

RESOLUTION 2018-073

**RESOLUTION AUTHORIZING A REVENUE
SHARING AGREEMENT WITH THE CITY OF
CHULA VISTA**

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, the Chula Vista Bayfront Master Plan (CVBMP) is the result of a decade-long joint planning effort by the San Diego Unified Port District (District), the City of Chula Vista (City), and a broad coalition of stakeholders; and

WHEREAS, the District and City are collectively referred to herein as, the “Public Entities”; and

WHEREAS, the resort hotel and convention center (RHCC), located on approximately 36 acres of land within the Chula Vista Bayfront (Site), is the catalyst project for the Chula Vista Bayfront (CVB) and the vehicle to build future parks, restore sensitive habitat, and construct public infrastructure; and

WHEREAS, after over three years of collaborating with RIDA Chula Vista, LLC (RIDA) and solving the economic model for financial feasibility, the District, the City, and RIDA are ready to move forward with the RHCC; and

WHEREAS, the Disposition and Development Agreement (DDA) sets forth the mechanism to design, finance, and construct the RHCC and surrounding public infrastructure (the Phase 1A Infrastructure); and

WHEREAS, the RHCC and the Phase 1A Infrastructure are collectively referred to herein, as the “Project”; and

WHEREAS, the Revenue Sharing Agreement between the City and the District (Revenue Sharing Agreement) sets forth the District’s and City’s participation in the anticipated future cash flow from the Project in excess of debt service paid for the Project; and

WHEREAS, the contribution from the District and the City (Public Financing) is anticipated to be delivered to the Project through future bond offerings; and

WHEREAS, the District and City are contributing \$240,000,000 for the Convention Center component of the Project; and

WHEREAS, the District and City are contributing \$63,000,000 for the Phase 1A Infrastructure, including the sewer pump station upgrade in the CVB, of which \$56,000,000 will be financed and the remaining amount will come from other sources; and

WHEREAS, Keyser Marston Associates, Inc. (KMA) prepared a comprehensive report that analyzes the Project feasibility, proposed method of financing for the Project, and public investment (KMA Report); and

WHEREAS, the KMA Report estimates that in Lease Year 19, the proposed bond financing structure is projected to result in cash flow to the Public Entities after payment of debt service toward the bond issue; and

WHEREAS, if the BPC approves the Revenue Sharing Agreement, the District's and City's participation in the anticipated future cash flow after payment of debt service for the Project would be shared as summarized in the following chart:

| Priority | Disbursement Description |
|----------|---|
| 1 | To District, Reimbursement of its Annual Contribution |
| 2 | To City, Reimbursement of 73.6% of Actual Bayfront Fire Services Costs |
| 3 | To District and City, Reimbursement of General Fund Contributions (Through Close of Escrow) |
| 4 | To District and City, Reimbursement of General Fund Contributions (After Close of Escrow) |
| 5 | To JPA, One Year Additional Debt Service Reserves or Reserve Fund Insurance Policy |
| 6 | To District and City, Split Remaining Revenues 50/50 |

WHEREAS, the first position would be reimbursed to the District for the District's Annual Contribution in the amount of \$5 million for Lease Years 5-14, \$6 million for Lease Years 15-19, \$3 million for Lease Years 20-24, and \$3.5 million for Lease Years 25-38; and

WHEREAS, the second position would be reimbursed to the City for the City's actual fire services contribution toward fire services required for the RHCC and CVB as a whole with the construction of the Project; and

WHEREAS, the third position would be reimbursed to each of the Public Entities for each of their general fund contributions toward the Project (Through Close of Escrow), which include the District's existing CVB lease revenues and lease revenues from the future RV Park and the City's existing transient

occupancy tax (TOT) for the existing and future RV Park and Municipal Services Agreement (MSA) revenues; and

WHEREAS, the fourth position would be reimbursed to each of the Public Entities for each of their general fund contributions toward the Project (After Close of Escrow), which include the District's existing CVB lease revenues and lease revenues from the future RV Park and the City's existing TOT for the existing and future RV Park and MSA revenues; and

WHEREAS, the fifth position would be reimbursed to the Joint Exercise of Powers Authority (JEPA) in the amount necessary to establish one year of additional debt reserves (above and beyond those ordinarily required by the proposed debt structure), unless covered through an insurance policy, in which case the reimbursement would be allocated to pay for the premiums of the insurance; and

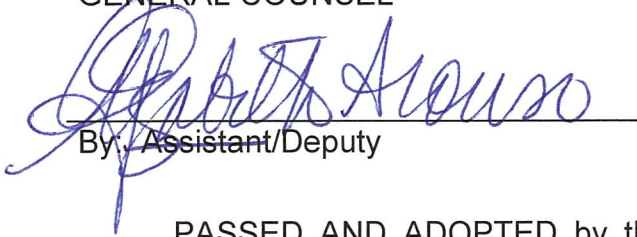
WHEREAS, the sixth position would be reimbursed to each of the Public Entities for any remaining revenues to be split evenly between the District and the City equally; and

WHEREAS, the reimbursement split would not cover operations and maintenance of the Project which both the District and the City anticipate paying through the use of the excess revenues to be distributed to the District and City through the sixth position and used to cover on-going operations and maintenance of their respective facilities.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District that the Executive Director or her designated representative is hereby authorized to enter into a Revenue Sharing Agreement with the City of Chula Vista.

BE IT FUTHER RESOLVED, that the BPC finds, based on the review of the entire record, including, without limitation, the Final EIR, that the Disposition and Development Agreement and related agreements, including the Revenue Sharing Agreement, was adequately covered in the Chula Vista Bayfront Final EIR, that further environmental review in accordance with CEQA Guidelines Sections 15162 and 15163 is not required and pursuant to CEQA Guideline Section 15162(b), the BPC finds that no further analysis or environmental documentation is necessary. The BPC further finds that the Revenue Sharing Agreement complies with Section 87 of the Port Act because it relates to the development of the uses specified therein. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the Revenue Sharing Agreement is consistent with the Public Trust Doctrine.

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 24th day of April, 2018, by the following vote:

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

NAYS: None.


EXCUSED: Zucchet

ABSENT: None.

ABSTAIN: None.


Rafael Castellanos, Chairman
Board of Port Commissioners

ATTEST:


Donna Morales
District Clerk

