



### RENT REVIEW PROPOSAL LETTER

Date: January 10, 2019  
 To: Bartell Hotels, dba Hilton San Diego Airport  
 From: San Diego Unified Port District  
 Subject: Rent Review for Rental Period (January 1, 2019 to December 31, 2028)

The lease agreement (Lease) between the San Diego Unified Port District (Lessor) and Bartell Hotels (Lessee) dated October 9, 2015 provides for periodic rent reviews and adjustments. The next rent adjustment is for the 10-year period commencing January 1, 2019 and ending December 31, 2028.

	Name	Signature	Date
Asset Manager:	James Hammel		1/09/19
Department Manager:	Chris Hargett		1/9/19
Director, Real Estate:	Tony Gordon		1/29/19

#### **Summary:**

Lessee Name:	Bartell Hotels
Lessee DBA:	Hilton San Diego Airport
Leasehold Address:	1960 Harbor Island Drive, San Diego, CA 92101
Rental Period:	January 1, 2019 – December 31, 2028
Current Minimum Annual Rent:	\$719,425
New Minimum Annual Rent:	\$764,690

The existing minimum annual rent (MAR) is \$719,425. After a review of the MAR and percentage rent categories, staff has determined that for the next rental period (January 1, 2019 to December 31, 2028) the MAR will be adjusted to **\$764,690** which represents 75% of the average percentage rent paid during the last three accounting years, and the proposed changes to the percentage rent categories are listed on the following page.

Listed below are the existing rental rates and the District's proposed changes to the rental rates:

Category	Existing Rental Rates	Proposed Rental Rates
Rental of Guest Rooms	7%	7.25% beginning January 1, 2024
Parking	10%	15%
Banquet/Convention Sales	7%	7.5%

The lease provides that rent for each rent adjustment period shall be mutually agreed upon by Lessor and Lessee. Please indicate your acceptance of the above rent for the 10-year period commencing January 1, 2019, and ending December 31, 2028, by signing in the space below and returning the enclosed copy of this letter. After receipt of your acceptance of the above rent, this rent agreement will be recommended to the Board of Port Commissioners. After the Board of Port Commissioners has formally approved the new rent, a copy of this Rent Review Proposal Letter or Board-adopted resolution will be sent to you.

**I hereby accept the rent adjustment as set forth in this RENT REVIEW PROPOSAL LETTER:**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

SDUPD Docs No. 1556325