

RESOLUTION 2015-159

RESOLUTION CONSENTING TO ENCUMBRANCE OF PORT CORONADO ASSOCIATES, LLC A CALIFORNIA LIMITED LIABILITY COMPANY DBA CORONADO FERRY LANDING, LOCATED AT 1201 FIRST STREET IN THE CITY OF CORONADO, LEASEHOLD ESTATE BY A \$6,800,000 TRUST DEED 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, Board of Port Commissioners (BPC) Policy No. 355 Administrative Practices Section III(A) sets out the required minimum documentation in support of District consent to new financing; and

WHEREAS, Port Coronado Associates, LLC dba Coronado Ferry Landing (PCA) operates a retail center and ferry operations located at 1201 First Street, Coronado, California; and

WHEREAS, the 40-year lease expires June 30, 2026; and

WHEREAS, PCA has requested District consent to a California Bank & Trust loan in the amount of \$6,800,000 to refinance existing debt encumbered by the leasehold and intended to be used for various leasehold improvements to be determined in the future; and

WHEREAS, the loan is equal to 67 percent of the appraised leasehold value of \$10,182,000 and therefore complies with being under the maximum loan-to-value ratio of 75 percent required under BPC Policy No. 355; and

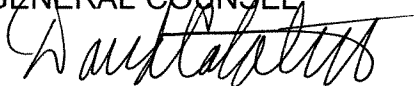
WHEREAS, staff has reviewed all of the relevant information required by BPC Policy No. 355 and recommends that the District consent to the encumbrance with the following conditions:

1. The loan amount will not exceed \$6,800,000; and

2. The loan term will not extend beyond PCA's lease expiration date of June 30, 2026; and
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; and
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; and
5. Nothing contained in the conditions of approval shall be construed to modify, amend or waive any provision of the lease; and
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 PCA and California Bank & Trust, within ninety (90) days of District's consent; and
7. PCA 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 re-conveyance recorded in the Office of the Recorder of San Diego County within ten (10) days of District's receipt of final loan documents signed by both PCA and California Bank & Trust as required in paragraph 6 above.

NOW, THEREFORE, BE IT RESOLVED that the Board of Port Commissioners of the San Diego Unified Port District, hereby consents to the encumbrance of Port Coronado Associates, LLC dba Coronado Ferry Landing, leasehold estate by \$6,800,000 in favor of California Bank & Trust, with the conditions 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 8th day of December, 2015, by the following vote:

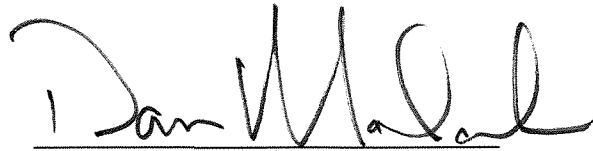
AYES: Bonelli, Castellanos, Malcolm, Merrifield, Moore, Nelson, and Valderrama.

NAYS: None.

EXCUSED: None.

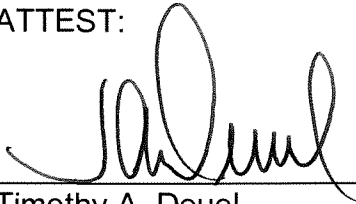
ABSENT: None.

ABSTAIN: None.



Dan Malcolm, Chairman
Board of Port Commissioners

ATTEST:



Timothy A. Deuel
District Clerk

(Seal)