

RESOLUTION 2016-89

**RESOLUTION CONSENTING TO SUBLEASE
BETWEEN HYATT CORPORATION, AS AGENT OF
HST SAN DIEGO HH LP, A DELAWARE LIMITED
PARTNERSHIP DBA MANCHESTER GRAND
HYATT SAN DIEGO AND NIKI BRYAN SPAS
INTERNATIONAL, LLC, A FLORIDA LIMITED
LIABILITY COMPANY, DBA MARILYN MONROE
SPAS, FOR A TEN-YEAR TERM WITH TWO FIVE-
YEAR OPTIONS, COMMENCING SEPTEMBER 15,
2014 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, the Manchester Grand Resorts, L.P. dba Manchester Grand Hyatt (Manchester) has a lease (Master Lease) with the District for a 1,625 room hotel and associated improvements located at One Market Place in the City of San Diego, on file in the Office of the District Clerk as Document No. 42263; and

WHEREAS, in March 2011, the District approved the sublease of the entire Master Lease premises to HST San Diego HH LP (Hyatt) under a Lease Agreement on file with the Office of the District Clerk as Document No. 58140; and

WHEREAS, in September 2014, Hyatt Corporation, as agent of Hyatt entered into a Spa Operations and Lease Agreement with Niki Bryan Spas International, LLC, a Florida limited liability company dba Marilyn Monroe Spas (MM Spas) to operate a luxury spa on the leasehold premises (Sublease); and

WHEREAS, the Sublease consists of a ten-year term with two five-year options which commenced on September 15, 2014; and

WHEREAS, District staff received the complete Sublease request from Hyatt in April 2016, and Hyatt is now requesting approval of the Sublease; and

WHEREAS, District staff has reviewed the terms of the Sublease in

accordance with Board of Port Commissioners Policy No. 355 (BPC 355), and recommends the Board of Port Commissioners consent to the Sublease with the following conditions:

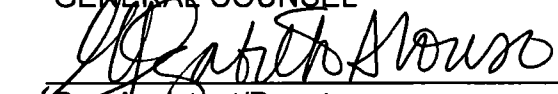
1. All of the terms, conditions, provisions and covenants of the Master Lease shall remain and continue in full force and effect and no further assignment, transfer, or sublease of the Master Lease or any part thereof shall be made without the prior written consent of the District in each instance, as provided in the Master Lease; and
2. The Sublease term will not extend beyond the current Master Lease expiration date of May 31, 2067; and
3. The Sublease shall not be renewed, extended, modified or amended without the prior express written consent of the District in each instance, nor shall MM Spas be permitted to hold over upon termination of the Sublease without the prior express written consent of District; and
4. Nothing contained in the conditions of approval shall be construed to modify, amend or waive any provisions of the Master Lease; and
5. The rent for the Sublease shall be as provided in the Sublease, subject to any rental review adjustments pursuant to the Master Lease notwithstanding any rent cap or other reduction imposed in the Sublease; and
6. Manchester shall remain responsible for each and every obligation under the Master Lease, including without limitation, the payment of rent, as such rent may be adjusted from time to time, pursuant to the terms of the Master Lease; and
7. In the event of a conflict or inconsistency between the Master Lease and the Sublease, the Master Lease shall govern and prevail.

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 Spa Operations and Lease Agreement between Hyatt Corporation, as agent of HST San Diego HH LP, a Delaware limited partnership, dba Manchester Grand Hyatt San Diego and Niki Bryan Spas International, LLC, a Florida limited liability company, with the conditions set forth above.

2016-89

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 15th day of June, 2016, by the following vote:

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

NAYS: None.

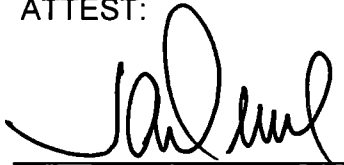
EXCUSED: Malcolm.

ABSENT: None.

ABSTAIN: None.


Marshall Merrifield, Chairman
Board of Port Commissioners

ATTEST:


Timothy A. Deuel
District Clerk

(Seal)