

DRAFT**SAN DIEGO UNIFIED PORT DISTRICT****ORDINANCE XXXX****ORDINANCE GRANTING AN AMENDED AND
RESTATED LEASE TO LBX HEADQUARTERS AT
SEAPORT LLC TO UPDATE LEASE TO CURRENT
TERMS**

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, the Port Act grants the District jurisdiction, traditional police powers, including land use authority, and expressed land management and powers over certain submerged waters and tidelands around and in the San Diego Bay (Port Act Sections 5, 19, 21, 87); and

WHEREAS, Sections 21 and 87(b) of the Port Act grants authority to the District to grant franchises, leases or other privileges to access, use and occupy the tidelands or submerged lands, or parts thereof, for limited periods, not exceeding 66 years, for purposes consistent with the Public Trusts upon which those lands are held, by the State of California; and

WHEREAS, Seaport Village Operating Company, LLC (SVOC) dba The Headquarters, operates as an entertainment-oriented specialty retail development formerly known as the Old Police Headquarters located at 789 West Harbor Drive in the City of San Diego (Premises) (see Attachment A to the corresponding agenda sheet to which this Ordinance relates); and

WHEREAS, SVOC's existing Lease with the District expires January 10, 2052 (Current Lease¹); and

WHEREAS, SVOC's is proposing to assign its rights and obligations under the Current Lease to LBX Headquarters at Seaport LLC, a Delaware limited liability company (LBX Seaport), and LBX Seaport is proposing to assume such rights and obligations; and

WHEREAS, LBX Seaport is indirectly owned by LBX Investments LLC, a Delaware limited liability company (LBX Investments); and

WHEREAS, LBX Investments is a diversified commercial real estate investment firm with a primary focus on investing in retail properties nationally; and

¹ Lease dated March 14, 2012 on file in the Office of the District Clerk as Document No. 58599 (as amended by that certain Amendment No. 1 dated February 14, 2017 on file in the Office of the District Clerk as Document No. 66166).

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WHEREAS, LBX Investments has a robust, vertically integrated platform that oversees leasing, property management, asset management, construction, marketing, finance and accounting efforts; and

WHEREAS, the Current Lease requires the Board of Port Commissioners (Board) to consent to the assignment and assumption from SBOC to LBX Seaport (Assignment); and

WHEREAS, as a condition of granting consent to the Assignment, the District is entitled to update the terms and provisions of the Current Lease as well as to a participation fee of .85% of the gross process from the assignment, which totals \$296,437 (Assignment Fee); and

WHEREAS, LBX Seaport has agreed to an Amended and Restated Lease (Attachment B to the corresponding agenda sheet to which this Ordinance relates) (Restated Lease) on the District's current lease template and that includes updated terms in comparison to the Current Lease; and

WHEREAS, the Restated Lease requires LBX Investments to execute a Continuing Guaranty (Guaranty) to guaranty all of LBX Seaport's obligations under the Restated Lease and will be required to maintain a net worth of no less than \$15,000,000 throughout the term of the Restated Lease; and

WHEREAS, the effectiveness of the Restated Lease is conditioned upon the consummation of the Assignment (the "Closing"), and the consummation of the Closing is conditioned upon the effectiveness of the Restated Lease; and

WHEREAS, if both the Closing fails to take place and the Restated Lease fails to become effective for any reason on or before October 31, 2025 (Outside Closing Date), then the approvals granted by this Ordinance are to automatically be deemed null and void and of no force and/or effect without further action by the Board; and

WHEREAS, in addition to the Closing occurring and the Restated Lease becoming effective on or before the Outside Closing Date, the approvals granted by this Ordinance shall be conditioned upon the District receiving, all before or concurrently with the Closing, executed counterparts of the Restated Lease and the Guaranty as well as payment of the Assignment Fee to the District; and

WHEREAS, in light of the foregoing benefits and the conditions set forth in this Ordinance and the corresponding agenda sheet to which this Ordinance relates, staff recommends adopting an ordinance approving the Restated Lease to LBX Seaport, under the terms presented.

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NOW THEREFORE, the Board of Port Commissioners of the San Diego Unified Port District does ordain as follows:

Section 1. The Amended and Restated Lease with LBX Headquarters at Seaport LLC be approved in substantial form as Attachment B to the corresponding agenda sheet to which this Ordinance relates conditioned upon: (i) the Closing, and thereby the effectiveness of the Amended and Restated Lease, occurring on or before the Outside Closing Date; (ii) the District receiving executed counterpart originals of the Restated Lease and the Guaranty on or before the Closing; (iii) the District receiving payment of the Assignment Fee on or before the Closing.

Section 2. Subject to the aforementioned conditions, the Executive Director or his designated representative is hereby authorized to execute the Amended and Restated Lease in substantial form as Attachment B to the agenda sheet to which this Ordinance relates.

Section 3. This Ordinance shall take effect on the 31st day from its passage by the Board of Port Commissioners.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL

By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 15th day of July, 2025, by the following vote: