

RESOLUTION NUMBER R- 312021

DATE OF FINAL PASSAGE OCT 26 2018

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING 59 FLAT RATE PARCEL GROUND LEASE AND RIGHT OF ENTRY LICENSE AGREEMENTS AND AGREEMENT FOR OFFSET OF RENT WITH METROPOLITAN AIRPARK, LLC; AND AGREEMENT FOR EXCHANGE OF EASEMENTS WITH THE UNITED STATES OF AMERICA AND METROPOLITAN AIRPARK, LLC, REGARDING APPROXIMATELY 207.56 ACRES OF CITY-OWNED REAL PROPERTY AT THE BROWN FIELD MUNICIPAL AIRPORT.

WHEREAS, in 2013, the Council of the City of San Diego authorized the Mayor to enter into a Leasehold Development Agreement (LDA), on file with the Office of the City Clerk as Document No. RR-308482, between the City of San Diego (City) and Brown Field International Business Park, LLC, which document contemplated the development of certain real property at Brown Field Municipal Airport (Airport). The LDA, and all rights thereto, pursuant to its own terms, has since been assigned to Metropolitan Airpark, LLC (Lessee) for the lease and development of approximately 331 acres (Property) of the 880 acres of the Airport. The LDA establishes the terms and conditions between Lessee and the City for Lessee to enter upon, lease and develop the Property in four phases over 20 years; and

WHEREAS, the LDA contemplates that the City and Lessee will enter into a number of ground leases, including for the master planned, four-phased development of aviation and non-aviation uses on approximately 207.56 acres of the Property (Project). The proposed Project will create new aviation facilities, aviation industrial, industrial, commercial, and other uses satisfying immediate and long-term aviation needs at the Airport; and

WHEREAS, City staff and Lessee have negotiated terms and conditions for 59 Flat Rate Parcel Ground Lease and Right of Entry License Agreements (individually “Agreement” and collectively the “Agreements”). The Agreements have the following terms and conditions: term of the lease portion of each of the Agreements will be 50 years commencing at the sooner of the date of issuance of the first certificate of occupancy for any improvement constructed within any individual parcel or 30 months after the issuance of vertical building permits; the rent for each Agreement for lease year one through lease year five will be determined by adjusting upward the appraised value by the increase in the consumer price index (capped at 3% per year) between February 22, 2018 (the date the appraised value of the Property was determined) and the lease commencement date; and the first phase of construction (the aviation uses) must be constructed before a certificate of occupancy is granted on any other phase of the Project; and

WHEREAS, in the first phase of the Project, Lessee will develop a minimum of 14,500 square feet jet aviation fixed based operator facility; five large aircraft hangars totaling 75,000 square feet; 28 small aircraft T-hangars, each containing a minimum of 1,200 square feet; and the required apron and ramp improvements. The estimated cost for this minimum requirement is Twenty-Six Million Dollars (\$26,000,000); and

WHEREAS, the market value of the real estate subject to the Agreements, as appraised by an independent fee appraiser, is approximately \$1,350,000; and

WHEREAS, the Project will result in the removal of an existing tenant of the Airport and a loss of rent payments by that tenant in the amount of \$250,000 each year. The proposed Agreement for Offset of Rent requires Lessee to pay the City up to \$250,000 per year as advanced payment of rent for five years from the date of revenue lost from the existing tenant, offset by any rent paid by Lessee under any of the Agreements during the five years Lessee is to

pay this amount to the City. The City will reimburse Lessee by rent credits under the Agreements as further set forth in the proposed Agreement for Offset of Rent; and

WHEREAS, the LDA does not provide for the advanced payment of rent. However, the proposed Agreement for Offset of Rent was negotiated by City staff to ensure that the Airport enterprise fund would not suffer significant revenue loss during the early years of the Project development; and

WHEREAS, when the United States of America (USA) conveyed the Airport to the City, it reserved an access easement (Original Easement) over portions of the Airport to provide for continued access to its property adjacent to the northeast border of the Airport. This access easement is in the area that is proposed for development for the Project; and

WHEREAS, it is proposed that the City exchange the existing access easement with an access easement that runs across the northeastern boundary of the Airport from La Media Road to the USA's property as set forth in the proposed Agreement to Provide the United States of America, including U.S. Customs and Border Protections, an Access Easement for Ingress and Egress to and from Federally Owned Property, Over Land Used and Operated as Part of the Brown Field Airport (Easement Exchange Agreement); and

WHEREAS, the existing easement is 50 feet by approximately 5,944 feet and contains approximately 295,630 square feet and the proposed new easement to be conveyed by the City to the USA is 48 feet in width by approximately 6,159 feet in length and contains approximately 295,632 square feet (New Easement). The New Easement to be conveyed by the City to the USA is approximately the same size as the existing easement to be quitclaimed by the USA to the City, via a quitclaim deed (Quitclaim Deed); and

WHEREAS, on February 2, 2018, a qualified real estate appraiser conducted an appraisal of the easement interests proposed to be exchanged. Based on the appraisal, the Mayor certifies that the easement interests in the New Easement and the easement interests in the Quitclaim Deed are approximately equal in value; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the Mayor, or his designee, is hereby authorized and directed to execute 59 Flat Rate Parcel Ground Lease and Right of Entry License Agreements with Metropolitan Airpark, LLC, as specifically set forth in attached Exhibit A, for the development of a total of 207.56 acres of City owned real property at the Brown Field Municipal Airport.

BE IT FURTHER RESOLVED, that the Mayor, or his designee, is authorized to execute the Agreement for Offset of Rent with Metropolitan Airpark, LLC, which is on file in the Office of the City Clerk as Document No. RR- 312021-60, to offset revenue loss from an existing tenant.

BE IT FURTHER RESOLVED, that the exchange of the United States of America's easement interests in the Original Easement for those easement interests in the New Easement are approved.

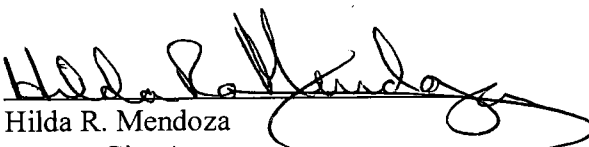
BE IT FURTHER RESOLVED, that the Mayor, or his designee, is authorized to execute the Agreement to Provide the United States of America, including U.S. Customs and Border Protections, an Access Easement for Ingress and Egress to and from Federally Owned Property, Over Land Used and Operated as Part of the Brown Field Airport with Metropolitan Airpark, LLC and the United States of America, which is on file in the Office of the City Clerk as Document No. RR- 312021-61, for the exchange of easements with the United States of America to provide the United States of America, and specifically the Customs and

Border Protection, with continued access to their facility adjacent to the Airport and execute and deliver an easement deed in favor of the United States of America conveying a new location for an access easement.

BE IT FURTHER RESOLVED, that the Mayor, or his designee, is authorized to execute and deliver all other instruments to effect and complete the transactions contemplated by this Resolution.

BE IT FURTHER RESOLVED, that this resolution shall take effect and be in force upon (1) the Federal Aviation Administration's approval of the Airport Layout Plan and issues a record of decision for the environmental assessment which approve Parcels D, F, H and a portion of J of the Property for use as authorized in the LDA, and (2) the Federal Aviation Administration has not advised the City that the Agreements fail to comply with the Brown Field Quitclaim Deed, existing agreements between the City and the United States of America, and legal requirements of the United States of America relative to the development, operation, and maintenance of the Airport, but in no event shall this resolution take effect earlier than the day of this resolution's final passage.


APPROVED: MARA W. ELLIOTT, City Attorney

By 
Hilda R. Mendoza
Deputy City Attorney

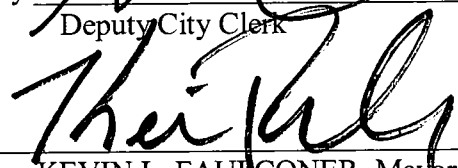
HRM:nja
09/18/18
Attachments
Or. Dept: READ
Doc. No.: 1838571

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of OCT 23 2018.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 10/26/18
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

EXHIBIT A:

Fifty-Nine Flat Rate Parcel Ground Lease and Right of Entry License Agreements

1. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel L-1, on file with the San Diego City Clerk as Document No. R- 312021-1
2. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel L-2, on file with the San Diego City Clerk as Document No. R- 312021-2
3. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel L-3, on file with the San Diego City Clerk as Document No. R- 312021-3
4. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel L-4, on file with the San Diego City Clerk as Document No. R- 312021-4
5. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel L-5, on file with the San Diego City Clerk as Document No. R- 312021-5
6. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel M-6, on file with the San Diego City Clerk as Document No. R- 312021-6
7. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel M-7, on file with the San Diego City Clerk as Document No. R- 312021-7
8. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel M-8, on file with the San Diego City Clerk as Document No. R- 312021-8
9. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel M-9, on file with the San Diego City Clerk as Document No. R- 312021-9
10. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel M-10, on file with the San Diego City Clerk as Document No. R- 312021-10
11. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel M-11, on file with the San Diego City Clerk as Document No. R- 312021-11
12. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel M-12, on file with the San Diego City Clerk as Document No. R- 312021-12
13. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel M-13, on file with the San Diego City Clerk as Document No. R- 312021-13
14. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel N-14, on file with the San Diego City Clerk as Document No. R- 312021-14
15. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel A-15, on file with the San Diego City Clerk as Document No. R- 312021-15

16. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel A-16, on file with the San Diego City Clerk as Document No. R- 312021-16
17. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel A-17, on file with the San Diego City Clerk as Document No. R- 312021-17
18. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel B-18, on file with the San Diego City Clerk as Document No. R- 312021-18
19. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel B-19, on file with the San Diego City Clerk as Document No. R- 312021-19
20. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel B-20, on file with the San Diego City Clerk as Document No. R- 312021-20
21. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel B-21, on file with the San Diego City Clerk as Document No. R- 312021-21
22. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel B-22, on file with the San Diego City Clerk as Document No. R- 312021-22
23. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel C-23, on file with the San Diego City Clerk as Document No. R- 312021-23
24. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel D-24, on file with the San Diego City Clerk as Document No. R- 312021-24
25. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel D-25, on file with the San Diego City Clerk as Document No. R- 312021-25
26. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel E-26, on file with the San Diego City Clerk as Document No. R- 312021-26
27. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel E-27, on file with the San Diego City Clerk as Document No. R- 312021-27
28. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel E-28, on file with the San Diego City Clerk as Document No. R- 312021-28
29. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel E-29, on file with the San Diego City Clerk as Document No. R- 312021-29
30. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel G-30, on file with the San Diego City Clerk as Document No. R- 312021-30
31. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-31, on file with the San Diego City Clerk as Document No. R- 312021-31
32. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-32, on file with the San Diego City Clerk as Document No. R- 312021-32

33. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-33, on file with the San Diego City Clerk as Document No. R- 312021-33
34. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-34, on file with the San Diego City Clerk as Document No. R- 312021-34
35. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-35, on file with the San Diego City Clerk as Document No. R- 312021-35
36. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-36, on file with the San Diego City Clerk as Document No. R- 312021-36
37. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-37, on file with the San Diego City Clerk as Document No. R- 312021-37
38. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-38, on file with the San Diego City Clerk as Document No. R- 312021-38
39. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-39, on file with the San Diego City Clerk as Document No. R- 312021-39
40. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-40, on file with the San Diego City Clerk as Document No. R- 312021-40
41. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-41, on file with the San Diego City Clerk as Document No. R- 312021-41
42. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-42, on file with the San Diego City Clerk as Document No. R- 312021-42
43. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-43, on file with the San Diego City Clerk as Document No. R- 312021-43
44. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-44, on file with the San Diego City Clerk as Document No. R- 312021-44
45. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-45, on file with the San Diego City Clerk as Document No. R- 312021-45
46. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-46, on file with the San Diego City Clerk as Document No. R- 312021-46
47. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-47, on file with the San Diego City Clerk as Document No. R- 312021-47
48. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-48, on file with the San Diego City Clerk as Document No. R- 312021-48
49. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-49, on file with the San Diego City Clerk as Document No. R- 312021-49

50. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-50, on file with the San Diego City Clerk as Document No. R- 312021-50
51. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-51, on file with the San Diego City Clerk as Document No. R- 312021-51
52. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-52, on file with the San Diego City Clerk as Document No. R- 312021-52
53. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-53, on file with the San Diego City Clerk as Document No. R- 312021-53
54. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-54, on file with the San Diego City Clerk as Document No. R- 312021-54
55. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-55, on file with the San Diego City Clerk as Document No. R- 312021-55
56. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-56, on file with the San Diego City Clerk as Document No. R- 312021-56
57. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-57, on file with the San Diego City Clerk as Document No. R- 312021-57
58. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-58, on file with the San Diego City Clerk as Document No. R- 312021-58
59. Flat Rate Parcel Ground Lease and Right of Entry License Agreement for Parcel I-59, on file with the San Diego City Clerk as Document No. R- 312021-59

Passed by the Council of The City of San Diego on OCT 23 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 OCT 26 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:

(Seal)

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

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

By , Deputy

Office of the City Clerk, San Diego, California

312021

Resolution Number R-_____