

Agenda

MEETING OF THE
SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA)
JOINT POWERS AGENCY OF THE COUNTY OF SAN DIEGO &
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

April 16, 2019

3:00 p.m.

>>>>>>>>>>County Administration Center<<<<<<<<<<<
1600 Pacific Highway
San Diego, CA 92101
Board Library, Room 335

ACTION
RECOMMENDED

- | | | |
|----|--|-----------------|
| 1. | <u>ROLL CALL</u> | |
| 2. | <u>APPROVAL OF MINUTES - December 6, 2018</u> | Approve |
| 3. | <p>CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS
 Pursuant to California Government Code Section 54956.8
 <u>Property:</u> Mills Building Parking Garage (1255 Imperial Avenue, San Diego, CA; APN 538-010-33)
 <u>Agency Negotiators:</u> Marko Medved, Paul Jablonski, Craig Gibson, Hugh Rowles, Rachel Witt, Karen Landers, Timothy White
 <u>Negotiating Parties:</u> Padres L.P., San Diego Ballpark Funding LLC
 <u>Under Negotiation:</u> Price and Terms of Payment under Lease Agreement for Parking Spaces dated January 30, 2007
 CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION Pursuant to California Government Code Section 54956.9(d)(4) (One potential case)</p> | Possible Action |
| 4. | <p><u>Mills Building - Amendment to Padres Parking Lease</u>
 Action would authorize the Executive Director to negotiate and execute a Parking Lease Amendment substantially similar to Attachment A.</p> | Approve |
| 5. | <p><u>San Diego Regional Building Authority (SDRBA) Meeting Schedule Adjustment</u>
 Action would discuss potential adjustments to the SDRBA meeting schedule for 2019.</p> | Discuss |
| 6. | <p><u>PUBLIC COMMENTS</u>
 Limited to five speakers with three minutes per speaker. If you have a report to present, please give your copies to the Clerk.</p> | |
| 7. | <u>NEXT MEETING DATE:</u> May 2, 2019 | |
| 8. | ADJOURNMENT | |

SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA)
JOINT POWERS AGENCY
OF THE COUNTY OF SAN DIEGO AND
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

DRAFT MINUTES

December 6, 2018

1. Roll Call

Chairman Roberts called the meeting to order at 8:40 a.m. Authority members present included Chairman Roberts and Ms. Gomez.

2. Approval of Minutes

Leslie Cusworth, with Colliers, requested to update the minutes from the June 7, 2018 meeting. She clarified comments made under item 3 in relation to the building restrooms. Ms. Cusworth requested that her statement reflect that the restrooms may or may not be under code and therefore may be grandfathered in with previous code requirements. She stated that she will verify the code information and report back to the SDRBA.

Ms. Gomez moved for approval of the minutes of the June 7, 2018, San Diego Regional Building Authority (SDRBA) meeting, including the recommended changes. Chairman Roberts seconded the motion, and the vote was 2 to 0 in favor with Mr. Cox absent.

The SDRBA convened for Closed Session at 8:43 a.m.

3. **CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS** Pursuant to California Government Code Section 54956.8
Property: Mills Building Parking Garage (1255 Imperial Avenue, San Diego, CA; APN 538-010-33)
Agency Negotiators: Marko Medved, Paul Jablonski, Craig Gibson, Hugh Rowles, Rachel Witt, Karen Landers, Timothy White
Negotiating Parties: Padres L.P., San Diego Ballpark Funding LLC
Under Negotiation: Price and Terms of Payment under Lease Agreement for Parking Spaces dated January 30, 2007
CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Pursuant to California Government Code Section 54956.9(d)(4) (One potential case)

The SDRBA reconvened from Closed Session at 8:59 a.m.

Oral Report on Final Actions Taken in Closed Session

3. The SDRBA received a report and gave instructions to negotiators and legal counsel.

4. Public Comments

There were no public comments.

5. Next Meeting Date

The next SDRBA meeting is scheduled for January 10, 2019 (if needed) in the Executive Committee Room at MTS.

6. Adjournment

The meeting adjourned at 9:00 a.m.

Chairperson

Attachment: Roll Call Sheet

SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA)
JOINT POWERS AGENCY OF THE COUNTY OF SAN DIEGO &
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

ROLL CALL

MEETING OF (DATE) December 6, 2018

CALL TO ORDER (TIME) 8:40 a.m.

CLOSED SESSION 8:43 a.m.

RECONVENE 8:59 a.m.

ADJOURN 9:00 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
COX	<input type="checkbox"/>		
GOMEZ	<input checked="" type="checkbox"/>	8:30 a.m.	9:00 a.m.
ROBERTS	<input checked="" type="checkbox"/>	8:40 a.m.	9:00 a.m.

OTHER ATTENDEES:

NAME	REPRESENTING
Tim White	County of San Diego
Tim Barry	County of San Diego
Leslie Cusworth	Colliers
Hugh Rowles	County of San Diego
Karen Landers	MTS
Paul Jablonski	MTS
Julia Tuer	MTS

SIGNED BY THE CLERK OF THE BOARD:

Julia Tuer

CONFIRMED BY OFFICE OF THE MTS GENERAL COUNSEL:

Kara Oza

SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA)
JOINT POWERS AGENCY OF THE COUNTY OF SAN DIEGO &
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

April 16, 2019

SUBJECT:

MILLS BUILDING – AMENDMENT TO PADRES PARKING LEASE

RECOMMENDATIONS:

That the San Diego Regional Building Authority (SDRBA) authorize the Executive Director to negotiate and execute a Parking Lease Amendment substantially similar to Attachment A.

DISCUSSION:

In 1987, MTS and County created the SDRBA joint powers authority to jointly finance, construct and manage the Mills Building property located at 1255 Imperial Avenue, including the 10-story office building and 6-story parking structure. In 2007, the County, MTS and the SDRBA entered into a parking lease with the Padres. The lease guarantees the Padres up to 300 parking spaces for each Petco Park home game and up to 20 special events every calendar year. The Padres pay for the home games in one upfront payment every March. The rate is a 30% discount off of the rate charged at the neighboring Tailgate Park lot on Imperial Avenue and the P-1 (Padres Parkade) Garage on 10th Avenue.

Staff proposes that the Board authorize the Executive Director to execute a Lease Amendment with the Padres, LP, clarifying and revising the formula for calculating the parking space base rent and special event rates, modifying the terms under which the first option period may be exercised, and agreeing on an amount of back rent owed.

Attachment: A. Proposed Lease Amendment (MTS Doc. No. G1030.1-07)

**Amendment No. 1 to
Lease Agreement for Parking Spaces at James R. Mills Building Garage**

This Amendment No. 1 (Amendment) to the Lease dated January 30, 2007 is made and entered into effective as of January 1, 2019, by and between the SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA), a joint exercise of powers authority, the COUNTY OF SAN DIEGO (COUNTY), a political subdivision of the State of California, and the SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS), a transit development board created pursuant to Public Utilities Code section 120000, *et seq.*, (collectively "Lessors"), and Padres L.P. (Lessee).

RECITALS

- A. The Lease between the parties has a base term expiring on December 31, 2025. (Lease Article 2(a).)
- B. The Lease includes three 5-year options to extend, requiring mutual exercise by Lessors and Lessee. (Lease Article 2(b).) The option periods are January 1, 2026 to December 31, 2030 (Option 1), January 1, 2031 to December 31, 2035 (Option 2), and January 1, 2036 to December 31, 2040 (Option 3).
- C. Article 3.1(b) establishes a formula for adjusting the per parking space rental rate for each Lease year.
- D. Article 3.1(c) establishes a formula for adjusting the per parking space rental rate for Special Events.
- E. Lessors and Lessee desire to clarify the formula and reporting in Article 3.1(b); 3.1(c); and 3.1(e), adjust the terms of Option 1, and agree on the terms of payment for back rent owed.

AGREEMENT

- 1. Article 2(b) (TERM, *Renewal Term*) shall be amended to read in its entirety as follows:
 - b. *Renewal Term.* Three options to renew for five years each: January 1, 2026 to December 31, 2030 (Option 1), January 1, 2031 to December 31, 2035 (Option 2), and January 1, 2036 to December 31, 2040 (Option 3). Each option may be exercised by the Lessee delivering to Lessors written notice thereof at least six months and no more than twelve months before the end of the initial term or effective renewal term, as the case may be. The Base Rent for each renewal term shall be determined by the formula set forth in Article 3, Section 3.1(b)(iii). As to Option 2 and Option 3, Lessors may elect not to permit the renewal by delivering to Lessee written notice thereof at least 18 months before the expiration of the preceding option term. Additionally, Lessors may terminate this Lease during Option 2 or Option 3 by delivering to the Lessee written notice thereof at least 18 months before the termination date.
- 2. Article 3, Section 3.1(b) (RENT, *Base Rent; Rent Adjustment for Regular Game Day Events*) shall be amended in its entirety to read as follows:
 - b. *Rent Adjustment for Game Day Events:*

(i) Effective January 1, 2019, the 2019 season Base Rent shall be \$18.05 per space for Regular Game Day Events.

(ii) For each Lease year between 2020 and 2025, the Base Rent shall increase by 2.5% each year.

(iii) For each option term exercised pursuant to Article 2(b), the Base Rent for Regular Game Day Events for the first year in each option term shall be adjusted to the greater of:

(A) The prior year's Base Rent, increased by 2.5%; or

(B) 70% of the effective Lease year's Average Parking Rate at the Comparison Set parking areas.

The Average Parking Rate shall be calculated by averaging (i) Average Event Parking Rate Tailgate Park; and (ii) Average Event Parking Rate P-1 Garage.

Average Event Parking Rate Tailgate Park, shall mean the average of the highest event parking rates charged at Tailgate Park for each of the Padres' baseball games played at Petco Park during the designated Lease year.

Average Event Parking Rate P-1 Garage, shall mean the average of the highest event parking rates to be charged at P-1 Garage for each of the Padres' baseball games played at Petco Park during the designated Lease year.

Comparison Set, shall mean Tailgate Park and P-1 Garage. Tailgate Park is located at the corner of 14th Avenue and Imperial in downtown San Diego, CA, whose location is shown as P5 on Exhibit D (Tailgate Park). The parking garage commonly known as P-1 Garage is located at the corner of 10th Avenue and K Street in downtown San Diego, CA, whose location is shown as P4 on Exhibit D (P-1 Garage).

E.G., for the Year 2026, if the Average Event Parking Rate Tailgate Park is \$35 and the Average Event Parking Rate P-1 Garage is \$30, then the Average Parking Rate in 2026 would be \$32.50. The Base Rent for Lease Year 2026 would be 70% of the Average Parking Rate \$32.50, or \$22.75 per space per Regular Game Day Event.

(iv) *Reconciliation of Base Rent in Option Years.* By December 1 in the first year of each option term, Lessee shall provide documentation of the actual highest event parking rate charged at both Tailgate Park and P-1 Garage for each of the Padres' baseball games played at Petco Park during the first year in the option term. The actual rates provided shall be used to calculate the actual Average Event Parking Rate Tailgate Park and the actual Average Event Parking Rate P-1 Garage. In the event the actual Average Event Parking Rate at the Comparison Set differs from the amount paid pursuant to Section 3.1(d) and (e), a reconciliation of the amounts owed shall occur. If the Base Rent adjustment using the actual rates results in the greatest value under Section 3.1(b)(iii), a payment for the balance shall be paid by December 31st.

(v) For each subsequent year during the option term, the Base Rent shall be increased by 2.5% each year.

3. Article 3, Section 3.1(c) (RENT, *Base Rent; Rent for Special Events*) shall be amended in its entirety to read as follows:

c. *Rent for Special Events*: The per space Base Rent for Special Events (defined in Section 5.1(b)) shall equal 70% of the average highest rate charged at the Comparison Set on the Special Event date.

4. Article 3, Section 3.1(e) (RENT, *Lessee Notice of Comparison Set Rates*) shall be amended in its entirety to read as follows:

e. *Lessee Notice of Comparison Set Rates*: Prior to the first year in each option term, Lessee shall provide Lessor written notice of the projected highest event parking rates to be charged at both Tailgate Park and P-1 Garage for each of the Padres' baseball games played at Petco Park during the first year in the option term. The rates provided shall be used to calculate the Average Event Parking Rate Tailgate Park and the Average Event Parking Rate P-1 Garage set forth in Section 3.1(b)(iii)(B).

5. No later than May 31, 2019, Lessee agrees to pay the Base Rent for the 2019 Lease Year.

6. No later than May 31, 2019, Lessee agrees to pay the additional amounts owed pursuant to Article 3, Section 3.1(c) for Special Events between January 1, 2018 and February 28, 2019 as shown in Attachment A. Lessors waive the right to collect additional back rent for Special Events that took place prior to 2018.

7. Lessee agrees to pay back rent for the 2015-2018 Lease Year Base Rent obligations equal to \$162,750. Lessee, at Lessee's election, may make this payment in 5 equal installments of \$32,550. The first payment shall be made no later than May 31, 2019. The remaining four payments shall be made no later than the date set in Article 3, Section 3.1(d) each year.

Except as otherwise expressly provided in this Amendment No. 1, the Lease remain in place.

IN WITNESS WHEREOF, the Lessors and Lessee have duly executed this Amendment, to be effective January 1, 2019.

LESSEE:

PADRES L.P.

LESSORS:

SAN DIEGO REGIONAL BUILDING
AUTHORITY (SDRBA)

By: _____
[insert name/title]

By: _____
Marko Medved
Executive Director

COUNTY OF SAN DIEGO (COUNTY)

By: _____
Marko Medved
Director of General Services

SAN DIEGO METROPOLITNAN TRANSIT
SYSTEM (MTS)

By: _____
Paul Jablonksi
Chief Executive Officer

SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA)
JOINT POWERS AGENCY OF THE COUNTY OF SAN DIEGO &
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

April 16, 2019

SUBJECT:

SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA) MEETING SCHEDULE
ADJUSTMENT

RECOMMENDATIONS:

That the SDRBA discuss potential adjustments to the SDRBA meeting schedule for 2019.

DISCUSSION:

The current SDRBA meeting schedule for 2019 is scheduled to meet once per month (Attachment A). These meetings are frequently cancelled or rescheduled due to scheduling conflicts with the SDRBA members. Staff will provide details on potential adjustments for the 2019 meeting schedule and all future meeting schedules.

Attachment: A. Current 2019 SDRBA Meeting Schedule

2019 MEETING SCHEDULE

**SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA)
JOINT POWERS AGENCY OF THE COUNTY OF SAN DIEGO &
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)**

**James R. Mills Building
1255 Imperial Avenue, 10th Floor
Executive Committee Room
San Diego, CA 92101**

SDRBA Meetings Thursdays at 8:30 a.m.
January 10
February 7
March 14
April 4
May 2
June 6
July 11
August 15
September 5
October 3
November 7
December 5