

Subitem A'

RESOLUTION NUMBER R- 310421

DATE OF FINAL PASSAGE MAY 27 2016

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE MAYOR, OR HIS DESIGNEE, TO EXECUTE THE CITY OF SAN DIEGO CONSENT TO ASSIGNMENT AND AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND FAIRBANKS RANCH COUNTRY CLUB, INC., BAY CLUB FAIRBANKS RANCH, LLC, AND THE BAY CLUBS COMPANY; AND TO EXECUTE THE FIRST AMENDMENT TO PERCENTAGE LEASE BETWEEN THE CITY OF SAN DIEGO AND BAY CLUB FAIRBANKS RANCH, LLC.

WHEREAS, in 1981, Watt Industries deeded 600 acres of open space in the San Dieguito River Valley to the City of San Diego (City) in conjunction with the City's approval of Watt Industries' residential development. In 1982, City and Watt Industries entered into a 61 year lease for approximately 372 acres of City-owned land for the development of the Fairbanks Country Club. In 1986, Watt Industries assigned its interest in the leasehold to Fairbanks Ranch Country Club, Inc. (Fairbanks Inc.); and

WHEREAS, Fairbanks Inc. has been having financial difficulties due to the 2008 recession and a declining membership base. As a result, in 2015, Fairbanks Inc. sought a purchaser to purchase its leasehold interest in its lease with City. Fairbanks Inc. selected Bay Club Fairbanks Ranch, LLC as its purchaser, and now seeks City's consent to assign its leasehold interest to Bay Club Fairbanks Ranch, LLC; and

WHEREAS, Bay Club Fairbanks Ranch, LLC is an affiliate of The Bay Club Company which was founded in 1977, as an owner and operator of Sports Resorts clubs. Sports Resorts is an active lifestyle and hospitality company geared at fitness elements for the entire family. The Bay Club Company has a network of 24 Country Clubs across ten campuses including five in

Northern California and five in Southern California. Headquartered in San Francisco, The Bay Club Company has 56,000 members and 3,400 employees. The Bay Club Company has owned and operated the Bay Club Carmel Valley in San Diego County since 2003; and

WHEREAS, along with the request for the City's consent to assign the subject lease from Fairbanks Inc. to Bay Club Fairbanks Ranch, LLC, Bay Club Fairbanks Ranch, LLC is requesting, if the City consents to the requested assignment, that the City Council authorize the execution of a proposed First Amendment to the subject lease; and

WHEREAS, the proposed First Amendment includes provisions which will include: the addition of six (6) acres to the leasehold premises - the additional acreage is being added as part of a mitigation and monitoring plan under which Bay Club Fairbanks Ranch, LLC, will resolve the original mitigation obligations of Fairbanks Inc.; the lease Term will be extended by an additional twelve (12) years; the minimum monthly rent will be increased to \$62,500 per month and the percentage rents will be adjusted to current market standards; and, the lease will be updated with current City lease provisions; and

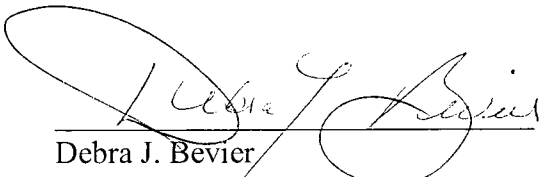
WHEREAS, the proposed Consent to Assignment and Agreement includes a provision that will require that the past due rent of \$634,532.76 be paid, in full, to City; and

WHEREAS, the market value of the underlying fee of the leased property is \$17,500,000; NOW, THEREFORE,

BE IT RESOLVED, that the Mayor, or his designee, is authorized to execute the City of San Diego Consent to Assignment and Agreement between the City of San Diego and Fairbanks Ranch Country Club, Inc., Bay Club Fairbanks Ranch, LLC, and The Bay Clubs Company, the terms and conditions of which are more fully set forth in Document No. RR-310421-1, which is on file with the City Clerk.

BE IT FURTHER RESOLVED, that the Mayor, or his designee, is authorized to execute the First Amendment to Percentage Lease between the City of San Diego and Bay Club Fairbanks Ranch, LLC, the terms and conditions of which are more fully set forth in Document No. RR-310421<sup>-2</sup>, which is on file with the City Clerk.

APPROVED: JAN I. GOLDSMITH, City Attorney

By   
Debra J. Bevier  
Deputy City Attorney

DJB:mcm  
05/03/2016  
05/12/2016 Cor. Copy  
Or.Dept: Real Estate Assets Dept.  
Doc. No.: 1278845

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of MAY 17 2016.

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 5/27/16  
(date)

  
KEVIN L. FAULCONER, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on MAY 17 2016, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherrri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Date of final passage MAY 27 2016

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

KEVIN L. FAULCONER  
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

(Seal)

By *Atty. General*, Deputy

Office of the City Clerk, San Diego, California  
Resolution Number R- **310421**