

RESOLUTION 2015-171

RESOLUTION CONSENTING TO ASSIGNMENT AND ASSUMPTION OF THE LEASEHOLD INTEREST IN THE CABRILLO ISLE MARINA AT 1450 HARBOR ISLAND DRIVE, SAN DIEGO, FROM CLP CABRILLO MARINA, LLC TO SHM CABRILLO ISLE, 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 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, CLP Cabrillo Marina, LLC, a Delaware limited liability company (CLP) operates a 400-slip marina at 1450 Harbor Island Drive, San Diego, under a lease with the District which expires on February 29, 2044 (Lease); and

WHEREAS, the leasehold is comprised of approximately 123,538 square feet of land area and approximately 704,902 square feet of water area located at 1450 Harbor Island Drive in the City of San Diego; and

WHEREAS, CLP is proposing to assign the Lease to SHM Cabrillo Isle, LLC, a Delaware limited liability company (SHM); and

WHEREAS, SHM is a wholly-owned subsidiary of Safe Harbor Marinas, LLC (Safe Harbor), which is a subsidiary of AIM Marina Holdings, LLC; and

WHEREAS, the management team behind Safe Harbor has extensive experience managing marinas throughout the United States; and

WHEREAS, the Lease provides that as a condition of an assignment, rent shall be set at the current market rate and the Lease provisions may be updated to current District standards; and

WHEREAS, staff has analyzed the current values for marina properties and found that the percentage rental rates charged under the Lease are consistent with the Board of Port Commissioners (BPC) adopted rental rates and

the minimum annual rent (MAR) is equal to market rent and should remain unchanged at \$660,000; and

WHEREAS, the Lease was drafted in 2004, and has had two lease amendments in 2006 and 2010; therefore, a majority of the Lease clauses are out of date; and

WHEREAS, staff restated the Lease to update it to the District's current standard language, including such key clauses as: sustainable leasing, indemnity, prevailing wage, project submittal, and insurance; and

WHEREAS, the amended and restated lease also includes a new lease guaranty obligating Safe Harbor to guaranty the amended and restated lease over the remaining term; and

WHEREAS, SHM has agreed to an amended and restated lease that includes the new and revised lease provisions and the guaranty; and

WHEREAS, should the BPC consent to the amended and restated lease, the ordinance adopting the amended and restated lease shall not go into effect until the expiration of 30 days from the date of its passage by the BPC; and

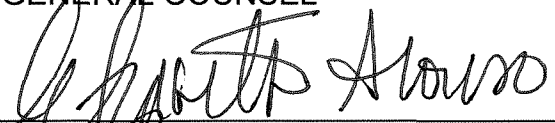
WHEREAS, should the BPC consent to the assignment of the Lease to SHM, Regions Bank has agreed to partially fund the purchase of the leasehold interest; and

WHEREAS, staff has reviewed the terms of the loan from Regions Bank and has determined they are in accordance with the Administrative Practices of BPC Policy No. 355.

NOW, THEREFORE, BE IT RESOLVED that the Board of Port Commissioners of the San Diego Unified Port District, hereby consents to the assignment and assumption of the leasehold interest in the Cabrillo Isle Marina at 1450 Harbor Island Drive, San Diego, from CLP Cabrillo Marina, LLC to SHM Cabrillo Isle, LLC subject to the following conditions:

1. The Board of Port Commissioners of the San Diego Unified Port District shall have adopted an ordinance granting the amended and restated lease between the San Diego Unified Port District and SHM Cabrillo Isle, LLC ("Ordinance"); and
2. The consent of the Board of Port Commissioners of the San Diego Unified Port District to the assignment and assumption of the leasehold interest in the Cabrillo Isle Marina at 1450 Harbor Island Drive shall not be effective until the Ordinance is effective.

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:

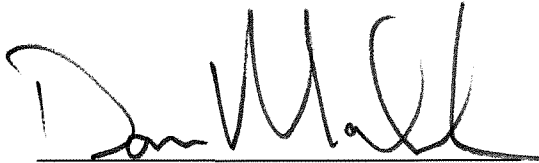
AYES: Bonelli, Castellanos, Malcolm, Merrifield, Moore, Nelson, and Valderrama.

NAYS: None.

EXCUSED: None.

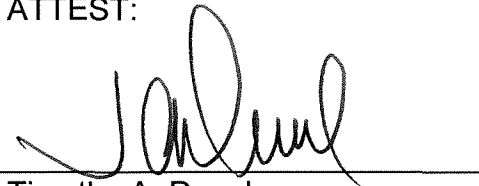
ABSENT: None.

ABSTAIN: None.



Dan Malcolm, Chairman
Board of Port Commissioners

ATTEST:



Timothy A. Deuel
District Clerk

(Seal)