust; and

**WHEREAS**, the existing loan is not secured by an encumbrance of the leasehold estate; and

**WHEREAS**, the loan is equal to 75% of the appraised leasehold value of \$8,980,000 and therefore complies with the maximum loan-to-value ratio required under BPC Policy No. 355; and


**WHEREAS**, staff recommends that the District consent to the encumbrance with the following conditions:

1. The loan amount will not exceed \$6,735,000.
2. The loan term will not extend beyond Marine Group's lease expiration date of January 31, 2030.
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 document, 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 document.
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 California Bank & Trust, as confirmed by receipt of final loan documents signed by both Marine Group and California Bank & Trust, within ninety (90) days of District's consent.
7. Marine Group acknowledges that it will not seek rent relief as a result of not being able to meet its debt service or debt repayment obligations.
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 ninety (90) days of District's consent.

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

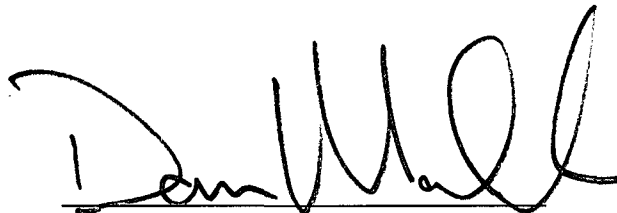
That the Executive Director or her designated representative is hereby authorized on behalf of the San Diego Unified Port District to consent to the encumbrance of Marine Group Boat Works, LLC's leasehold estate located at 997 G Street in the City of Chula Vista in an amount not to exceed \$6,735,000 in favor of California Bank & Trust, with conditions as set forth above.

APPROVED AS TO FORM AND LEGALITY:  
GENERAL COUNSEL

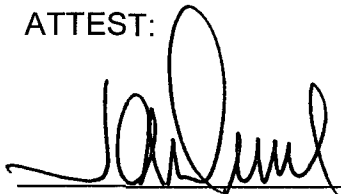
  
By: ~~Assistant~~ Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 6<sup>th</sup> day of October, 2015, by the following vote:

AYES: Bonelli, Castellanos, Malcolm, Merrifield, Moore, Nelson, and Valderrama.  
NAYS: None.  
EXCUSED: None.  
ABSENT: None.  
ABSTAIN: None.

  
Dan Malcolm, Chairman  
Board of Port Commissioners

ATTEST:

  
Timothy A. Deuel  
District Clerk

