

DRAFT**RESOLUTION 20xx-xxx****RESOLUTION CONSENTING TO A CHANGE IN OWNERSHIP FROM SUN COMMUNITIES TO BIP POSEIDON HOLDCO L.P. AND ITS SUBSIDIARIES AS 100% OWNER OF SAFE HARBOR MARINAS, 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, Safe Harbor Marinas, LLC (“**SHM**”) is a wholly owned subsidiary of Sun Communities, a publicly traded real estate investment trust specializing in manufactured housing and marina properties; and

WHEREAS, Sun Communities previously acquired SHM in 2020 as part of a \$2.1 billion transaction; and

WHEREAS, SHM currently operates 138 Safe Harbor locations in the United States and Puerto Rico; and

WHEREAS, included in SHM’s portfolio are the following District tenant entities of which SHM is the 100% sole owner: (i) SHM Cabrillo Isle, LLC (“**SHM Cabrillo Isle**”); (ii) SHM South Bay, LLC, a Delaware limited liability company (“**SHM South Bay**”); (iii) SHM Sunroad, LLC, a Delaware limited liability company (“**SHM Sunroad**”); and (iv) SHM Shelter Island, LLC, a Delaware limited liability company (“**SHM Shelter Island**” and, collectively with SHM Cabrillo Isle, SHM South Bay, and SHM Sunroad, the “**Tenants**”); and

WHEREAS, collectively, the Tenants have the following six leases with the District (collectively, the “**Leases**”), all of which are on the District’s current lease template:

- i. Second Amended and Restated Lease dated May 31, 2021 and recorded in the Office of the District Clerk as Document No. 72861 (as amended by Amendment No. 1 dated October 26, 2021 and recorded in the Office of the District Clerk as Document No. 73287 and Amendment No. 2 dated January 22, 2024 and recorded in the

Office of the District Clerk as Document No. 76299, the “**Cabrillo Isle Lease**”) between SHM Cabrillo Isle and Landlord;

- ii. Amended and Restated Lease dated December 13, 2021 and recorded in the Office of the District Clerk as Document No. 73446 (the “**California Yacht Marina Lease**”) between SHM South Bay and Landlord;
- iii. Amended and Restated Lease dated November 1, 2022 and recorded in the Office of the District Clerk as Document No. 74684 (the “**CV Marina Lease**”) between SHM South Bay and Landlord;
- iv. Lease dated March 23, 2021 and recorded in the Office of the District Clerk as Document No. 72382 (as amended by Amendment No. 1 dated November 1, 2021 and recorded in the Office of the District Clerk as Document No. 73299, the “**Sunroad Marina Lease**”) between SHM Sunroad (as successor by assignment of Sunroad Marina Partners, L.P.) and Landlord;
- v. Amended and Restated Lease dated December 1, 2021 and recorded in the Office of the District Clerk as Document No. 73444 (the “**Sunroad Restaurant Lease**”) between SHM Sunroad and Landlord; and
- vi. Amended and Restated Lease dated May 17, 2021 and recorded in the Office of the District Clerk as Document No. 72862 (the “**Shelter Island Lease**”, and, collectively with the Cabrillo Isle Lease, the California Yacht Marina Lease, the CV Marina Lease, the Sunroad Marina Lease, and the Sunroad Restaurant Lease, the “**Leases**”) between SHM Shelter Island and Landlord; and

WHEREAS, the aforementioned four wholly owned subsidiaries of SHM – SHM Cabrillo Isle, SHM South Bay, SHM Sunroad, and SHM Shelter Island – currently operate the following six leaseholds on District tidelands pursuant to the Leases:

- i. SHM Cabrillo Isle operates a 400-slip marina located at 1450 Harbor Island Drive, San Diego, California, 92101. The leasehold is comprised of approximately 704,902 square feet of water area and 123,538 square feet of land area. The Cabrillo Isle Lease with the District currently expires on February 29, 2044.
- ii. SHM South Bay dba Safe Harbor South Bay operates a 353-slip marina, located at 640 Marina Parkway Chula Vista California 91910. The leasehold is comprised of approximately 625,594 square feet of water area and 162,741 square feet of land area.

The California Yacht Marina Lease with the District expires on June 30, 2032.

- iii. SHM South Bay dba Safe Harbor South Bay operates a 559-slip marina, located at 550 Marina Parkway Chula Vista, California, 91910. The leasehold is comprised of approximately 856,522 square feet of water area and 223,549 square feet of land area. The CV Yacht Marina Lease with the District currently expires on November 30, 2030.
- iv. SHM Sunroad dba Safe Harbor Sunroad Marina operates a 608-slip marina, located at 955 Harbor Island Drive San Diego, California 92101. The leasehold is comprised of approximately 1,056,263 square feet of water area and 259,090 square feet of land area. The Sunroad Marina Lease with the District currently expires on January 31, 2061.
- v. SHM Sunroad dba Safe Harbor Sunroad Restaurants operates three restaurants that total 1,140-seats, located at 880 Harbor Island Drive San Diego California 92101. The three restaurants are the C Level Lounge, Island Prime, and Coasterra. The leasehold is comprised of approximately 104,422 square feet of water area and 145,979 square feet of land area. The Sunroad Restaurant Lease with the District currently expires on July 31, 2042.
- vi. SHM Shelter Island operates a 52-slip boatyard, located at 2330 Shelter Island Drive, San Diego, California 92106. The leasehold is comprised of approximately 124,645 square feet of water area and 85,740 square feet of land area. The Shelter Island Lease with the District currently expires on September 30, 2044.

WHEREAS, BIP Poseidon Holdco L.P. ("**BIP**"), an affiliate of investment firm Blackstone, Inc. ("**Blackstone**"), has entered into an agreement to acquire 100% of the ownership interest of SHM for approximately \$5.65 billion (the "**Transaction**"); and

WHEREAS, should the Transaction be consummated, the ownership of SHM would transfer from Sun Communities and its affiliates to BIP and its subsidiaries; and

WHEREAS, included in the Transaction, which constitutes a "Change in Entity" under each of the Leases and requires prior District approval, are the aforementioned Tenants' leasehold interests; and

WHEREAS, Blackstone brings exceptional financial strength, operational expertise, and a long-term commitment to infrastructure investment; and

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WHEREAS, Blackstone is well-positioned to enhance the marinas, boatyard, and restaurant operations subject to the Leases while upholding high service standards, and District staff believes Blackstone's focus on long-term value creation will help ensure the District's waterfront properties remain premier destinations for both boaters and visitors; and

WHEREAS, Blackstone has conveyed that all SHM operations and personnel will remain in place, preserving continuity for tenants, retaining valuable local expertise, and sustaining the strong relationships that have been established within the community; and

WHEREAS, each of the Leases provides that should the District consent to the Transaction, the District is entitled to a participation fee of 2.5% of the gross proceeds ("**Participation Fee**") from the change in ownership of each of the Tenants; and

WHEREAS, the Participation Fee calculated from the Change in Entity associated with the six District properties totals \$6,318,654 (see Attachment B to the Agenda Sheet to which this Ordinance relates); and

WHEREAS, District staff hired Pro Forma Advisors, LLC, a third-party financial consulting and valuation firm that specializes in providing strategic guidance and analysis, to review and provide feedback on the Participation Fee amount, and the review concluded that the calculated Participation Fee was appropriate and that the District's financial interests were properly accounted for in the Transaction; and

WHEREAS, District's consent to the consummation of the Transaction (the "**Closing**") is to be conditioned upon (i) District's receipt of the Participation Fee, (ii) the execution of the Representation and Warranty Certificate in substantial form as Attachment D to the Agenda to which this Ordinance relates ("**Representation and Warranty Certificate**") by BIP and SHM, and (iii) the execution of the Omnibus Lease Amendment in substantial form as Attachment E to the Agenda to which this Ordinance relates ("**Omnibus Amendment**") by each of the Tenants; and

WHEREAS, attached to the Representation and Warranty Certificate is a post-closing organizational chart reflecting BIP's ownership structure of SHM and the Tenants should the Closing occur; and

WHEREAS, the Omnibus Amendment requires SHM to execute a Continuing Guaranty of all of SHM Sunroad's obligations under the Sunroad Marina Lease and to maintain a minimum \$250M net worth during the term of such lease; and

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WHEREAS, SHM previously executed a Continuing Guaranty in connection with each of the other five Leases; and

WHEREAS, the Closing is scheduled to take place on or about April 30, 2025; and

WHEREAS, upon satisfaction of the aforementioned preconditions, the proposed acquisition by BIP and its subsidiaries of all ownership interests in SHM is consistent with BPC 355, as Blackstone's financial stability and commitment to excellence will help ensure that relevant leaseholds will be well-maintained and further enhanced, benefiting the local boating community and visitors; and

WHEREAS, in light of these considerations, and subject to the preconditions set forth in this Resolution; staff recommends that the Board adopt a resolution consenting to the acquisition of 100% of the issued and outstanding equity interests of Safe Harbor Marinas, LLC by BIP Poseidon Holdco L.P. and its subsidiaries.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District, that the acquisition of 100% of the issued and outstanding equity interests of Safe Harbor Marinas, LLC by BIP Poseidon Holdco L.P. and its subsidiaries is approved, and the Executive Director or their designee is authorized to countersign the Omnibus Lease Amendment, provided that the effectiveness of all approvals and authority granted hereunder are conditioned on the following: (i) the District receiving the Participation Fee of \$6,318,654 on or prior to the Closing; (ii) the District receiving (a) a copy of the Representation and Warranty Certificate in substantial form as Attachment D to the Agenda to which this Ordinance relates executed by BIP and SHM; (b) a copy of the Omnibus Lease Amendment in substantial form as Attachment E to the Agenda to which this Ordinance relates executed by each of the Tenants; and (c) a copy of the Continuing Guaranty in the form attached to the Omnibus Lease Amendment executed by SHM; and (iii) if the Closing has not occurred on or before August 24, 2025, all approvals and authority granted hereunder shall be automatically null and void and of no further force and/or effect.

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 15th day of April 2025, by the following vote: