

**RESOLUTION 2019-066**

**RESOLUTION CONSENTING TO A SUBLEASE BETWEEN LFS DEVELOPMENT, LLC, A DELAWARE LIMITED LIABILITY COMPANY, DBA INTERCONTINENTAL HOTEL AND LATITUDE 33, INC., A CALIFORNIA S CORPORATION, DBA LATITUDE 33 BREWING, FOR A NINETY-MONTH TERM WITH 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; and

**WHEREAS**, the Board of Port Commissioners (Board) adopted BPC Policy No. 355 to establish general policies for leasing the San Diego Unified Port District real estate assets; and

**WHEREAS**, Lane Field South's Master Lease 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; and

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

**WHEREAS**, Lane Field South's leasehold is comprised of a 400-room single-branded Intercontinental Hotel within a single tower, meeting space and banquet rooms, 686 parking spaces, and 32,850 square feet of retail space; and

**WHEREAS**, Latitude 33 will operate a microbrewery taproom on the ground floor of the Intercontinental Hotel; and

**WHEREAS**, this location will be their second taproom and will serve beverages that are manufactured offsite at their Vista location; and

**WHEREAS**, Latitude 33 was founded in 2011, and since then, has risen to become a "Top 10 San Diego Craft Brand"; and

**WHEREAS**, Latitude 33 has grown 6,300% in less than 5 years, and was ranked No. 4 in 2017, and No. 8 in 2018, "Top 100 Fastest Growing Companies" by the San Diego Business Journal; and

**WHEREAS**, the proposed Latitude 33 sublease with Lane Field South has a ninety-month term with one five-year option to extend, conditioned upon consent of the sublease by the District; 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**, Latitude 33 will pay a minimum annual rent of approximately \$172,678 to Lane Field South versus a percentage rent over a certain breakpoint and expects to generate approximately \$775,000 in gross sales in their first year of operations; 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:

- Sublease must meet current District lease requirements
- Provide that the subtenant shall be obligated to pay any master lease rent increases that are applicable to the subleased premises
- Provide that in the event of a conflict between the master lease and the sublease, the master lease shall prevail

**WHEREAS**, District staff has determined that the proposed sublease is consistent with BPC 355, and recommends that the Board adopt a Resolution consenting to the sublease between Lane Field South and Latitude 33.

**NOW THEREFORE, BE IT RESOLVED** by the Board of Port Commissioners of the San Diego Unified Port District, hereby consents to a sublease between LFS Development, LLC, a Delaware Limited Liability Company, dba Intercontinental Hotel and Latitude 33, Inc., a California S Corporation, dba Latitude 33 Brewing, for a ninety-month term with 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 18<sup>th</sup> day of June 2019, by the following vote:

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

NAYS: None.

EXCUSED: None.

ABSENT: None.

ABSTAIN: None.

  
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Garry J. Bonelli, Chairman  
Board of Port Commissioners

ATTEST:

  
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Donna Morales  
District Clerk

(Seal)