

## **RESOLUTION 2016-93**

### **RESOLUTION CONSENTING TO A SUBLEASE OF IMPROVEMENTS UNDER A LEASE-LEASEBACK ARRANGEMENT AT THE SAN DIEGO CONVENTION CENTER FROM THE CITY OF SAN DIEGO TO THE IBANK FOR FINANCING PURPOSES**

**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, WHEREAS**, the City of San Diego (City), through the San Diego Convention Center Corporation (SDCCC), manages the San Diego Convention Center (Convention Center) on behalf of the District under the "1998 Convention Center Management Agreement by and between the San Diego Unified Port District and the City of San Diego" (1998 Agreement); and

**WHEREAS**, the City proposes to obtain a loan of up to \$25.5 million for a term of 25 years from the California Infrastructure and Economic Development Bank ("IBank") to be implemented through a lease-leaseback financing arrangement to finance improvements to the Sails Pavilions and escalators and the replacement of cooling towers and life safety systems at the Convention Center; and

**WHEREAS**, the improvements include (1) the Sails Pavilion Upgrades estimated at \$18 million for the removal and replacement of the entire tensioned roof structure, the replacement of the concrete floor, fire cannon, roof-top chillers and tie-in of two stand-alone roof top chillers into the chilled water system; (2) the Escalator Modernization estimated at \$3.7 million for the repair and/or replacement of components such the truss, isolation mounting, incline modules, step band, comb plates, access covers, decks, balustrades, front plates, skirts, interior trip, handrails, controls wiring and safety devices; (3) the Cooling Tower Replacement estimated at \$1.6 million for the removal and replacement of the existing 5 cooling towers and related devices that serve the entire Convention Center, including all supports, flashings, pumps and controls necessary to deliver a complete system; and (4) the Fire Life Safety System Replacement estimated at \$1.9 million for the replacement of the building's existing fire alarm system;

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and

**WHEREAS**, the improvements are all located in the original portion of the Convention Center that was built in 1989; and

**WHEREAS**, the improvements themselves will serve as the leased assets; and

**WHEREAS**, the City and SDCCC will lease the improvements to IBank and, in turn, IBank will lease the improvements back to the City and SDCCC in exchange for principal and interest payments on the loan; and

**WHEREAS**, the loan will be repaid by the SDCCC and backed by the City's general fund; and

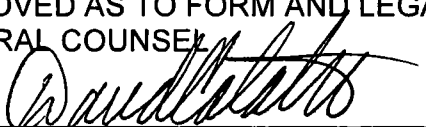
**WHEREAS**, the District will not be a party to the transactions and will not be financially responsible for making payments to the IBank or for guaranteeing the City or SDCCC's performance under the terms of the loan; and

**WHEREAS**, according to the terms of the 1998 Management Agreement for the Convention Center between the City and the District, this transaction requires the District's consent; and

**WHEREAS**, the City Council and SDCCC Board will need to take various actions including the approval of various findings and providing authorization to enter into the loan.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Port Commissioners of the San Diego Unified Port District hereby consents to a sublease of improvements under a lease-leaseback arrangement at the San Diego Convention Center from the City of San Diego and the San Diego Convention Center Corporation to the IBank for financing purposes; provided, however, as a condition of this approval, at least 60 days prior to the construction of the improvements, the City shall submit to the District the financing agreement(s) between IBank and the City for the District's review, which shall be limited to review of the agreement(s) for consistency with this approval, the District's consent to the encumbrance (District Resolution No. 2016-92), and the approval of Amendment No. 1 to the 1998 Convention Center Management Agreement by and between the San Diego Unified Port District and the City of San Diego (District Ordinance No. 2861).

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 15<sup>th</sup> day of June, 2016, by the following vote:

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

NAYS: None.

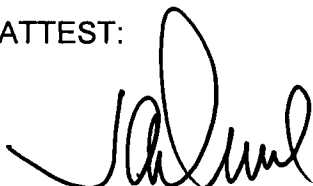
EXCUSED: Malcolm.

ABSENT: None.

ABSTAIN: None.

  
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Marshall Merrifield, Chairman  
Board of Port Commissioners

ATTEST:

  
\_\_\_\_\_  
Timothy A. Deuel  
District Clerk

(Seal)