

ORDINANCE NUMBER O-18271 (NEW SERIES)

ADOPTED ON March 5, 1996

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING AND APPROVING THE FIRST AMENDED AND RESTATED CONVENTION CENTER MANAGEMENT AGREEMENT BY AND BETWEEN THE SAN DIEGO UNIFIED PORT DISTRICT AND THE CITY OF SAN DIEGO, AND APPROVAL OF CERTAIN DOCUMENTS AND ACTIONS IN CONNECTION WITH THE EXPANSION OF THE SAN DIEGO CONVENTION CENTER.

BE IT ORDAINED, by the Council of The City of San Diego, as follows:

Section 1. Amendment and Restatement of the Management Agreement. The existing Convention Center (the "Existing Center") is currently operated by the City of San Diego ("City") through the Convention Center Management Agreement between the City and the San Diego Unified Port District ("District"). The City and the District have agreed to amend and restate this contractual relationship between them through the First Amended and Restated Convention Center Management Agreement By And Between the San Diego Unified Port District and the City of San Diego, tentatively dated as of March 5, 1996 (the "1996 Management Agreement").

Section 2. The Expansion Project. The City and District have agreed that the City will construct an Expansion of the Existing Center (the "Expansion Project"), and that thereafter the City will manage both the Existing Center and the expanded Center (the "Expanded Center"). The City and District will form a Joint Powers Authority for the purpose of issuing not more than \$205,000,000 in lease revenue bonds to finance the construction of the Expansion Project. It is anticipated, however, that the City may require additional sources of funding to complete the Expansion Project.

Section 3. Additional Source of Revenue for Completion of Expansion Project--Hotel Project. The District has agreed to cause to be constructed a hotel upon District property proximate to the site of the Expansion Project, which is anticipated to benefit the City through additional revenues that will be one of the sources used by the City to finance construction of the Expansion Project. The District and City have agreed that, in the event the hotel is not constructed and open for occupancy by January 1, 1999, the District will provide financial assistance through a Purchase Option and Lease Agreement (Hotel Project), tentatively dated as of March 5, 1996 (the "Hotel Option"), by which the District will advance to the City up to \$2.25 million; and further by which, if the hotel is not constructed and open

for occupancy by January 1, 2000, the District will advance to the City an additional \$2.25 million. All such sums advanced will be secured by the District's purchase of a City property, which will be leased back to the City and which will be returned to the City upon repayment of the advances.

Section 4. Additional Source of Revenue for Completion of Expansion Project. The District has also agreed that, in the event the City's transient occupancy tax revenues do not increase for a period of two consecutive years between 1996 and 2010, the District will provide additional financial assistance through a Purchase Option and Lease Agreement (Convention Center Project), tentatively dated as of March 5, 1996 (the "Project Option"), by which the District will advance to the City up to \$5.5 million, to be secured by the District's purchase of a City property, which will be leased back to the City and which will be returned to the City upon repayment of the advance.

Section 5. Authorization and Approval of 1996 Management Agreement. The form and content of the 1996 Management Agreement between the City and the District, whereby the City will manage, operate and maintain the Existing Center and Expanded Center, a copy of which is before this Council and is on file in the office of the City Clerk as Document No. 00-18271-1, is hereby approved. The City Manager of the City of San Diego ("City Manager") is

hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the 1996 Management Agreement in substantially the form presented to and considered at this meeting, and the Clerk of the City is authorized to attest thereto, with such additions and changes therein as the City Manager shall approve as being in the best interests of the City, and as is approved as to form by the City Attorney, such approval to be conclusively evidenced by the City Manager's execution and delivery of said 1996 Management Agreement, which form of 1996 Management Agreement is hereby in all respects approved and incorporated by reference and made a part hereof.

Section 6. Authorization and Approval of Hotel Option and Project Option. The form and content of the Hotel Option and Project Option contracts, pursuant to which the District will advance additional sums to the City, as additional sources of revenue for completion of the Expansion Project, copies of which are before this Council and are on file in the office of the City Clerk as Document No. 00-18271-2 and Document No. 00-18271-3, respectively, are hereby approved. The City Manager is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Hotel Option and Project Option contracts in substantially the form presented to and considered at this meeting, and the City Clerk of the City is

authorized to attest thereto, with such additions and changes therein as the City Manager shall approve as being in the best interests of the City, and as is approved as to form by the City Attorney, such approval to be conclusively evidenced by the City Manager's execution and delivery of said Hotel Option and Project Option contracts, which form of Hotel Option and Project Option contracts are hereby in all respects approved and incorporated by reference and made a part hereof.

Section 7. Letter Agreement between City Manager and Port Director. In addition to the foregoing Agreements, the City manager is hereby authorized and directed to submit a letter, in substantially the form and content as is attached to this Ordinance as Exhibit "A" (the "Manager's Letter"), to the Port Director of the District with respect to the development of the old Police Headquarters and Lane Field.

Section 8. Designated Officer; General Authorization. The City Manager or his designee, any Deputy City Manager, the City Attorney, any Deputy City Attorney, the City Clerk and any Assistant City Clerk (each, a "Designated Officer"), and each of them acting alone or together, are hereby authorized and directed, for and in the name of and on behalf of the City, to take such actions, and to execute such documents and certificates as may be necessary to effectuate the purposes of this Ordinance.

Section 9. Notice of Public Hearing. The City Clerk shall cause notice of the public hearing to be held on March 4, 1996, at 2:00 p.m. at the regular meeting place of the City Council of the City, on the approval of the proposed 1996 Management Agreement, the Purchase Option and Lease Agreement (Hotel Project), the Purchase Option and Lease Agreement (Convention Center Project) and the Manager's Letter, to be published at least ten (10) days in advance of such public hearing in the San Diego Daily Transcript, a daily newspaper of general circulation, published and circulated in the City of San Diego, as required by Section 99 of the City Charter.

Section 10. Notice of Adopting of Ordinance. The City Clerk is hereby directed to cause publication of notice of the adoption of this Ordinance for five (5) consecutive days in the San Diego Daily Transcript, a daily newspaper of general circulation published and circulated in the City/County of San Diego, as required by California Government Code Section 6040.1, within fifteen (15) days from the passage hereof pursuant to California Government Code Section 6547.2.


Section 11. Referendum; Effective Date. This Ordinance is subject to the provisions for referendum contained in Section 27.2601 *et seq.* of the San Diego Municipal Code. Subject to those provisions, this Ordinance shall take effect and be in

force thirty (30) days from the date of its adoption and, prior to the expiration of fifteen (15) days from the passage hereof, the City Clerk shall cause this Ordinance to be published at least once in the San Diego Daily Transcript, a daily newspaper of general circulation, published and circulated in the City of San Diego.

Section 12. Title Insurance. The City Manager is hereby authorized to make necessary arrangements with an appropriate title insurance company to issue a title insurance binder with respect to land that may become the subject of the Hotel Option Lease or the Project Option Lease and to execute any agreement required for retention of such title insurance company or companies.

Section 13. This ordinance shall take effect and be in force on the thirtieth day from and after its passage.

APPROVED: JOHN W. WITT, City Attorney

By   
Theresa C. McAteer  
Deputy City Attorney

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02/14/96  
02/14/96 Corrected Copy  
Or.Dept:Mgr.  
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Form=o+t

February 23, 1996

Mr. Lawrence Killeen  
Executive Director  
San Diego Unified Port District  
3165 Pacific Highway  
San Diego, California 92112-0488

Re: Convention Center Expansion Negotiations

Dear Mr. Killeen:

This letter, after being signed by you, will serve as an agreement between the City of San Diego ("City") and the San Diego Unified Port District ("District") with respect to several issues discussed in the course of extensive negotiations on the Convention Center Expansion Project.

The City and the District have agreed to a transaction which will enable the City to finance, construct and operate the Expanded Convention Center. As a part of the consideration for these agreements, the District has requested the City to agree to several matters and the City has agreed to those matters as follows:

1. Lane Field. The City and the District agree to work cooperatively to ensure that the development of Lane Field is accomplished in accordance with sound planning principles to achieve maximum economic value.
2. Police Headquarters Property. The parties agree that the development of the Police Headquarters Property to its full potential is important to the City and the Region. The City agrees to ensure that the District can effect the development of the Police Headquarters Facility property to its maximum potential. Toward that end the City agrees not to further any additional historic designation of the Police Headquarters Facility.
3. Further District Commitments. The parties understand and agree that both parties have made long term commitments relating to the Convention Center Expansion which will affect the manner in which both the District and the City will manage their respective resources for many years to come. The City agrees not to seek any further funding from the District with respect to the design, construction, financing or operation of the Convention Center during the term of the Convention Center Facility Lease.

EXHIBIT

A

0-18271



Lawrence Killeen

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4. The parties further agree that the Mayors of the member cities of the District will attempt to meet together quarterly to discuss matters and issues of mutual concern.

CITY OF SAN DIEGO

SAN DIEGO UNIFIED PORT DISTRICT

By: \_\_\_\_\_

Jack McGrory  
City Manager

By: \_\_\_\_\_

Lawrence Killeen  
Executive Director