

RESOLUTION 2017-099

**RESOLUTION AUTHORIZING A NON-BINDING
LETTER OF INTENT (LOI) WITH RIDA CHULA
VISTA, LLC AND THE CITY OF CHULA VISTA FOR
A RESORT HOTEL AND CONVENTION CENTER
WITHIN THE CHULA VISTA BAYFRONT**

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 21 of the Port Act authorizes the Board of Port Commissioners (BPC) to pass all necessary ordinances and resolutions for the regulation of the District; and

WHEREAS, the Chula Vista Bayfront Master Plan (CVBMP) is the result of a decade-long joint planning effort by the District, the City of Chula Vista (City), Pacifica Companies LLC, and a broad coalition of stakeholders; and

WHEREAS, the CVBMP was collaboratively planned through an extensive public participation program that included over 100 community meetings and resulted in a comprehensive Final Environmental Impact Report and Port Master Plan Amendment, which was approved by the BPC in May 2010 and certified by the California Coastal Commission in August 2012; and

WHEREAS, the financing agreement (Financing Agreement) for the Chula Vista Bayfront (CVB) was approved by the BPC in 2012 and set forth the framework for the financing and development of the public improvements and infrastructure within the CVB by the District and City, referred to collectively herein, as the "Public Entities"; and

WHEREAS, on June 20, 2017, the BPC will consider the Amended and Restated CVBMP Financing Agreement, which identifies new revenue sources and differentiates between the resort hotel and convention center (RHCC) related public infrastructure and improvements and those required for future phases of development on the CVB; and

WHEREAS, on May 6, 2014, the BPC adopted a resolution authorizing the issuance of a Request for Qualifications (RFQ) for a hotel and convention center located within CVB, and after considerable local, regional, national, and international marketing efforts by District staff, City staff, and consultants, RFQ 14-24 was issued on June 30, 2014; and

WHEREAS, on October 14, 2014, the BPC selected RIDA Development Corporation as the successful respondent to the RFQ and authorized staff to negotiate an Exclusive Negotiating Agreement (ENA); and

WHEREAS, on February 10, 2015, an ENA was approved by the BPC and the District entered into the ENA with RIDA Chula Vista, LLC (RIDA) which expires on February 16, 2018; and

WHEREAS, since the ENA was entered into, the District, the City and RIDA have conducted extensive due diligence to understand the challenges of the project, the needs of the CVB and potential economic impacts; and

WHEREAS, through extensive due-diligence review and constant on-going negotiations with RIDA, the project scope for the RHCC has been identified; and

WHEREAS, after two years of negotiations with RIDA, District and City staffs believe that an important interim step is to enter into a non-binding Letter of Intent (LOI) for development of the resort hotel and convention center (RHCC), the catalyst project for development of the CVB; and

WHEREAS, the intent of the LOI is to guide the negotiations pursuant to the ENA with the ultimate goal to enter into a binding agreement, in the form of a Disposition and Development Agreement, that specifies the rights and obligations of the District, the City and RIDA with respect to the lease, development and operation of the RHCC (Definitive Agreement); and

WHEREAS, the LOI is subject to the provisions of the ENA and does not supersede the terms of the ENA; and

WHEREAS, the terms of the ENA will remain in effect until such time as the ENA either terminates by its terms or the Definitive Agreement is approved and adopted by the Public Entities; and

WHEREAS, the LOI will be the first major, public milestone for the RHCC since the ENA and will set the stage by defining the key economic terms which will be the basis for the Definitive Agreement, which will be presented to both Public Entities for consideration later this year; and

WHEREAS, staff has retained Keyser Marston Associates (KMA) to prepare a comprehensive report that analyzes the RHCC project feasibility, proposed method of financing for the RHCC project, and public investment for the RHCC (KMA Report); and

WHEREAS, the KMA Report concludes that the RIDA projected return after the public investment and District rent structure is not excessive, which

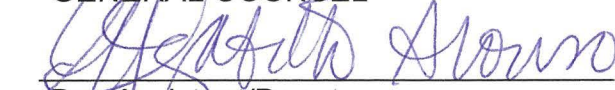
indicates that the Public Entities' contribution and District rent structure is warranted and needed in order for the RHCC to move forward and to be developed; and

WHEREAS, the requested BPC action will not result in any direct fiscal impact to the District, as the LOI is non-binding and any contribution of revenue sources by the District to the implementation of the CVBMP will be subject to a future plan of finance, as set forth in the Financing Agreement, as may be amended from time to time.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District, as follows:

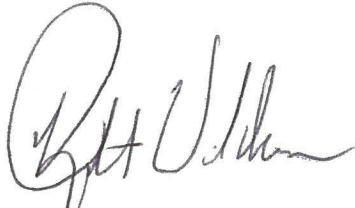
That the Executive Director or her designated representative is hereby authorized on behalf of the San Diego Unified Port District to enter into the non-binding Letter of Intent with RIDA Chula Vista, LLC and the City of Chula Vista for a resort hotel and convention center within the Chula Vista Bayfront.

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 20th day of June, 2017, by the following vote:

AYES: Bonelli, Castellanos, Malcolm, Merrifield, Moore, and Valderrama
NAYS: None.
EXCUSED: Zucchet
ABSENT: None.
ABSTAIN: None.


Robert Valderrama, Chair
Board of Port Commissioners

ATTEST:


Timothy A. Deuel
District Clerk

(Seal)