

RESOLUTION 2017-124

**RESOLUTION CONSENTING TO A SUBLEASE
BETWEEN LFS DEVELOPMENT LLC, AND STOIC
HOLDINGS INC., FOR A ROOFTOP BAR AND
RESTAURANT ON THE 19TH FLOOR OF THE LANE
FIELD SOUTH HOTEL FOR A TEN-YEAR TERM
WITH TWO FIVE-YEAR OPTIONS TO EXTEND,
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 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, 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, Lane Field South's Lease, held by LFS Development LLC, with the District covers approximately 69,278 square feet of land area located between Pacific Highway and North Harbor Drive, north of Broadway, in the City of San Diego (Lease); and

WHEREAS, the Lease commenced on June 1, 2016 and has a term of 66 years, which expires on May 31, 2082; and

WHEREAS, the Lease includes a 400-room Intercontinental Hotel within a single tower, meeting space and banquet rooms, 686 parking spaces, and 32,850 square feet of retail space; and

WHEREAS, the Intercontinental Hotel will have approximately 52,176 square feet of area accessible to the public which includes restaurants, bars, and terraces; and

WHEREAS, STOIC Holdings Inc. has proposed to operate a restaurant, bar/lounge, and outdoor terrace on the rooftop level of the Lane Field South hotel; and

WHEREAS, STOIC Holdings is a subsidiary to CH Projects, Inc., which operates 13 unique restaurant and bar concepts in the San Diego area such as Craft and Commerce, Ironside, El Dorado, and Neighborhood; and

WHEREAS, CH Projects has received numerous awards and recognition locally and nationally including Esquire Magazine's Top 100 Bars in the country, James Beard Nomination for outstanding bar program, and an Orchid from San Diego Architectural Foundation eight years in a row; and

WHEREAS, STOIC Holdings' original proposal to the District included a large bar/lounge area that was entirely private to members and a small restaurant area that was accessible to the public; and

WHEREAS, Lane Field South and STOIC Holdings have revised the proposal and the private area is for hotel guests and members represents only 5% of the total restaurant and bar space in the Intercontinental Hotel; and

WHEREAS, the private areas will be available to hotel guests and members that have completed an application process administered by STOIC Holdings; and

WHEREAS, the remainder of the restaurant space and terrace will include indoor and outdoor food and beverage services and a public viewing terrace all accessible to the general public and hotel guests; and

WHEREAS, STOIC Holdings' sublease with Lane Field South has a ten-year term with two five-year options to extend, conditioned upon consent of the sublease by the Board; and

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

WHEREAS, STOIC Holdings expects to generate approximately \$4.5M in gross sales in their first year of operations; and

WHEREAS, staff has required the sublease to meet the following condition as a requirement to consent of the sublease:

- Any temporary changes to the hours of operation of the restaurant, bar/lounge, or outdoor terrace limited to 14 consecutive days are permissible, however, Lane Field South must submit written notification to the District for any proposed changes to the hours of operation beyond 14 consecutive days which will require consent by the Executive Director of the District, which consent shall not be unreasonably withheld.

WHEREAS, since the sublease is consistent with BPC Section 355, staff recommends that the BPC adopt a Resolution consenting to the sublease between Lane Field South and STOIC Holdings.

NOW, THEREFORE, BE IT RESOLVED that the Board of Port Commissioners of the San Diego Unified Port District, hereby consents to sublease from LFS Development, LLC, a Delaware limited liability company, to STOIC Holdings, Inc., a California corporation, for a ten-year term with two five-year options to extend the term, 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 12th day of September 2017, by the following vote:


AYES: Bonelli, Castellanos, Malcolm, Merrifield, Valderrama, and Zucchet

NAYS: None.

EXCUSED: Moore

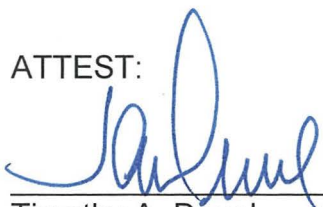
ABSENT: None.

ABSTAIN: None.



Robert Valderrama, Chair
Board of Port Commissioners

ATTEST:



Timothy A. Deuel
District Clerk

(Seal)