

RESOLUTION NUMBER R- 311864

DATE OF FINAL PASSAGE JUL 20 2018

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE EXECUTION OF THE CITY OF SAN DIEGO FLAT RATE LEASE WITH COAST AIR CENTER LLC FOR THE LEASE OF APPROXIMATELY 9.4 ACRES AT MONTGOMERY-GIBBS EXECUTIVE AIRPORT AND TO WAIVE COUNCIL POLICY 700-10 REGARDING THE MAXIMUM LOAN PROCEEDS NOT TO EXCEED SEVENTY-FIVE PERCENT LOAN TO VALUE OF THE LEASEHOLD IMPROVEMENTS.

WHEREAS, on September 1, 2017, a Request for Proposals (RFP) was issued soliciting proposals from qualified firms to redevelop, operate, and lease 9.4 acres of improved property for a fixed based operator (FBO) and other aviation related business on the Montgomery-Gibbs Executive Airport (Airport); and

WHEREAS, of the four proposals to the RFP submitted, two were selected, based on a point system, to move forward in the selection process; and

WHEREAS, the proposers of the two selected proposals were invited to oral interviews to review their proposals and allow the selection committee the opportunity to ask questions and obtain clarification on various aspects of the proposals; and

WHEREAS, after reviewing the proposals and completing the oral interviews, the selection committee determined that Coast Air Center LLC, a California limited liability company (Coast), provided the best proposal for the redevelopment and operation of a fixed based operation at the Airport pursuant to the proposed lease (Lease); and

WHEREAS, Coast's proposal offered the greatest total benefits to the Airport, including the initial annual rent in the amount of \$214,000, over \$5,800,000 in investments in aviation facilities in four years, and a 40-year lease term; and

WHEREAS, Coast proposes to relocate their flight school from modular facilities to a new 5,000 sq. ft. flight school; construct a new 12,000 sq. ft. community hangar, a 3,000 sq. ft. FBO Lounge, and 16,175 sq. ft. of executive hangars; refurbish 19 existing hangars; install a community wash rack, security fencing, and gates to separate the public area from the aircraft operating area, and an automobile parking lot, all at a minimum cost of \$5,800,000; and

WHEREAS, Coast will be offering full service FBO services including flight training, aircraft hangar rentals, maintenance, full line-service, and fuel sales; and

WHEREAS, Coast's proposes services will be instrumental in attracting businesses and visitors to the San Diego area and will support San Diego's growing economy; and

WHEREAS, Council Policy 700-10 requires that staff take appropriate steps to review the proposed financing and ensure that the loan proceeds invested into the leasehold do not exceed 75 percent loan to value of the leasehold improvements; and

WHEREAS, Coast is proposing \$1,000,000 in minimum capital investment, or 83 percent loan to value ratio, and has received the lender's approval; and

WHEREAS, Kevin Slatnick and Bryan Simmons, managing members of Coast, will serve as guarantors on the proposed loans and the proposed lease until Coast has completed construction of the approximately \$5,800,000 of improvements; and

WHEREAS, staff has reviewed and approved the financial fitness of Coast, Kevin Slatnick, and Bryon Simmons, and has determined that they have the financial capability, expertise, and experience to develop and operate the proposed leasehold development; and

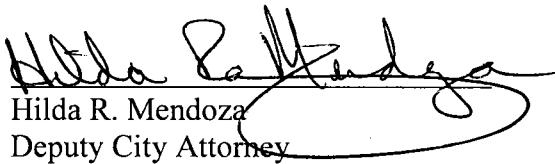
WHEREAS, staff is recommending that Council waive the 75 percent loan to value requirement in Council Policy 700-10 due to Kevin Slatnick and Bryon Simmon making their personal financial commitments; and

WHEREAS, the market value of the real estate subject to the Lease, as appraised by an independent fee appraiser, is \$2,132,920; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the Mayor, or his designee, is authorized and directed to execute the City of San Diego Flat Rate Lease with Coast Air Center LLC, which is on file in the Office of the City Clerk as Document No. RR- 311864, for the lease and redevelopment of approximately 9.4-acres of land at Montgomery-Gibbs Executive Airport under the terms and conditions set forth therein.

BE IT FURTHER RESOLVED, that the Council waives the requirement pursuant to Council Policy 700-10, which provides that the maximum loan proceeds not exceed 75 percent loan to value of the leasehold improvements.

APPROVED: MARA W. ELLIOTT, City Attorney

By 
Hilda R. Mendoza
Deputy City Attorney

HRM:ccm
June 8, 2018
Or.Dept: READ
Doc. No.: 1768520.docx

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUL 10 2018.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 7/20/18
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on JUL 10 2018, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	<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"/>
Chris Ward	<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"/>
Georgette Gomez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUL 20 2018.

(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.

(Seal)

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

By *Hy Brady*, Deputy

Office of the City Clerk, San Diego, California
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