

RESOLUTION _____**RESOLUTION CONSENTING TO THE TRANSFER OF
OWNERSHIP INTEREST IN MARINE GROUP BOAT
WORKS, LCC TO MARINE GROUP GLOBAL HOLDINGS,
LLC**

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 ("Port Act"); and

WHEREAS, Section 87(b) of the Port Act grants authority to the District to lease the tidelands or submerged lands, or parts thereof, for limited periods, not exceeding 66 years, for purposes consistent with the trusts upon which those lands are held, by the State of California; and

WHEREAS, Marine Group Boat Works, LLC, a California limited liability company ("MGBW") is an existing District tenant under that certain Amended, Restated, and Combined Lease dated February 3, 2009, on file in the Office of the District Clerk as Document No. 54509, as amended by that certain Amendment No. 1 dated July 10, 2012, on file in the Office of the District Clerk as Document No. 59238, and that certain Amendment No. 2 dated November 6, 2015, and on file in the Office of the District Clerk as Document No. 64198 (as amended, the "Existing Lease"); and

WHEREAS, under the Existing Lease, MGBW operates a ship building and repair facility at the leased premises located at 997 G Street, Chula Vista, consisting of approximately 419,823 square feet of land area and approximately 358,756 square feet of water area and further described in the Existing Lease ("Premises"); and

WHEREAS, MGBW has requested District consent to the proposed acquisition of one hundred percent (100%) of the ownership interest in MGBW by Marine Group Global Holdings, LLC, a Delaware limited liability company which proposed transfer ("Proposed Transfer") requires District consent under the Existing Lease; and

WHEREAS, in connection with the Proposed Transfer, District and MGBW have negotiated an Amended and Restated Lease in the form attached to the agenda sheet to which this Resolution relates ("Amended and Restated Lease"); and

WHEREAS, the Amended and Restated Lease has the same expiration date of January 31, 2030 and 11-year option to extend as the Existing Lease; and

WHEREAS, the Amended and Restated Lease includes a Guaranty to be executed by an affiliate of MGBW ("Guaranty"), which includes a Guarantor Minimum Tangible Net Worth Requirement; and

WHEREAS, the Lease requires Tenant to use commercially reasonable efforts to

obtain and maintain in full force and effect throughout the term of the Amended and Restated Lease a leasehold environmental liability insurance policy (also known as pollution legal liability insurance) in accordance with conditions set forth in the Amended and Restated Lease ("Environmental Liability Policy") to secure performance of obligations under the Amended and Restated Lease in combination with the Guaranty; and

WHEREAS, in connection with the Environmental Insurance Policy, the proposed transferee parties are having performed a Phase II Environmental Site Assessment of the Premises ("Phase II ESA"); and

WHEREAS, in the event that the Phase II ESA identifies any Recognized Environmental Conditions (as defined under ASTM E1527-21), then the District staff and the proposed transferees will meet and confer regarding adjustments to the Environmental Liability Policy coverage and Guaranty Minimum Tangible Net Worth amounts as needed to protect District's interests under the Amended and Restated Lease; and

WHEREAS, MGBW has agreed to pay the District one million five hundred thousand dollars (\$1,500,000) (the "Amendment Payment") in exchange for removal of certain provisions from the Existing Lease regarding early termination, relocation, and buyout, as described in more detail in the agenda sheet to which this Resolution relates; and

WHEREAS, in comparison to the Existing Lease, the Amended and Restated Lease includes numerous beneficial provisions to the District, as further described in the agenda sheet to which this Resolution relates; and

WHEREAS, the effectiveness of the Amended and Restated Lease shall be conditioned upon the consummation of the Proposed Transfer (the "Closing"), and the District's consent to the Proposed Transfer hereunder shall be conditioned upon the execution of the Amended and Restated Lease, among other conditions; and

WHEREAS, if the Closing fails to take place, thereby preventing the effectiveness of the Amended and Restated Lease, for any reason by September 7, 2025 ("Outside Closing Date"), then the consent granted by this Resolution is to automatically be deemed null and void and the Amended and Restated Lease is not to become effective without further action by the Board of Port Commissioners; and

WHEREAS, in addition to the Closing occurring by the Outside Closing Date, the authority granted by this Resolution shall be conditioned upon, on or before the Closing: (i) the District being paid the \$1,500,000 Amendment Payment and the three thousand four hundred dollar (\$3400) District cost recovery fee by MGBW, (ii) the results of the Phase II ESA being received and not identifying any Recognized Environmental Conditions, or if the Phase II ESA identifies Recognized Environmental Conditions, the Environmental Liability Policy coverage and Guaranty Minimum Tangible Net Worth

Requirement amounts being adjusted as needed to protect District's interest as determined by District staff, (iii) the District receiving executed counterpart originals of the Amended and Restated Lease and the Guaranty, and (iv) MGBW submitting to the District a signed declaration from the manufacturer of the travel lift located on the Premises stating that the travel lift has been and remains electronically limited to a maximum lifting capacity of 660 tons displacement; and

WHEREAS, District staff recommends that the Board of Port Commissioners adopt a resolution consenting to the Proposed Transfer subject to the conditions set forth herein.

NOW, THEREFORE, BE IT RESOLVED that the Board of Port Commissioners of the San Diego Unified Port District hereby consents to the transfer of one hundred percent (100%) of the ownership interest in Marine Group Boatworks, LLC to Marine Group Global Holdings, LLC, subject to the following conditions, the failure of any of which would render the consent granted hereunder null and void: (a) the Closing, and thereby the full execution and effectiveness of the Amended and Restated Lease, shall have occurred by the Outside Closing Date, and (b) on or before the Closing: (i) the District being paid the \$1,500,000 Amendment Payment and the three thousand four hundred dollar (\$3400) District cost recovery fee by MGBW, (ii) the results of the Phase II ESA being received and not identifying any Recognized Environmental Conditions, or if the Phase II ESA identifies Recognized Environmental Conditions, the Environmental Liability Policy coverage and Guaranty Minimum Tangible Net Worth Requirement amounts being adjusted as needed to protect District's interest as determined by District staff, (iii) the District receiving executed counterpart originals of the Amended and Restated Lease and the Guaranty, and (iii) MGBW submitting to the District a signed declaration from the manufacturer of the travel lift located on the Premises stating that the travel lift has been and remains electronically limited to a maximum lifting capacity of 660 tons displacement.

APPROVED AS TO FORM AND LEGALITY: GENERAL COUNSEL

By: Assistant/Deputy General Counsel

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 6th day of June 2025, by the following vote:

AYES:

NAYS:

EXCUSED:

ABSENT:

ABSTAIN:

RECUSED:

_____,
Danielle Moore, Chairwoman
Board of Port Commissioners

ATTEST:

Donna Morales
District Clerk

