

**RESOLUTION 2017-105**

**RESOLUTION CONSENTING TO A SUBLEASE  
BETWEEN LFN DEVELOPERS, A DELAWARE  
LIMITED LIABILITY COMPANY, DBA MARRIOTT  
RESIDENCE INN/SPRINGHILL SUITES AND NNK  
INC, A CALIFORNIA CORPORATION, DBA BAYSIDE  
NAILS, FOR A FIVE-YEAR TERM WITH ONE FOUR-  
YEAR OPTION AND ONE FIVE-YEAR OPTION, 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 I, (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**, Board of Port Commissioners (BPC) Policy No. 355 Real Estate Leasing Policy and Administrative Practices Real Estate Leasing is the District's current leasing policy for real estate and maritime assets; and

**WHEREAS**, LFN Developers, a Delaware limited liability company, dba Marriott Residence Inn/Springhill Suites (Lane Field North) has a lease with the District that covers approximately 92,389 square-feet of land area located at 900 Bayfront Court, in the City of San Diego (Lease); and

**WHEREAS**, the Lease commenced on May 1, 2014 and has a term of 66-years, which expires on April 30, 2080; and

**WHEREAS**, Lane Field North's leasehold is comprised of a 400-room dual-branded hotel in a single tower, with a 253-room Marriott Springhill Suites and a 147-room Marriott Residence Inn, approximately 5,600 square-feet of meeting space, and 23,000 square-feet of retail space; and

**WHEREAS**, Bayside Nails will operate a nail and spa salon within the Lane Field North hotel providing spa services including manicures, pedicures, waxing and facials; and

**WHEREAS**, NNK Inc. has owned and operated two successful nail and spa salons in downtown San Diego, and this location is expected to be their flagship location with a luxurious ambiance, high end finishes and superior service; and

**WHEREAS**, Bayside Nails' proposed sublease with Lane Field North has a five-year term with one four-year option and one five-year option to extend, conditioned upon consent of the sublease by the BPC; and

**WHEREAS**, Lane Field North will submit plans for the tenant improvements to the sublease area for District approval upon completion of the design; and

**WHEREAS**, for long term subleases (more than five years), BPC 355 states they must meet the following conditions as a requirement to consent of the sublease: (1) sublease must meet current District lease requirements; (2) provide that the subtenant shall be obligated to pay any master lease rent increases that are applicable to the subleased premises; and (3) provide that in the event of a conflict between the master lease and the sublease, the master lease shall prevail; and

**WHEREAS**, since the sublease is consistent with BPC 355, staff recommends that the Board adopt a Resolution consenting to the sublease between Lane Field North and Bayside Nails.

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

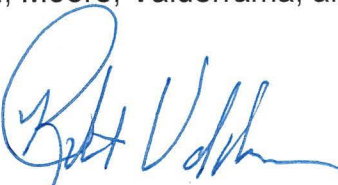
Adopt a resolution consenting to a sublease between LFN Developers, a Delaware limited liability company, dba Marriott Residence Inn/Springhill Suites and NNK Inc., a California corporation, dba Bayside Nails, for a five-year term with one four-year option and one five-year option, with conditions.

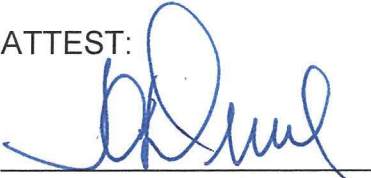
APPROVED AS TO FORM AND LEGALITY:  
GENERAL COUNSEL

  
By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 11<sup>th</sup> day of July 2017, by the following vote:

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

  
Robert Valderrama, Chair  
Board of Port Commissioners

ATTEST:  
  
Timothy A. Deuel  
District Clerk

