

## RESOLUTION 2015-175

### RESOLUTION CONSENTING TO ENCUMBRANCE OF SUNROAD MARINA PARTNERS, L.P., A CALIFORNIA LIMITED PARTNERSHIP, DBA SUNROAD RESORT MARINA LEASEHOLD ESTATE BY AN ADDITIONAL \$1,750,000 FOR A TOTAL ENCUMBERED AMOUNT OF \$21,750,000, IN FAVOR OF COMPASS BANK, 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**, Sunroad Marina Partners, L.P., a California Limited Partnership dba Sunroad Resort Marina (Sunroad), operates a 600-slip marina located at 955 Harbor Island Drive under a 50-year lease with the District that expires on January 31, 2037; and

**WHEREAS**, on June 11, 2013, the Board of Port Commissioners (BPC) consented to a \$20,000,000 encumbrance of Sunroad's leasehold estate in favor of Compass Bank (BBVA Compass), with conditions; and

**WHEREAS**, BBVA Compass has agreed to increase the current loan amount of \$20,000,000 by \$1,750,000 for a total loan amount of \$21,750,000 and Sunroad is requesting the District's consent for said loan increase; and

**WHEREAS**, based upon the updated appraised value of \$29,000,000, the aggregate loan amount will bring the loan to value from 64% to 75%, which complies with the maximum loan-to-value ratio permitted under BPC Policy No. 355; and

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

1. The new loan amount will not exceed \$1,750,000 for a combined loan amount not to exceed \$21,750,000.

2. The loan term will not extend beyond the lease expiration date of January 31, 2037.
3. All other terms, conditions, provisions and covenants of the leases 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 trusts or notes secured thereby, and is not agreeing to be a party to the leasehold deed of trusts, notes or other documents.
5. Nothing contained in the conditions of approval shall be construed to modify, amend or waive any provisions of the leases.
6. The District's consent to the encumbrances shall be null and void and of no further force and effect if Sunroad does not obtain financing from BBVA Compass, as confirmed by receipt of final loan documents signed by both Sunroad and BBVA Compass, within one hundred eighty (180) days of District's consent.
7. Sunroad 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 in the amount of \$1,750,000 is conditioned upon the leasehold having no other loans in effect, except for the current loan from BBVA in the amount of \$20,000,000, as confirmed by receipt of a full reconveyance recorded in the Office of the Recorder of San Diego County within one hundred eighty (180) days of District's consent. In the event BBVA elects to consolidate the current loan in the amount of \$20,000,000 with the new loan in the amount of \$1,750,000 into a single loan totaling \$21,750,000, the District's consent to this encumbrance will be conditioned upon receipt of a full reconveyance of the \$20,000,000 loan recorded in the Office of the Recorder of San Diego County within one hundred eighty (180) days of District's consent.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Port Commissioners of the San Diego Unified Port District hereby consents to the encumbrance of Sunroad Marina Partners, L.P., a California Limited Partnership, dba Sunroad Resort Marina Leasehold Estate by an additional \$1,750,000 for a total encumbered amount of \$21,750,000, in favor of Compass Bank, 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 8<sup>th</sup> day of December, 2015, by the following vote:

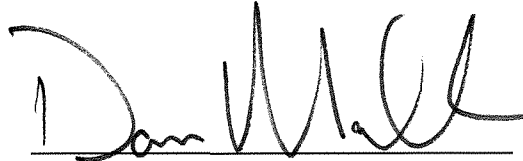
AYES: Bonelli, Malcolm, Merrifield, Moore, Nelson, and Valderrama.

NAYS: None.

EXCUSED: None.

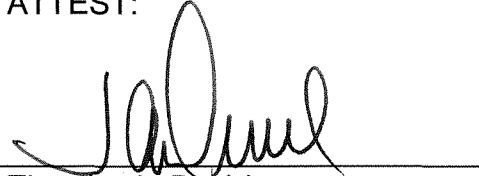
ABSENT: None.

ABSTAIN: Castellanos.



Dan Malcolm, Chairman  
Board of Port Commissioners

ATTEST:



Timothy A. Deuel  
District Clerk

(Seal)