

**NON-BINDING LETTER OF INTENT**

June 14, 2017

RIDA Chula Vista, LLC  
1777 Walker Street, Suite 501  
Houston, Texas 77107

**Re: Chula Vista Bayfront Hotel and Convention Center Project**

The San Diego Unified Port District ("District"), the City of Chula Vista ("City") and RIDA Chula Vista, LLC, a Delaware limited liability company ("RIDA"), are working together with the goal of creating a world-class Chula Vista Bayfront through strong planning and design, economic feasibility, protection of key habitat areas and community outreach. The District, City and RIDA shall collectively be referred to herein, as the "Parties."

On February 10, 2015, the District entered into an Exclusive Negotiating Agreement ("ENA") with RIDA ("Original ENA"), as modified by Agreement for Amendment of Exclusive Negotiating Agreement Amendment No. 1 dated August 9, 2016 ("First Amendment"), and Agreement for Amendment of Exclusive Negotiating Agreement Amendment No. 2 dated January 25, 2017 ("Second Amendment") (the Original ENA, First Amendment and Second Amendment are collectively referred to herein as, the "ENA").

The District, the City and RIDA are entering into this Letter of Intent ("LOI") with the understanding that it is subject to the provisions of the ENA and does not supersede the terms of the ENA. This LOI represents a statement of intent by the City, the District and RIDA and, as further provided in Section 15 below, nothing set forth in this LOI shall be construed as a binding agreement or enforced against any of the Parties hereto. The particular business terms and legal obligations of the Parties will be detailed in the Definitive Agreement to be negotiated by the authorized representatives of the City, District and RIDA, and will be presented to the City Council, the Board of Port Commissioners and the authorized representative(s) of RIDA for approval and execution at a future date. This LOI sets forth the basic economic terms and conditions upon which the District, City and RIDA may enter into a future agreement related to the development of portions of the Chula Vista Bayfront under the following terms and conditions:

**KEY TERMS****1. Purpose:**

The purpose of this LOI is to facilitate the negotiation of a disposition and development agreement ("Definitive Agreement") that sets forth the rights and obligations of the Parties with respect to the ground lease, use, occupancy, development, operation and financing of the development of certain private improvements and public infrastructure located on the Chula Vista Bayfront, to include a large scale resort hotel and convention center, to serve as the anchor project of the Chula Vista Bayfront (as further defined in Paragraph 5, "Project"), all as further

described below. Among other things, the Definitive Agreement shall set forth terms relating to the contribution of certain revenues from each of the Parties to support the financing necessary to develop the Project and timing of the development of the private improvements and public infrastructure.

2. Parties:

The Parties shall be parties to the LOI and the Definitive Agreement. The District and the City and/or a Joint Exercise of Powers Authority ("JEPA") between the City and District shall collectively be referred to herein as, the "Public Entities".

3. Term of Definitive Agreement:

a. The Definitive Agreement shall be for an initial 4-year term with up to 3 one-year extensions to be exercised by RIDA upon satisfaction of certain conditions precedent and the milestones set forth in a schedule of performance to be mutually agreed to by the Parties and to be included in the Definitive Agreement.

b. The Term will expire upon the execution of the ground lease for the resort hotel and convention center by RIDA and the District and of any ancillary document that may be required to document the Parties' respective continuing obligations in respect of the development of the Project, unless the Definitive Agreement is terminated earlier due to the failure to satisfy (i) a condition precedent to the execution and close of escrow on the ground lease under the Definitive Agreement or (ii) a milestone set forth in the schedule of performance, or an uncured event of default.

4. Site for Ground Lease; Other Property:

The Definitive Agreement shall define the specific land to be ground leased from the District to RIDA, and shall include the following:

- a. Approximately 36 acres located at Parcel H-3, subject to a reservation of a portion of Parcel H-3 by the District for the construction of the Parking Improvements (as defined below) (the "Site").
- b. District shall provide up to 15 acres of land adjacent to the Site on Parcel H-23 in a location and configuration mutually acceptable to the District and RIDA to house construction trailers, construction material, and equipment staging, and parking during the construction of the Project at no cost to RIDA.
- c. When the Definitive Agreement is executed, the Parties shall execute a one year exclusive right to negotiate agreement with RIDA concerning a definitive agreement for the lease of up to 10 acres of Parcel H-23 that are closest to Parcel H-3 to develop up to 550 hotel rooms.

- d. District shall consult RIDA, without obligation from the District or liability to the District, and RIDA shall have the ability to comment on developments on the H-1, H-1A, H8, H9 and H23 parcels, and the District shall act in good faith when considering, accepting or rejecting any of RIDA's written comments to the District, but in no way limit the discretion of the District.

5. Role of RIDA; Project Description:

RIDA will be responsible for the design, development, construction and operation of the Project subject to terms and conditions to be negotiated in the Definitive Agreement. The Project shall include, but not be limited to, the following:

- a. Approximately 1,450 room resort hotel, which must initially be branded as a Gaylord Hotel and which must be designed, constructed and operated in accordance with the Automobile Association of America ("AAA") Four Diamond rating standards or the equivalent;
- b. Approximately 275,000 net usable square feet of meeting space in the hotel and the convention center, including all ancillary uses (including pre-function); and
- c. Associated retail and related development and resort level amenities, subject to discretionary review by regulatory entities.

6. RIDA Financial Commitment; Return on Investment; Security Deposit:

- a. The estimated total Project costs are approximately \$913 million. RIDA's contribution shall be the total Project cost less Convention Center Project Funds (as defined below) (the "RIDA Contribution"). The RIDA Contribution is currently estimated to be \$688 million and will be made up of various forms of debt and equity.
- b. RIDA's Return on Investment ("ROI") in any given year will be equal to NOI (as defined below) divided by RIDA's actual capital investment which is defined as the cost of designing, constructing and developing the Project, as certified annually:
  - (i) "NOI" shall mean the total Project revenues less all operating expenses derived from the uniform system of accounts to be defined in the Definitive Agreement. Operating expenses shall also include industry standard operator and franchise fees; replacement reserves and replacement costs in excess of reserves to be defined further in the Definitive Agreement; asset management fees, which shall not exceed 1% of gross revenues; gross tax receipts; insurance; property taxes; incentive management fees; and ground rent actually paid by RIDA. Such incentive management fees shall be limited to 20% of the portion of NOI that exceeds \$75.68 million; provided that solely for purposes of calculating the maximum amount of the incentive management fee that will be treated as an

operating expense, NOI shall be calculated before deductions for the incentive management fee, asset management fee, and gross receipts tax;

(ii) Operating expenses will exclude debt service (principal and interest), depreciation, and income taxes;

(iii) Shortfall in achieving the 11% ROI in a given year will not carry over to subsequent years; and

(iv) Project revenues excluding proceeds from any sale of the Project (or any portion thereof) or any refinancing of the Project (or any portion thereof).

- c. Public Entities do not guarantee ROI.
- d. RIDA shall deliver to the District a \$1 million security deposit in cash or as a letter of credit upon execution of the Definitive Agreement, which shall then become the security deposit for the ground lease for the Site upon its execution, unless the Definitive Agreement is terminated earlier due to the failure to satisfy a condition precedent or an uncured event of default. The District shall return to RIDA any unused amounts of such security deposit upon substantial completion of the Project.
- e. Prior to execution of the ground lease, RIDA shall deliver commercially normal and customary assurances and guarantees that it will complete the Project as approved and permitted and as may be reasonably required to facilitate the financing of the Public Entities Contribution.
- f. The Project is subject to RIDA's payment of all customary fees required by City and District, including but not limited to City permit processing fees, District cost recovery and Public Art requirements.

#### 7. Public Entities Contribution:

It is expected that on June 20, 2017, the District and City shall execute the Amended and Restated Chula Vista Bayfront Master Plan Financing Agreement, which identifies sources of funding and other requirements to finance the construction of public improvements or other financial assistance within the Chula Vista Bayfront ("Financing Agreement"). Subject to the Financing Agreement and a "Plan of Finance" (to be developed by the District and the City pursuant to the Definitive Agreement and subject to any Discretionary Actions (as defined below)), the financial commitment of the Public Entities ("Public Entities Contribution") will consist of the following three primary elements:

- a. Phase 1A Infrastructure, which includes those items listed on Exhibit A, attached hereto and incorporated herein by reference ("Phase 1A Infrastructure"), shall be financed by the Public Entities, collectively, through the issuance of debt that is to



be subject to the Plan of Finance and in an amount currently estimated to be Fifty-Six Million Three Hundred Thousand Dollars (\$56,300,000.00).

- b. The Public Entities will together finance an amount up to Two Hundred Twenty-Five Million Dollars (\$225,000,000.00) for the convention center improvements (which shall be defined in the Definitive Agreement) for the Project (the "Convention Center Project Funds"). The manner of such financing will be determined by the District and City in the Plan of Finance. The District expects that the Plan of Finance will include the District's annual debt service commitment towards the financing of the Convention Center Project Funds not to exceed the amounts reflected in the following schedule:

- Years 1-3 \$0
- Years 4-13 \$5 million
- Years 14-18 \$6 million
- Years 19-23 \$3 million
- Years 24- 37 \$3.5 million

- c. The District will provide for the construction on Parcel H-3 of approximately 1,500 parking spaces (the "Parking Improvements"), to be financed as further defined in the Plan of Finance.
- d. The City will provide for the construction of the required sewer and fire service (together the "City Infrastructure").

8. Participation Provisions Benefiting Public Entities:

- a. Public Entities shall provide evidence of financing based on a Plan of Finance subject to and consistent with the Financing Agreement to be agreed to by the Parties prior to the close of escrow of the ground lease for the Site, the Public Entities financing and the RIDA financing. Bond proceeds will be structured to pay for the convention center and related infrastructure which will be owned by Public Entities and the convention center shall be leased back to RIDA ("Convention Center Lease") for \$1 per year.
- b. If total project costs fall below the current estimate of \$913 million, the Convention Center Project Funds will be reduced proportionately. For example, a Project with total Project costs of \$800 million (a 12% reduction in total Project cost) would receive \$197 million in Convention Center Project Funds, with RIDA's Contribution making up the remaining \$603 million. However, if total project costs exceed the current estimate of \$913 million, the Convention Center Project Funds are capped at \$225 million. For example, a Project with total Project costs of \$1.1 billion would receive \$225 million in Convention Center Project Funds, with RIDA's Contribution increasing to \$875 million.

- c. The Convention Center Project Funds will generally be utilized *pari passu* with RIDA's equity contribution (currently estimated at \$200,000,000) and before any mezzanine or mortgage debt.
  - d. Mechanisms to ensure application of the above concepts will be addressed in the Definitive Agreement.
9. Site Condition Prior to Execution of Ground Lease: The Site shall be delivered to RIDA upon ground lease execution for the Site in the following condition:
- a. Completion by the Public Entities of those portions of the Phase 1A Infrastructure to be agreed to by the Parties in the Definitive Agreement; and
  - b. District to remove, or cause to be removed, the existing RV Park.
10. Project Timing:
- a. RIDA shall complete the Project generally according to plans and specifications approved by the Public Entities. RIDA shall cause construction to commence no later than 90 days following the mutual execution of the ground lease for the Site, and shall cause construction to be completed no later than 36 months following the mutual execution of the ground lease for the Site, as each such deadline may be equitably extended from time to time subject to force majeure events to be agreed to by the Parties during the negotiation of the Definitive Agreement.
  - b. The Public Entities shall complete any remaining Phase 1A Infrastructure, and City shall complete City Infrastructure, required for the certificate of occupancy for the Project.
  - c. A detailed schedule of performance, which may include performance milestones to be completed prior to the certificate of occupancy for the Project, including financing and development milestones for all Parties, and provisions regarding force majeure and schedule extensions will be included in the Definitive Agreement.
11. Basic Ground Lease Terms:
- The basic terms of the ground lease for the Site by the District to RIDA are set forth on Exhibit B attached hereto and incorporated herein by reference. The final terms of the ground lease shall be attached to the Definitive Agreement.
12. Operations and Maintenance Cost Sharing:
- a. Public Operating & Maintenance ("O&M") Expenses to be provided by Public Entities for all offsite infrastructure.

- b. Private O&M Expenses to be provided by RIDA for O&M expenses incurred with respect to the Project and associated retail and related development on the Site.
- c. Parking O&M Expenses to be provided by District for the term of the ground lease.

13. Compliance with Laws:

Compliance with all applicable federal, state, and local laws and regulations will be RIDA's sole responsibility with respect to the Project. The Parties shall negotiate indemnities as part of the negotiation of the Definitive Agreement.

14. Assignment and Sublease/Exit Fee:

a. RIDA shall have the right to assign and sublease the ground lease for the Site, subject to District's prior written approval (subject to negotiated carve-outs), not to be unreasonably withheld, and subject to an Exit Fee (defined below). Upon sale of the Project or portion thereof, RIDA shall pay to Public Entities an exit fee (the "Exit Fee") equal to 1% of the difference of (a) the net proceeds from such sale minus (b) the sum of (i) the certified cost price of the Project as of the time of the completion of the construction of the Project and (ii) 100 times the amount of any Exit Fee that has previously been paid to Public Entities (which sum will be pro-rated in the case of sale of a portion of the Project); provided that RIDA shall pay no Exit Fee to Public Entities as long as one or more of the original partners in RIDA (as of the time of substantial completion of the Project), collectively, directly or indirectly, owns at least a 10% ownership interest in the Project.

b. City shall have the right, not to be unreasonably withheld, to consent to any assignment or sublease of the Convention Center Lease subject to negotiated carve-outs.

15. Non-Binding:

The Parties acknowledge that this Letter of Intent is not intended to nor shall it be interpreted to create a binding agreement between the Parties, and is subject to further analysis by the Parties. The Parties understand and acknowledge further that, while this LOI is intended to guide the Parties in their negotiations relative to the Project pursuant to the ENA, it does not waive or limit any of the rights of the District and RIDA in the ENA and does not bind the Parties to continue negotiations for any reason. Moreover, each of the Parties understands and acknowledges that, to the extent it expends funds or devotes resources in connection with, or as a result of this LOI, including without limitation, the feasibility of implementing the Project or this LOI, it shall do so at its sole cost and expense, upon its own initiative and not in reliance on this LOI or any representations of any of the other Parties.

16. Discretionary Actions:

The Parties understand and acknowledge that, notwithstanding the terms and conditions of this LOI, certain actions incidental to matters described in this LOI may require the exercise

of discretion by one or more of the Public Entities (collectively, "Discretionary Actions"), any and all Discretionary Actions may be exercised in the sole and absolute discretion of the Public Entities and the Parties assume the risk that a Discretionary Action may not be taken or taken in a manner not favorable to one or more of the Parties. By executing this LOI, the Parties do not represent by the LOI or otherwise their legal capacity to provide the financial assistance or other undertakings contemplated herein, such matters to be the subject of future actions and agreements pursuant to the Financing Agreement or otherwise, including certain Discretionary Actions.

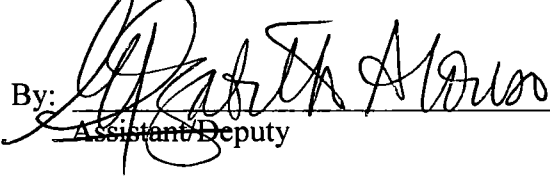
### **CONCLUSION**

This LOI shall not be binding upon the Parties. A binding agreement shall not exist until a Definitive Agreement has been approved by the governing bodies of the respective Public Entities and executed and delivered by all parties. No party may claim any legal rights against the other by reason of actions or non-actions taken in reliance upon this non-binding LOI, including, without limitation, any partial performance of the transactions contemplated herein.

If these terms are acceptable, please sign and return to the District. We appreciate your time and consideration in this matter.

Sincerely,

APPROVED AS TO FORM AND LEGALITY:  
GENERAL COUNSEL


By:   
Assistant Deputy

**SAN DIEGO UNIFIED PORT DISTRICT,**  
a public corporation

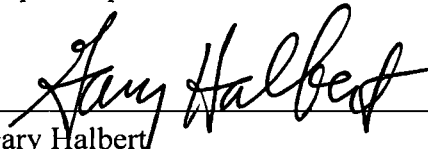
By:   
Randa Coniglio  
President/Chief Executive Officer

Dated: 7-26-17

APPROVED AS TO FORM AND LEGALITY:

By:   
City Attorney

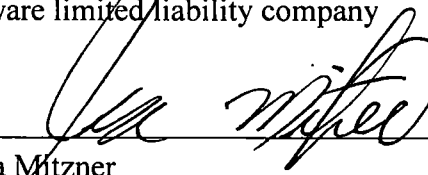
**CITY OF CHULA VISTA,**  
a municipal corporation

By:   
Gary Halbert  
City Manager

Dated: 7.27.17

REVIEWED AND ACCEPTED:

**RIDA CHULA VISTA, LLC,**  
a Delaware limited liability company

By:   
Ira Mitzner  
CEO and President

Dated: June 16, 2017

EXHIBIT "A"  
Phase 1A Infrastructure

[To be inserted]

**Exhibit A****CHULA VISTA BAYFRONT INFRASTRUCTURE, PHASE 1A**

<b>Type</b>	<b>District</b>	<b>Project Element</b>
Street	Sweetwater	E Street (Bay Blvd to F Street)
Street	Sweetwater	E Street (Lagoon Drive to G Street)
Street	Sweetwater	Gunpowder Point Drive (Relocation)
Street	Sweetwater	F Street (Bay Blvd to E St) Grading & Utilities
Street	Harbor	E Street (G Street to H Street)
Street	Harbor	G Street Connection
Street	Harbor	H Street (Marina Parkway to E Street)
Street	Harbor	H Street (Bay Blvd to Street A)
Park	Sweetwater	S-2 Sweetwater Signature Park (Initial)
Park	Sweetwater	SP-1 Sweetwater Buffer (for S-2)
Park	Sweetwater	SP-1 Sweetwater Buffer (for S-1)
Park	Sweetwater	SP-2 Seasonal Wetland
Park	Harbor	Harbor Park (Initial)
Pad	Sweetwater	SP-3
Pad	Sweetwater	S-1 RV Park Preparation
Pad	Sweetwater	S-3 Mixed Use Preparation
Pad	Harbor	H-3 Utility Corridor
Pad	Harbor	H-3 Hotel & Convention Center Preparation
	<b>TOTAL</b>	<b>\$ 56,300,000</b>

**EXHIBIT "B"**  
**Basic Ground Lease Terms**

Lease Term: Lease term: 66 years

Renewal Options: None

Base Rent: Base Rent/ Increases (Graduated Flat Rent) Years 1-37\*<sup>1</sup>  
(assumed term of debt, actual term determined during the term of the Definitive Agreement)

Lease Years	Rent
1 – 18	\$0
19 – 23	\$3M
24 – 37*	\$3.5M
38 – 66	See Below

Excess Net Operating Income:

- Annual Net Operating Income in excess of 11% of RIDA's Contribution:

Lease Years	Split
1 – 37* <sup>1</sup>	80% (RIDA)/ 20% (Public Entities)
38-66	100% RIDA

- Net Operating Income for the Parking (for non-RIDA users):

1-66	100% District
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For each Lease Year after 37\*<sup>1</sup> and later, the greater of (i) Minimum Annual Rent which shall be calculated every five years based on 65% of the average annual gross rent payable over the previous 3 years; or (ii) Percentage Rent based on the gross revenue in the specified year.

- Rooms Percentage Rent based on following adjusted rent periods:

Lease Years	% Rent
38 – 47	8%
48 – 66	9%

\*<sup>1</sup> 37 years is as assumed term of debt (including construction) for the Convention Center Project Funds, but the actual term of Convention Center Project Funds debt identified in the approved Plan of Finance shall be determined during the term of the Definitive Agreement and the Lease Terms will be revised accordingly.



- Banquet Percentage Rent based on following adjusted rent periods:

Lease Years	% Rent
38 – 47	6%
48 – 66	7%

- Food Percentage Rent based on following adjusted rent periods:

Lease Years	% Rent
38 – 47	4%
48 – 66	5%

- Beverage Percentage Rent based on following adjusted rent periods:

Lease Years	% Rent
38 – 47	6%
48 – 66	7%

Percentage rent rates for the remaining categories of revenue are to be agreed during the negotiation of the Definitive Agreement.

#### Parking Revenue

Throughout the Lease Term, Tenant shall pay to the District ten percent (10%) of all parking revenue received by Tenant, including (a) if a person pays Tenant for using a parking space through the hotel valet service, or (b) if a person pays Tenant for self-parking. If an employee of the hotel management company or the Project uses a parking space, and Tenant does not charge such person for such parking space, then Tenant shall make no payment for using such parking space to the District.

If the construction of the parking is not completed at least sixty (60) days before the hotel is substantially complete, then the District will provide land in the vicinity of Parcel H-3 that is suitable for 1,000 parking spaces from such time until the construction of the parking is completed.

The amount paid to the District by Tenant shall increase to fifteen percent (15%) in the event that there is a change in ownership of the Project greater than fifty-one (51%).

#### Expenses:

Tenant will pay all expenses of the leasehold of the Site, including without limitation, (i) expenses to maintain all of the improvements (excluding the parking spaces) in first class

condition, (ii) taxes, (iii) insurance, (iv) utilities and (v) any other expenses of the leasehold.

**Continuous Operation:** Lease shall require a covenant of continuous operation with “no go dark” provisions, subject to negotiated exceptions.

**Lease Commencement:** Upon satisfaction of conditions precedent in Definitive Agreement and mutual execution of the Lease.

**Rent Commencement:** Per schedule of Base and Percentage Rent.

(3)

**RESOLUTION 2017-099****RESOLUTION AUTHORIZING A NON-BINDING  
LETTER OF INTENT (LOI) WITH RIDA CHULA  
VISTA, LLC AND THE CITY OF CHULA VISTA FOR  
A RESORT HOTEL AND CONVENTION CENTER  
WITHIN THE CHULA VISTA BAYFRONT**

**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 1, (Port Act); and

**WHEREAS**, Section 21 of the Port Act authorizes the Board of Port Commissioners (BPC) to pass all necessary ordinances and resolutions for the regulation of the District; and

**WHEREAS**, the Chula Vista Bayfront Master Plan (CVBMP) is the result of a decade-long joint planning effort by the District, the City of Chula Vista (City), Pacifica Companies LLC, and a broad coalition of stakeholders; and

**WHEREAS**, the CVBMP was collaboratively planned through an extensive public participation program that included over 100 community meetings and resulted in a comprehensive Final Environmental Impact Report and Port Master Plan Amendment, which was approved by the BPC in May 2010 and certified by the California Coastal Commission in August 2012; and

**WHEREAS**, the financing agreement (Financing Agreement) for the Chula Vista Bayfront (CVB) was approved by the BPC in 2012 and set forth the framework for the financing and development of the public improvements and infrastructure within the CVB by the District and City, referred to collectively herein, as the "Public Entities"; and

**WHEREAS**, on June 20, 2017, the BPC will consider the Amended and Restated CVBMP Financing Agreement, which identifies new revenue sources and differentiates between the resort hotel and convention center (RHCC) related public infrastructure and improvements and those required for future phases of development on the CVB; and

**WHEREAS**, on May 6, 2014, the BPC adopted a resolution authorizing the issuance of a Request for Qualifications (RFQ) for a hotel and convention center located within CVB, and after considerable local, regional, national, and international marketing efforts by District staff, City staff, and consultants, RFQ 14-24 was issued on June 30, 2014; and

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**WHEREAS**, on October 14, 2014, the BPC selected RIDA Development Corporation as the successful respondent to the RFQ and authorized staff to negotiate an Exclusive Negotiating Agreement (ENA); and

**WHEREAS**, on February 10, 2015, an ENA was approved by the BPC and the District entered into the ENA with RIDA Chula Vista, LLC (RIDA) which expires on February 16, 2018; and

**WHEREAS**, since the ENA was entered into, the District, the City and RIDA have conducted extensive due diligence to understand the challenges of the project, the needs of the CVB and potential economic impacts; and

**WHEREAS**, through extensive due-diligence review and constant on-going negotiations with RIDA, the project scope for the RHCC has been identified; and

**WHEREAS**, after two years of negotiations with RIDA, District and City staffs believe that an important interim step is to enter into a non-binding Letter of Intent (LOI) for development of the resort hotel and convention center (RHCC), the catalyst project for development of the CVB; and

**WHEREAS**, the intent of the LOI is to guide the negotiations pursuant to the ENA with the ultimate goal to enter into a binding agreement, in the form of a Disposition and Development Agreement, that specifies the rights and obligations of the District, the City and RIDA with respect to the lease, development and operation of the RHCC (Definitive Agreement); and

**WHEREAS**, the LOI is subject to the provisions of the ENA and does not supersede the terms of the ENA; and

**WHEREAS**, the terms of the ENA will remain in effect until such time as the ENA either terminates by its terms or the Definitive Agreement is approved and adopted by the Public Entities; and

**WHEREAS**, the LOI will be the first major, public milestone for the RHCC since the ENA and will set the stage by defining the key economic terms which will be the basis for the Definitive Agreement, which will be presented to both Public Entities for consideration later this year; and

**WHEREAS**, staff has retained Keyser Marston Associates (KMA) to prepare a comprehensive report that analyzes the RHCC project feasibility, proposed method of financing for the RHCC project, and public investment for the RHCC (KMA Report); and

**WHEREAS**, the KMA Report concludes that the RIDA projected return after the public investment and District rent structure is not excessive, which

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indicates that the Public Entities' contribution and District rent structure is warranted and needed in order for the RHCC to move forward and to be developed; and

**WHEREAS**, the requested BPC action will not result in any direct fiscal impact to the District, as the LOI is non-binding and any contribution of revenue sources by the District to the implementation of the CVBMP will be subject to a future plan of finance, as set forth in the Financing Agreement, as may be amended from time to time.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Port Commissioners of the San Diego Unified Port District, as follows:

That the Executive Director or her designated representative is hereby authorized on behalf of the San Diego Unified Port District to enter into the non-binding Letter of Intent with RIDA Chula Vista, LLC and the City of Chula Vista for a resort hotel and convention center within the Chula Vista Bayfront.

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 20<sup>th</sup> day of June, 2017, by the following vote:

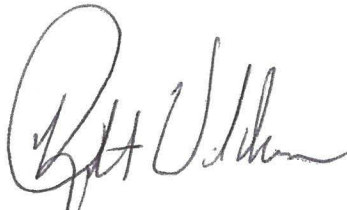
AYES: Bonelli, Castellanos, Malcolm, Merrifield, Moore, and Valderrama

NAYS: None.

EXCUSED: Zucchet

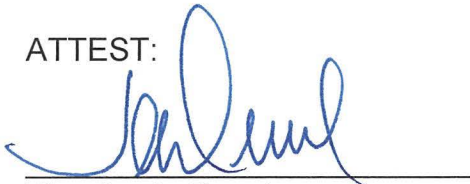
ABSENT: None.

ABSTAIN: None.



Robert Valderrama, Chair  
Board of Port Commissioners

ATTEST:



Timothy A. Deuel  
District Clerk

(Seal)



# San Diego Unified Port District

3165 Pacific Hwy.  
San Diego, CA 92101

## Item No. 1

**File #:**2017-0338

**DATE:** June 20, 2017 (Special Joint Meeting)

**SUBJECT:**

**RESOLUTION AUTHORIZING A NON-BINDING LETTER OF INTENT (LOI) WITH RIDA CHULA VISTA, LLC AND THE CITY OF CHULA VISTA FOR A RESORT HOTEL AND CONVENTION CENTER WITHIN THE CHULA VISTA BAYFRONT**

### EXECUTIVE SUMMARY:

The Chula Vista Bayfront Master Plan<sup>1</sup> (CVBMP) (Attachments A and B) is the result of a decade-long joint planning effort by the San Diego Unified Port District (District), the City of Chula Vista (City), Pacifica Companies LLC (Pacifica), and a broad coalition of stakeholders. The CVBMP was collaboratively planned through an extensive public participation program that included over 100 community meetings and resulted in a comprehensive Environmental Impact Report (EIR) and Port Master Plan Amendment, which was approved by the Board of Port Commissioners (Board) in May 2010 and certified by the California Coastal Commission (CCC) in August 2012. The financing agreement<sup>2</sup> (Financing Agreement) for the Chula Vista Bayfront (CVB) was approved by the Board in 2012 and set forth the framework for the financing and development of the public improvements and infrastructure within the CVB by the District and City, referred to collectively herein, as the "Public Entities". The Amended and Restated CVBMP Financing Agreement (Amended and Restated Financing Agreement) was adopted by the City in November 2016 and will be considered by the Board on June 20, 2017.

After two years of negotiations with RIDA Chula Vista, LLC (RIDA), the District and the City staffs believe that an important interim step is to enter into a nonbinding Letter of Intent (LOI) for development of the resort hotel and convention center (RHCC), the catalyst project for development of the CVB. Attachment C includes the complete LOI executed by RIDA. Staff recommends that the Board approve the LOI because in RIDA and the City, the District has found the right partners that are ready to move forward with the implementation of the CVBMP; the project economics represent a good deal for the District, for the City, and for RIDA; and time is of the essence to memorialize the economics to ensure that the redevelopment of the CVB proceeds as soon as possible. The LOI is an important next step toward catalyzing other additional development within the CVB. Once the CVBMP is implemented, the CVB will become a world-class destination that reflects strong planning and design principles, economic feasibility, and community benefits.

On May 6, 2014, the Board adopted a resolution authorizing the issuance of a Request for Qualifications (RFQ) for a hotel and convention center located on 36 acres (Site) within the CVB. The RFQ also allowed for potential additional development opportunities on the H23 parcel, directly adjacent to the Site. After considerable local, regional, national, and international marketing efforts

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by District staff, City staff, and consultants, RFQ 14-24<sup>3</sup> was released on June 30, 2014. A highly-qualified response from RIDA Development Corporation was received, and on October 14, 2014, the Board selected RIDA Development Corporation as the successful respondent to the RFQ and authorized staff to negotiate an Exclusive Negotiating Agreement (as amended from time to time, ENA) with RIDA Development Corporation. On February 10, 2015, the ENA was approved by the Board and the District entered into the ENA with RIDA. The ENA currently expires on February 16, 2018<sup>4</sup>.

Over the past two years, the District, City and RIDA have been working to negotiate the key deal terms for the RHCC project. This unique partnership has identified the economics necessary to proceed with development of the CVB while achieving market returns for the District, City and RIDA factoring in the undeveloped nature of this Site and other development challenges. Working cooperatively with the City and RIDA, staff has negotiated a non-binding LOI which will be considered jointly by the District and the City on June 20, 2017. This LOI will be the first major, public milestone for the RHCC since the ENA and will set the stage by defining the key economic terms which will be the basis for a Disposition and Development Agreement (Definitive Agreement), which will be presented to both Public Entities for consideration later this year.

The RHCC will be the catalyst project for the CVB and is sure to be the impetus needed for additional world-class development within the CVB. Public contributions from both the District and the City are necessary to enable RIDA to achieve a reasonable return on their investment in the RHCC project and to allow the District and City to construct public infrastructure and improvements. These concepts are the foundation for the economic terms included in the LOI. Keyser Marston Associates (KMA) prepared a comprehensive report that analyzes the project feasibility, proposed method of financing for the project, and public investment. The full report is included as Attachment D. The details of the LOI, including a brief overview of the agreements and previous actions taken by the Board related to the redevelopment of the CVB, project scope and public contribution, is discussed below.

**RECOMMENDATION:**

Resolution authorizing a non-binding LOI with RIDA Chula Vista, LLC and the City for a resort hotel and convention center within the Chula Vista Bayfront

**FISCAL IMPACT:**

The requested Board action will not result in any direct fiscal impact to the District, as the LOI is non-binding and any contribution of revenue sources by the District to the implementation of the CVBMP will be subject to a future plan of finance, as set forth in the Financing Agreement, which may be amended from time to time. Further, the plan of finance will be presented to the Board at a future date and will also be subject to Board approval. Based on preliminary financial modeling projections from various consultants' reports and initial financial analysis, the development of the RHCC could potentially result in positive surplus revenues to the District in as early as Year 4 of hotel operations.

**COMPASS STRATEGIC GOALS:**

This agenda item supports the following Strategic Goal(s).



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- A vibrant waterfront destination where residents and visitors converge.
- A Port with a healthy and sustainable bay and its environment.
- A Port with a comprehensive vision for Port land and water uses integrated to regional plans.
- A Port that is a safe place to visit, work and play.
- A financially sustainable Port that drives job creation and regional economic vitality.

## **DISCUSSION:**

After two years of negotiations with RIDA, District and City staff believe that the nonbinding LOI should be approved by the Board because the right partners are ready to move forward with the right plan for the CVB, the project economics represent a good deal for the Public Entities and for RIDA, and time is of the essence to memorialize the economics to ensure that the redevelopment of the CVB proceeds as soon as possible.

After extensive due diligence efforts, the parties wish to enter into the LOI to memorialize the basic economic terms of the project, subject to the terms of the ENA. These economic terms will allow the District and City to deliver not only the RHCC, which is a key part of the CVB vision, but also a majority of the public amenities for the CVBMP including parks and public access that were envisioned through the community planning effort.

The LOI is subject to the provisions of the ENA and does not supersede the terms of the ENA. The intent of the LOI is to guide the negotiations pursuant to the ENA with the ultimate goal to enter into a Definitive Agreement. The terms of the ENA will remain in effect until such time as the ENA either terminates by its terms or a Definitive Agreement is approved and adopted by the Public Entities.

This discussion provides a detailed overview of the planning efforts associated with the CVB, the development partnerships necessary for the RHCC, and an explanation of the financial structure of the project. For reference, a Glossary of Terms and a Timeline Overview are included as Attachments E and F, respectively. Below is a table of contents for the complete discussion section:

- I. Background: Assembling Land, Creating a Plan, and Forming the Partnership
  - a. South Bay Memorandum of Understanding
  - b. South Bay Power Plant Acquisition
  - c. Rohr Relocation Agreement
  - d. Chula Vista Bayfront Master Plan
  - e. Early Efforts with Gaylord
  - f. Obtaining the Port Master Plan Entitlements
  - g. Pacifica Land Exchange
  - h. Chula Vista Bayfront Settlement Agreement
  - i. Port/City Partnership
- II. Request for Qualifications for the Resort Hotel and Convention Center
  - a. Marketing the RFQ
  - b. RFQ Selection: RIDA Development Corporation
- III. Project Economics: A Good Deal for RIDA and the Public Entities
  - a. Due Diligence Process



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- IV. Development Partnerships
  - a. Private Development Program
  - b. Public Development Program
- V. Financing Agreement
- VI. Key Economic Terms
  - a. Overview of Proposed Method of Financing
  - b. Proposed Financing Structure
  - c. Proposed Public Contributions toward Infrastructure and Convention Center
  - d. Required Private Investment
  - e. Basic Ground Lease Terms
  - f. Public Entities Participation in NOI
  - g. Financial Returns to RIDA
  - h. Proposed Cash Flow Distribution ("Waterfall")
  - i. Parking Space Funding TBD - Port Obligation
  - j. Ancillary Development Rights
- VII. Next Steps
  - a. Disposition and Development Agreement
- VIII. Recommendation

## **I. BACKGROUND: ASSEMBLING LAND, CREATING A PLAN, AND FORMING THE PARTNERSHIP**

In partnership with the City, the District has been working on redeveloping the CVB for more than 20 years. Throughout the past two decades, many actions have been taken by the Board to allow the District and the City to implement a new vision for the CVB. These actions started with the consolidation of lands on the CVB and the elimination of blighted industrial uses through the Relocation Agreement<sup>5</sup> (Relocation Agreement) with Rohr, Inc., a United Technologies Aerospace Company (Rohr) and the acquisition of the South Bay Power Plant (SBPP). Each successive action has built upon the previous to establish a foundation for the master planning process which resulted in the CVBMP and to allow for the full implementation of the vision for the CVB. The following are brief summaries of each of these actions.

### **I. a. South Bay Memorandum of Understanding**

In 1996, the District entered into a Memorandum of Understanding<sup>6</sup> (MOU) with each of the South Bay cities (National City, Chula Vista, Imperial Beach, and Coronado) as a result of the District's contribution to the phase two expansion of the San Diego Convention Center. These MOUs identified specific projects that the District would fund in each city within the District's jurisdiction. Many of the projects were implemented shortly after execution of the MOUs. Chula Vista utilized the funds received from its MOU for projects that would lead to the long term redevelopment of the CVB.

### **I. b. South Bay Power Plant Acquisition**

In 1999, the District acquired the SBPP in order to facilitate the vision of reinventing the CVB. The District entered into a lease agreement with Duke Energy South Bay, LLC, and thereafter, consented to the assignment of the SBPP Lease and associated agreements to Dynegy South Bay, LLC (Dynegy South Bay)<sup>7</sup>. In October of 2010, Dynegy South Bay received a letter from the California

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Independent Systems Operator terminating the Reliable Must Run status of the SBPP and clearing the way for decommissioning and removal of the SBPP along with associated remediation of the site. Since then, the District and Dynegy South Bay have demolished the SBPP, which occurred on February 2, 2013. The removal of the SBPP initiated the development of the CVBMP by providing additional land area for public infrastructure, improvements and revenue generating development opportunities on the CVB and was a powerful signal to the community.

I. c. Rohr Relocation Agreement

In 1999, the District entered into the Relocation Agreement with Rohr and the City in order to consolidate Rohr's operations to its north campus and to free up additional land for future redevelopment. Specifically, the Relocation Agreement contemplated a series of land exchange transactions that included the transfer of the uplands portion of Rohr's industrial campus located south of H Street (referred to as the South Campus) from Rohr to the District, in exchange for Rohr's tidelands portion of its campus north of H Street.

I. d. Chula Vista Bayfront Master Plan

In 2002, the District and City entered into a Joint Planning Agreement<sup>8</sup> and began a collaborative planning process to create a master plan for the CVB area - comprised of historic tidelands, the acquired SBPP site and realigned Rohr campus. This process included an award-winning public participation program with the Citizens Advisory Committee (CAC). The program established three primary goals for the master plan: to develop a world-class waterfront; to create a plan that is supported by sound planning and economics; and, to create a plan that has broad-based community support. In response to the CAC's request, Pacifica joined this process in 2003<sup>9</sup> in order to integrate its planning effort with the master plan being implemented for District properties.

The master planning effort involved extensive community outreach and public participation, and has served as a hallmark example of a successful joint and collaborative planning effort between the Public Entities. The resulting plan is representative of the collective vision and planning goals of the community, the broader region, the District, and the City. The CVBMP promotes public access to and engagement with the water, while enhancing the quality and protection of key habitat areas. Once fulfilled, the CVBMP will create a world-class destination that reflects strong planning and design principles, economic feasibility, and community benefits.

For planning purposes, the CVBMP was divided into three districts: the Sweetwater District, which comprises the northern portion of the planning area, south of the Living Coast Discovery Center; the Harbor District, which includes the central portion of the planning area where the marinas are located and the RHCC is proposed; and the Otay District which encompasses the southern portion of the planning area where the SBPP was previously located.

*Sweetwater District*

The Sweetwater District, located in the northernmost portion of the CVBMP area, consists of approximately 130 acres. Development in the Sweetwater District focuses on lower scale, environmentally sensitive, and environmentally themed uses. Approved uses include a large ecological buffer, a 21-acre signature park, a bike path and pedestrian trails and other open space

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areas.

### *Harbor District*

The Harbor District is most directly accessible to downtown Chula Vista and will be redeveloped to provide a significant link from the City to the CVB. It consists of approximately 221 acres of land and 59 acres of water. Visitor-serving amenities and mixed-uses will be clustered in the Harbor District to reduce impact on environmentally sensitive areas. A close up of the Harbor District parcels is included as Attachment G.

### *Otay District*

The Otay District, which consists of approximately 125 acres at the southernmost end of the CVBMP area, is planned to include industrial business park uses, lower-cost visitor serving recreational uses, a park, as well as other open space areas, an ecological buffer, bike path, pedestrian trails, and new roadways and infrastructure.

Surrounded by unique and valuable natural resource lands, the CVB seeks to best protect and enhance environmental resources while accommodating reasonable commercial development for a vibrant and viable waterfront project. When completed, more than 53% of the plan (286 acres) will be dedicated to the public realm, including parks, open space, habitat restoration/preservation, and water areas, as well as roads, bikeways, and promenades. Marina improvements will create an active commercial harbor with retail shops, restaurants and public space at the water's edge.

#### I. e. Early Efforts with Gaylord

In June 2005, the District received an unsolicited letter of interest from the Gaylord Hotels brand (Gaylord) regarding development of a major resort hotel and convention center on the CVB. Gaylord presented its qualifications, experience and concept to the Board, City Council, and CAC at a number of public meetings. The Gaylord concept was well received and was recognized as a more economically viable alternative to the stand-alone event center that had been originally contemplated as an element of the CVB.

In August 2005 the Board concluded that the Gaylord proposal represented an attractive concept and suitable "anchor" use for the CVBMP, and directed District staff to conduct a competitive RFQ to determine if there were other developers that would advance potentially superior proposals. The Board reviewed the responses to the RFQ at its October 25, 2005 meeting, concluded that the Gaylord proposal was the best choice, and directed staff to enter into an exclusive negotiating agreement with Gaylord.

The District entered into exclusive negotiations with Gaylord and in July 2007, the District, the City, the Redevelopment Agency of the City of Chula Vista, and Gaylord Entertainment Company entered into a letter of intent. Due to several factors, including the economic downturn, Gaylord chose not to move forward at that time and the letter of intent expired on December 31, 2008.

#### I. f. Obtaining the Port Master Plan Entitlements

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The environmental review process for the CVBMP was lengthy and complex, subject to multiple changes in direction, and resulted in the public circulation of two EIRs - in total taking more than five years to complete.

The first draft EIR was circulated to the public in 2006 and received substantial public comment. In order to address comments received, the 2008 Revised Draft EIR included greater detail and added analysis to address the project specific components of the plan. One of these projects contemplated in the 2008 Revised Draft EIR was the Gaylord proposal, which would serve as the catalyst and economic driver for the redevelopment of the CVB. Preparation of the final EIR was nearly complete when Gaylord withdrew its plan for developing the RHCC. To move the EIR forward, despite Gaylord's exit, staff revised the document to remove specific references to the project proponent, but continued to advance the resort hotel and convention center on the H3 parcel in acknowledgement of that development component as the critical catalyst of the master plan.

In May 2010, the Board certified the final EIR<sup>10</sup>. At this hearing, the Board unanimously approved the amendment to the Port Master Plan, and the City Council, City Planning Commission, and City Redevelopment Corporation each unanimously approved amendments to the City's Local Coastal Program.

Later that year, in December 2010, the California State Lands Commission (SLC) approved the land exchange between the District and Pacifica, as described below.

On August 9, 2012, the CCC unanimously approved the CVBMP amendments to the Port Master Plan and the Local Coastal Program. The adopted Port Master Plan Amendment<sup>1</sup> includes text, a precise plan, and a project list specific to the CVB Planning District, as well as a Public Access Program<sup>11</sup> and Development Policies<sup>12</sup>. This approval followed many months of collaboration with CCC staff, which served to strengthen and enhance the master plan's provision of coastal access and protection of natural resources.

I. g. Pacifica Land Exchange

It was recognized through the planning process that shifting high density residential land uses from the more environmentally sensitive Sweetwater District to the centrally located Harbor District would serve as an economic catalyst for the overall CVB and would also create an environmentally superior land use plan. Since residential uses are not permitted on District owned land, an exchange was necessary. To achieve this, Pacifica agreed to give SLC its approximately 97 acre parcel located in the Sweetwater District in exchange for the District's approximately 35 acre parcel within the Harbor District.

The Board approved the land exchange between the District and Pacifica on February 2, 2010, and it was subsequently approved by the SLC on December 10, 2010<sup>13</sup>. The exchange closed on February 18, 2016.

I. h. Chula Vista Bayfront Settlement Agreement

During the planning stages of the CVBMP, the District and the City sought to obtain the Bayfront Coalition's (Coalition) support for approval of the CVBMP. Similarly, the Coalition wished to obtain

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additional measures for protection of the environment above and beyond those required by the California Environmental Quality Act and any other federal, state, and local laws and regulations applicable to the project. As a result, a Settlement Agreement was negotiated between the Coalition, the District, and the City detailing the commitments of the parties as they relate to the approvals of the master plan<sup>14</sup>.

The Coalition is comprised of the Environmental Health Coalition, San Diego Audubon Society, San Diego Coastkeeper, Coastal Environmental Rights Foundation, Southwest Wetlands Interpretative Association, Surfrider Foundation (San Diego Chapter), and Empower San Diego.

The Settlement Agreement includes specific planning, design, funding, and implementation elements, many of which were incorporated into the EIR and Mitigation Monitoring and Reporting Program<sup>15</sup>, as well as the Development Policies included with the Port Master Plan Amendment approved by the CCC. The Settlement Agreement also required the formation of the Wildlife Advisory Group and the Bayfront Cultural Design Committee.

#### *Wildlife Advisory Group (WAG)*

In recognition of the sensitivity of the natural resources in the CVB and the importance of protecting, restoring, and managing, those resources, the Settlement Agreement required the formation of the South Bay Wildlife Advisory Group (WAG). One of the primary duties of the WAG is to advise the District in the preparation of a Natural Resources Management Plan (NRMP)<sup>16</sup>. The NRMP, which was adopted by the Board on May 10, 2016, achieves specific management objectives established by the Settlement Agreement for areas designated as Wildlife Habitat Areas. The WAG actively meets quarterly to discuss progress on the CVB.

#### *Bayfront Cultural Design Committee (BCDC)*

The Settlement Agreement also required the formation of a Bayfront Cultural Design Committee (BCDC) to advise the District in the establishment of design guidelines to ensure cohesive development and streetscape design standards, walkways and bikeways design to promote safe walking and biking, standards for design of park areas, and cultural facilities throughout the CVB.

The BCDC is also required to provide input on the design of major development projects on the CVB. As such, prior to the Board's consideration of a design concept for the RHCC, District and City staff will consult with the BCDC to ensure their feedback is incorporated into the design of this project.

#### I. i. Port/City Partnership

In 2002, the District and City began a collaborative planning process to create a master plan for the CVB. Through the collaborative process, the partnership worked together to certify the EIR and amended the Chula Vista Local Coastal Plan. These efforts created the foundation to then identify the key financing sources and mechanisms needed to implement the CVBMP. The Public Entities entered into the Financing Agreement, setting forth the revenue sources and financing alternatives necessary to implement the development of the CVBMP, which Financing Agreement is now being updated as the Amended and Restated Financing Agreement to incorporate new sources of revenue and will be considered by the Board on June 20, 2017. The District and City team continue to work



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diligently towards the implementation of the CVBMP. Within the CVBMP program, there are numerous individual project elements that have been identified. Below are some examples of the functions the District and the City continue to collaborate on:

**Finance and Pre-Development**

- Infrastructure - Planning, Development and Operations
- Environmental Compliance and Entitlements
- Real Estate - Leasing and Acquisitions
- Communications and Inter-Governmental Affairs

The team includes both District and City representation in order to continue the collaborative spirit that helped to establish the success of the CVBMP.

## **II. REQUEST FOR QUALIFICATIONS FOR THE RESORT HOTEL AND CONVENTION CENTER**

The centerpiece and catalyst for development on the CVB is the RHCC project. It is most critical to the implementation of the CVB because it includes or is expected to generate the revenues necessary to fund the public infrastructure and improvements and environmental obligations associated with the CVBMP and the Settlement Agreement requirements for this project. To begin the process of identifying a developer qualified to construct the project consistent with the vision of the CVBMP, on May 6, 2014, the Board adopted a resolution authorizing the issuance of a RFQ for development of Phase 1 of the CVB, which included developing a 1,400-to 1,600-room resort hotel and an approximate 400,000 square foot convention center. The RFQ also allowed for potential additional development opportunities on other parcels directly adjacent to the Site. After an extensive international marketing campaign, RIDA was selected as the developer of the RHCC.

### **II. a. Marketing the RFQ**

The CVB development opportunity was addressed through a multidimensional marketing plan that was international in scope including a marketing plan for the RFQ that specifically addressed the hotel convention center industry. The effort included an international invitation to respond to the RFQ placed in major publications and trade journals and directed to an extensively developed mailing list and a professionally produced and branded RFQ and pre-solicitation marketing materials were developed to include high quality graphics and images.

The RFQ was released through web and print based formats. Additionally, the RFQ was marketed directly to potentially interested parties. Notwithstanding this marketing effort, due to the extremely complex nature of this project, 1,400 -1,600 room resort hotel and approximately 400,000 square feet convention center, only one qualified response was received.

### **II. b. RFQ Selection: RIDA Development Corporation**

The RFQ was issued on June 30, 2014 and responses were due on September 8, 2014. One response to the RFQ was received from RIDA. ARES Management, L.P. (ARES), was included as the financial partner, WELBRO as the general contractor and three well qualified architectural firms.

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A two stage RFQ/RFP solicitation process for the hotel and convention center parcel was originally envisioned, however, since there were not multiple responses to the RFQ, and RIDA Development Corporation is one of the most well-qualified firms to complete a project of this magnitude, the Board selected RIDA Development Corporation as the successful respondent on October 14, 2014 and authorized staff to negotiate an ENA with RIDA Development Corporation.

RIDA Development Corporation is the ideal partner to make the RHCC project a reality. RIDA Development Corporation is a full service real estate organization that has created and invested in innovative and economically successful office, residential, industrial, hospitality and retail developments for more than forty years. RIDA Development Corporation's corporate headquarters are located in Houston, TX with regional offices in Orlando, FL and Warsaw, Poland. These centralized locations allow RIDA Development Corporation to oversee its projects in the US, as well as Europe. Among RIDA Development Corporation's strategic relationships is a longstanding partnership with ARES with whom they have co-invested in over \$4 billion worth of investments and development on three continents. RIDA Development Corporation and ARES have previously partnered on at least five projects comparable in size and scope to the RHCC project, including the recently opened Marriott Marquis Houston and the currently under construction Gaylord Rockies Hotel (Aurora, CO).

The qualifications and experience that RIDA and its prospective subcontractors bring to the project are summarized below:

- Successfully developed, or in the process of developing, convention style full service hotels consisting of similar large scale resort hotels and convention centers
  - Hilton, Orlando (1,400 room, 175,000 square foot (sf) convention)
  - Omni Orlando at Champions Gate (720 room, 128,000 sf convention)
  - Marriott Marquis, Houston (1,000 room, 105,000 sf convention)
  - Gaylord Rockies Hotel, Aurora, CO (1,507 room, 485,000 sf convention)
- Team members have led the architectural design of similar large scale resort hotels and convention centers
  - Marriott Marquis, Houston
  - Omni Orlando at Champions Gate
  - Hilton, Orlando
  - The Palazzo, Las Vegas
- Team members have successfully secured equity and debt financing for pre-construction, construction and permanent operations of similar large scale resort hotels and convention centers
  - Hilton, Orlando
  - Hyatt Regency, New Orleans
- Relevant experience as a team
  - Hilton, Orlando
  - Marriott Marquis, Houston
  - Omni Orlando at Champions Gate
  - Gaylord Rockies Hotel, Aurora, CO (Opening 2018)

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RIDA embraces the District's and the City's vision and commitment to enhance, but respect the environment. RIDA's proposal successfully captures the vision and understanding of the RHCC project objectives and thoroughly defines the elements necessary to make the project work. Their project concept is well-positioned to attract international and national visitors, residents of the South Bay Area and San Diego County in general.

### **III. PROJECT ECONOMICS: A GOOD DEAL FOR RIDA AND THE PUBLIC ENTITIES**

Concurrent with the Board's selection of RIDA Development Corporation as the successful respondent to the RFQ, the Board also authorized staff to negotiate an ENA with RIDA. An ENA was negotiated through a collaborative effort between District staff, City staff and RIDA. The ENA sets forth a timeline for items to be delivered to the District during the term of the ENA, including a proposal for the RHCC. The ENA commenced on February 10, 2015 and will terminate on February 16, 2018.

#### **III. a. Due Diligence Process**

Since the ENA was entered into, the District, the City and RIDA have conducted extensive due diligence to understand the challenges of the project, the needs of the CVB and potential economic impacts. Over the course of the past two years, RIDA has provided staff with financial projections, including both revenue and cost estimates. Staff has also worked with multiple outside consultants to provide specific, specialized analysis to understand the information provided by RIDA, and create the financial projections that will ultimately be used as support for the economic terms of the LOI, and ultimately the Definitive Agreement. The following are the major consultant reports used in staff's analysis of the RHCC economic deal terms:

- Revenue Analysis: Report from CBRE Hotels
- Development Cost Analysis: Jones Lang LaSalle (JLL) Development Cost Review
- Feasibility and Financial Gap Analysis: KMA Report

For the Revenue Analysis, staff engaged CBRE Hotels (formerly PKF) to analyze the projected hotel revenues proposed by RIDA. Attachment H is the most recent CBRE report that analyzes expected hotel revenues for the RHCC. This analysis provided the basis for the District's and KMA's financial projections, ultimately assisting with key negotiated deal terms.

For the Development Cost Analysis, JLL provided feedback on estimated development costs presented by RIDA for the RHCC. This analysis was also used to help understand the proposed contribution of each of the parties and RIDA's overall project cost. JLL's analysis determined that compared to recent, new hotels in the market, the higher-than-average cost projections submitted by RIDA could be justified by their use of additional amenities, hotel theming, and quality of design. Development cost refinements will be factored into the Definitive Agreement with the requirement that the District will have the right to review and confirm costs. JLL's report on development cost is included as Attachment I.

Utilizing the information from RIDA, CBRE and JLL as well as their industry expertise, KMA has modeled potential financing scenarios and returns which are further described in the Key Economic



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Terms section below.

#### **IV. DEVELOPMENT PARTNERSHIPS**

##### **IV. a. Private Development Program**

The RIDA proposal chosen in 2014 is consistent with the vision of the CVB and RHCC project. Through extensive due-diligence review and constant on-going negotiations with RIDA, the project scope for the RHCC has been identified.

##### *Project Scope*

The following lists the key components of the RHCC project, with concept drawings included as Attachment J. The renderings have not been reviewed for consistency with the CVBMP, EIR, or other agreements applicable to the CVB, and may be presented with some modifications for approval at a future date.

Proposed Brand	Gaylord Hotels
Hotel Rooms	1,450
Convention & Meeting Space	275,000 Usable Square Feet
Amenities	Associated Retail and Resort-level Amenities
Parking	Approximately 1,500 spaces

RIDA is negotiating with Marriott to operate a Gaylord hotel for the proposed RHCC. This introduction of Gaylord is expected to reduce projected risk associated with the project and provide for certainty in bookings. The Gaylord product type has a proven track record of inducing demand in unproven markets and guarantees long-term bookings.

Gaylord Hotels is the large convention hotel brand of Marriott International <[https://en.wikipedia.org/wiki/Marriott\\_International](https://en.wikipedia.org/wiki/Marriott_International)>. The Gaylord properties are owned by Ryman Hospitality Properties, Inc. (Ryman). It owns four large hotels <<https://en.wikipedia.org/wiki/Hotel>>, each with an attached convention center <[https://en.wikipedia.org/wiki/Convention\\_center](https://en.wikipedia.org/wiki/Convention_center)> and overflow support hotel property. On May 31, 2012, Marriott International bought the rights to manage Gaylord's four hotels under the ownership of Ryman and managed under the Gaylord name.

##### **IV. b. Public Development Program**

In the process of determining the financial feasibility of the RHCC, it was determined that in order for the RHCC to move forward and to be developed, there was a need for a public financial subsidy. As described in further detail in the attached KMA report, the public subsidy contribution contemplated, but subject to a plan of finance between the District and the City (Plan of Finance) to be developed during the term of the Definitive Agreement, can be described as follows:

1. Phase 1A Infrastructure: \$56.3 Million
2. Public Entities Contribution for Convention Center Project: \$225 Million
3. District-developed and owned parking
4. City sewer improvements and fire services

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The District and City will provide evidence of the revenue sources through a future Plan of Finance that will cover the public portion of the convention center and required infrastructure of the RHCC; it is anticipated that bond financing will be required to finance the public contribution. Subject to the terms of the Plan of Finance, the Public Entities would work collaboratively to issue the debt prior to the close of escrow of the ground lease for the Site. According to the attached Amended and Restated Financing Agreement (Attachment K), which was approved by the City in November and will be considered by the Board on June 20, 2017, subject to the Plan of Finance, the Public Entities would commit sources of revenues identified in the Amended and Restated Financing Agreement that could be used to pay down the infrastructure bonds and associated debt service.

As a part of the strategy to finance the public infrastructure and improvements, a Phase 1A public infrastructure program has been developed to identify the infrastructure needed to support the RHCC. This Phase 1A program includes providing roadway access and utility service to the H-3 parcel; improving the adjacent area; and building new parks. It is currently contemplated that the Public Entities will fund the Phase 1A infrastructure through the issuance of debt to be further defined in a Plan of Finance. Similarly, the District will deliver the Site to RIDA upon ground lease execution. Prior to delivery of the Site to RIDA, the District will complete such portions of the Phase 1A infrastructure to be agreed to by the parties in the Definitive Agreement and remove, or cause the removal of, the existing recreational vehicle (RV) park.

To serve the proposed RHCC, new streets and utilities will be constructed around the perimeter of H-3 as a part of the Phase 1A public infrastructure. H Street will be extended to the expanded Bayside Park, and the new roadway will continue to the north and east to connect to existing Lagoon Drive.

The existing Bayside Park will be expanded into a 24-acre park with improvements that may include lawns, plaza, landscaping and parking. A pedestrian and Class I bicycle path will run through the new Harbor Park and extend to the north through the Sweetwater Signature Park to connect to the Bayshore Bikeway and City of Chula Vista pedestrian system at E Street and Bay Boulevard.

The District also plans to construct parking spaces to serve not only the RHCC but ultimately the CVB as a whole. RIDA has requested the use of some of the parking spaces for hotel guests and employees, with the remainder of the spaces for public use.

## **V. FINANCING AGREEMENT**

The Financing Agreement for the CVB was approved by the Board in 2012 and set forth the framework for the financing and development of the public improvements and infrastructure within the CVB by the District and the City. The development of public improvements and infrastructure is necessary for the implementation of the CVBMP in accordance with the certified EIR and Port Master Plan Amendment, and for the RHCC to move forward together with other development within the CVB project area. As contemplated in the Financing Agreement, a subsequent plan of finance would further define and implement the financing contemplated by the Financing Agreement. Since the Financing Agreement was entered into in 2012, the parties have been working to update the approach to the financing and development of the public improvements and infrastructure within the CVB. Specifically, new sources of revenue from both the District and the City have been identified. The Financing Agreement is now being updated and on June 20, 2017, the Board will consider the

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Amended and Restated Financing Agreement, which identifies these new revenue sources and differentiates between the RHCC related public infrastructure and improvements and those required for future phases of the development on the CVB.

### *Joint Powers Authority Formation*

In 2014, the District and the City formed the Chula Vista Bayfront Facilities Financing Authority (CVBFFA) to undertake the financing of the CVB project contemplated by the Financing Agreement. The Amended and Restated Financing Agreement lays the foundation for the District and the City to use either the CVBFFA or form a new joint powers authority to issue the financing of the public infrastructure and improvements related to the RHCC.

## **VI. KEY ECONOMIC TERMS**

### **VI. a. Overview of Proposed Method of Financing**

District, the City, and RIDA have worked together to identify the key economic terms that will support the construction and operation of the RHCC, all while achieving favorable market returns to both the Public Entities and RIDA. During earlier discussions with Gaylord and prior to the selection of RIDA, the District and City had already anticipated that early phases of development on the CVB would require public financial contributions.

The Financing Agreement identified sources of revenues from the City and District to develop the public improvements and infrastructure, and the Amended and Restated Financing Agreement that will be considered by the District on June 20, 2017, identifies further sources of revenue from the District and City in order to make the RHCC project feasible. The District and City will provide evidence of the sources of revenue and financing based on the Plan of Finance in order to fund the public portion and required infrastructure of the RHCC, and it is anticipated that bond financing will be used. The Public Entities will work collaboratively pursuant to the terms of the Plan of Finance and Definitive Agreement to issue the debt for the public contribution prior to the close of escrow of the ground lease for the Site.

The District and City proposed financial contributions identified in the proposed LOI have been analyzed by KMA, and the KMA feasibility and financial gap analysis is presented in Attachment D. The KMA report includes a comprehensive financing gap analysis justifying the need for the District and City proposed contributions toward construction of infrastructure, parking, and the convention center portion of the RHCC. Additionally, the KMA report presents a feasibility analysis of the proposed method of financing for the RHCC. The KMA report illustrates how the public contribution toward the RHCC related public infrastructure and improvements will be supported primarily through project-generated revenues, i.e., most of the District and City financial contribution amounts are in effect "performance-based". To that end, KMA has concluded that the RIDA projected return after the public investment and rent structure is not excessive. This finding indicates that the Public Entities contribution and District rent structure is warranted and needed in order for the RHCC to move forward and to be developed. Ultimately RIDA will need to control development costs and/or improve operating performance in order to achieve a satisfactory long-term return.

### **VI. b. Proposed Financing Structure**

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As set forth in the KMA report, total project costs, including both public infrastructure and private development, are estimated to be \$969.3 million. As determined in the KMA report, of this total, RIDA will be responsible for a minimum investment, including private debt and equity, of no less than \$688 million. Based on these findings, it is anticipated that the Public Entities will be responsible for up to \$225 million contribution toward the convention center portion of the RHCC; the public infrastructure, estimated at \$56.3 million; and a minimum of 1,500 parking spaces. For planning purposes, the District has assumed construction of 1,500-space parking spaces, which estimated cost is to be determined. These cost estimates, and respective responsibilities, are summarized in the KMA report and set forth in the chart below from the KMA report.

#### SOURCES AND USES OF FUNDS

	<u>Developer</u>	<u>District/City</u>	<u>Total</u>
A. Hotel/Convention Center	\$688M	\$225M	\$913M
B. Infrastructure	---	\$56.3M	\$56M
C. <u>Parking</u>	---	TBD	TBD
D. TOTAL	\$688M	\$281.3M	\$969.3M

#### VI. c. Proposed Public Contribution toward Infrastructure and Convention Center

##### *Proposed Public Revenue Contributions to Support Bond Financing*

The District and City propose to finance the \$225 million convention center contribution and estimated \$56 million infrastructure cost through a combination of existing and projected revenue streams from the CVB. (Approaches to financing the parking, which will be solely a District responsibility, are discussed separately in Section VI.i below.)

If the Board approves the Amended and Restated Financing Agreement, the District will contribute consistent with the Definitive Agreement and Plan of Finance: (1) existing and designated future lease revenues from the CVB; and (2) ground rent from the RHCC. (The proposed ground rent structure for the RHCC ground lease is discussed in Section VI.e below.) Additionally, it is contemplated that the District will contribute toward the infrastructure cost the previously received SDG&E contribution of \$1.7 million and the Pacifica contribution of \$3.0 million. The City is contributing toward the construction of required sewer and fire services. The District will also be responsible for an annual contribution toward bond debt service to support the convention center contribution not to exceed the following schedule of amounts during Lease Years 4 through 37:

• Lease Years 1-3	\$0
• Lease Years 4-13	\$5.0 million
• Lease Years 14-18	\$6.0 million
• Lease Years 19-23	\$3.0 million
• Lease Years 24-37	\$3.5 million

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The revenue sources identified are from the Financing Agreement and the proposed Amended and Restated Financing Agreement. If the Board authorizes the Amended and Restated Financing Agreement on June 20, 2017, new sources of revenue will be considered. Table IV-6 in the attached KMA report provides an illustrative example of the District and City revenue contributions toward the proposed bonds to finance the convention center contribution and infrastructure based on the Amended and Restated Financing Agreement at Lease Year 7, i.e. projected stabilized year of RHCC operations.

Furthermore, it is contemplated that the District will lease the land to RIDA with a modified rent structure that will allow the RHCC project to achieve the necessary return. The District's contribution of the land under a modified rent structure is essential and represents an additional contribution not represented in the table referenced.

### *Preliminary Estimate of Supportable Bond Underwriting*

The City engaged JP Morgan Securities, LLC (JP Morgan) to provide investment banking and bond underwriting services. JP Morgan prepared estimates of achievable bond financing based on the revenue streams to be pledged by the District and City. In the KMA Report, KMA analyzed JP Morgan's estimates. Based on this analysis, KMA determined that the JP Morgan projections were based on currently available bond underwriting terms, the relative creditworthiness of the pledged revenue streams, and JP Morgan's professional judgement regarding debt service coverage, interest rate, and costs of issuance and capitalized interest during construction. Moreover, KMA found that the JP Morgan bond runs assume a 37-year term, inclusive of the construction period, and effective interest rates of 5.48% for taxable bonds and 4.41% for tax-exempt bonds. Notably, KMA has used a 1.75 debt service coverage ratio recommended by JP Morgan. KMA concluded that JP Morgan assumed ascending debt service schedules, i.e., annual debt service rises over the term subject to the 1.75 debt service coverage limit. In effect, KMA determined the bond sizing is based on \$1.00 of debt service for every \$1.75 of projected revenue. KMA concludes in its report that while this is a conservatively high debt service coverage assumption, i.e., it reduces the achievable bond financing amounts, it also results in significant projected surplus cash flow after debt service (see further discussion in Section VI.h below).

The following table summarizes the KMA analysis on the currently anticipated underwriting terms for the District/City bond financing for the convention center contribution and infrastructure. KMA determines that by using the currently anticipated underwriting terms, the pledged revenues are projected to be sufficient to support the net bond proceeds required to fund the District and City obligations under the LOI. KMA qualified its finding with the fact that the bonds will be issued at a future date to be determined, at which time economic conditions may vary from the figures used in this preliminary feasibility analysis. KMA recommends that RIDA, the District, and the City continually monitor real estate market factors and bond financing parameters to determine if any changes to these projections are warranted.



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PRELIMINARY UNDERWRITING TERMS FOR PROPOSED BOND FINANCING

Total Revenues Pledged, Lease Year 7 Estimates

District	\$7.7M
City	\$22.9M
Total	\$30.6M
Debt Service Coverage Factor	1.75 DSC
Interest Rate	5.48% taxable 4.41% tax-exempt
Bond Term	37 Years (including construction period)
Approx. Net Bond Proceeds	\$225M Convention Center Contribution \$56M Infrastructure

VI. d. Required Private Investment

KMA's report provides that RIDA will be responsible for a private investment in the RHCC project of no less than \$688 million. This investment is expected to take the form of a combination of debt (third party loans) and equity. The chart below is taken from the KMA report and summarizes the required private investment in the RHCC project.

## REQUIRED PRIVATE INVESTMENT

	<u>Factor (Loan to Value)</u>	<u>Amount</u>
A. Maximum Debt	65% LTV	\$447M
B. <u>Minimum Equity</u>	35% LTV	\$241M
C. TOTAL PRIVATE		\$688M

VI. e. Basic Ground Lease Terms

Under the terms of the LOI, RIDA will pay a fixed ground rent schedule for the project during the bond financing term, estimated to coincide with Lease Years 1-37. The fixed ground rent schedule for this period is as shown below.

• Lease Years 1-18	\$0
• Lease Years 19-23	\$3.0 million
• Lease Years 24-37	\$3.5 million

As detailed in the KMA report, beginning in Year 38, the proposed rent structure for the project will be in line with or higher than the District's standard percentage rent categories for room, food, and beverage. The banquet percentage rent category has been broken out from the room rent category and is slightly lower than in typical District leases. Percentage rent rates for the remaining categories

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of revenue are to be agreed to in the Definitive Agreement. However, since the proportional size of the convention center space is larger than found in other hotel properties on District tidelands, the RHCC is projected to generate disproportionately higher banquet revenues. On this basis, staff agreed that a lower banquet percentage rate is justified. Additionally, the banquet rate increases to the District's standard room rent rate in Lease Year 48.

**VI.f. Public Entities Participation in NOI**

The KMA report also explains that in addition to ground rent paid to the District, RIDA will pay the Public Entities an annual participation payment based on surplus Net Operating Income (NOI) from the RHCC project. As set forth in the KMA report, the Public Entities will receive 20% of surplus NOI above an 11% ROI threshold for RIDA during Lease Years 4-37. KMA has prepared a preliminary projection of this potential future revenue stream, which is summarized in the chart below. Section VI.h below provides a discussion related to the proposed distribution of the Public Entities participation payments, as well as surplus cash flow after debt service, between the District and City.

**PROJECTED Annual NOI Participation Payments to Public Entities**

<u>Lease Year</u>	<u>Estimated NOI Participation Payme</u>
Years 1-3 (Construction)	\$0
Years 4-11	\$0
Year 12	\$0.025M
Year 20	\$2.7M
Year 30	\$7.8
Year 37	\$12.6M

**VI.g. Financial Returns to RIDA**

Calculations of a target Return on Investment (ROI) to RIDA, and the share of NOI between RIDA and the Public Entities, were based on an analysis of target returns for RIDA. Given the level of risk associated with undertaking such a major new investment on the relatively undeveloped CVB in a single phase, Consultants agree that the upper end of this range is warranted for the proposed RHCC. The proposed District and City financial contributions are structured to target an ROI to RIDA of 11% in the stabilized year, i.e., the fourth year of operations or Lease Year 7. The KMA report projects that RIDA will achieve an ROI in Lease Year 7 of 10%, lower than the target return threshold.

KMA also prepared long-term operating income and expense projections for the duration of the proposed 66-year ground lease. These projections indicate that the District and City contributions are warranted, that the RIDA return is not excessive, and ultimately that RIDA will need to control development costs and/or enhance operating performance in order to achieve a satisfactory long-term return. At the same time, the proposed participation in RHCC NOI provides for the Public Entities to participate in the success of the RHCC project as well.

**VI.h. Proposed Cash Flow Distribution ("Waterfall")**

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The KMA reports notes that the proposed bond financing structure will result in significant surplus cash flow after debt service. Additionally, RIDA will make NOI participation payments to the Public Entities. District and City staff have discussed in detail various approaches to distribute these funds. The KMA report outlines the current concept to allocate these funds through a “waterfall”, with the priority sequence shown in Table IV-11 in the attached KMA report. As an example, the KMA chart presents the projected figures for Lease Years 7 (stabilized operations) and 13 (10<sup>th</sup> year of operations).

KMA concludes that once the RHCC project has stabilized, the District anticipates that it will receive a reimbursement of its annual contribution toward debt service. Moreover, KMA finds that both the District and City will be able to reimburse themselves for their respective CVB infrastructure operating and maintenance (O&M) expenditures. KMA forecasts a remaining positive cash flow even after the priority distributions,. KMA recommends that District and City staff will need to negotiate how these surplus funds are distributed.

#### VI.i. Parking Space Funding TBD - Port Obligation

The KMA report points out that its analysis requires that the District be responsible for financing, constructing, owning, and operating approximately 1,500 parking spaces to serve the RHCC project. District staff is evaluating the potential to develop 1,500-space parking spaces on Parcel H3. The District would assume all operating and maintenance expenditures for the parking for the duration of the RIDA ground lease. Parking gross revenues would be allocated 90% to RIDA and 10% to the District. The District’s share will increase to 15% of gross revenue if RIDA sells, on a cumulative basis, 51% or more of the RHCC project.

The total cost for the construction of the 1,500 parking spaces will be estimated at a future date. District staff is evaluating a variety of approaches to finance the parking. The preferred approach would be determined by the Board at a later date.

#### VI.j. Ancillary Development Rights

In order to implement the model adopted by Gaylord to attract sufficient convention business, Gaylord represents it needs access to additional rooms within close proximity of the main hotel and convention center in order to maximize the booking opportunities. Allowing for control over bookings five to six years out is integral to Gaylord operations, especially since standard hotels do not typically book that far in advance. RIDA requests a portion of the H23 parcel in order to facilitate the construction of 550 additional rooms necessary for the success of RHCC. Under the LOI, when the Definitive Agreement is executed, the District will execute a one year exclusive right to negotiate agreement with RIDA concerning a definitive agreement for the lease of up to 10 acres of the H23 parcel that are closest to the H3 parcel to develop up to 550 hotel rooms.

In addition, RIDA has requested the right to comment on future development projects on the H1, H1A, H8,H9 and H23 parcels that surround H3 parcel. See Attachment G for a map view of the H parcels. The reason this was requested was to provide guidance on types of operations, to ensure no duplications in operations, and to offer feedback on quality of design on those parcels. Since RIDA is a major partner in the development of the CVB, staff supports RIDA’s ability to comment on future development projects and welcomes feedback on future growth opportunities.



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## VII. NEXT STEPS

If the Board and the City Council approve the LOI, RIDA will expend additional funds to advance the RHCC project, specifically on project design. It is anticipated that the design process will take approximately 18 months to complete. Concurrent with RIDA making advancements on the RHCC project, the District will continue to advance other components on the CVB. The District is in the process of acquiring approximately four acres of land, known as the triangle parcel, which is an integral part of the development of the CVB and the RHCC. Also, the existing RV park leasehold is located within a portion of the CVB, on the future location of the Harbor District Park and RHCC. The lease for the Chula Vista RV Park expires in 2021<sup>17</sup>. The CVBMP requires all 237 RV stalls be replaced prior to the existing RV park closing. On October 13, 2016, the Board authorized the issuance of a RFP for the development and operation of the new RV park. On April 11, 2017, the Board selected the Sun Communities, Inc./Northgate Resort LLC team to build and operate the new RV park. Project design, environmental review and lease negotiations are currently under way. It is anticipated that construction on the new location will begin in 2018, paving the way for the development of the RHCC.

Staff will also continue to work with the City in developing the public infrastructure design and negotiating the Plan of Finance necessary to fund the public infrastructure and improvements.

### VII.a. Disposition and Development Agreement

The ENA between the District and RIDA sets forth the intent to exclusively negotiate and potentially enter into a binding agreement that specifies the rights and obligations of the District, the City and RIDA with respect to the lease, development and operation of the RHCC (Definitive Agreement). Based on the complexity of the transaction, and the various performance milestones that must be satisfied by the parties prior to the execution of the ground lease, the parties are currently negotiating the Definitive Agreement which is anticipated to be brought back to the Board for approval by the end of 2017.

The Definitive Agreement is contemplated to be for a 4 year term, with three, 1 year options to extend, and will set forth the obligations of the parties and the performance milestones needed to complete the pre-construction phase of the RHCC based on an agreed upon schedule of performance. This schedule of performance will set forth the various steps involved in the pre-construction phase and the obligations of all parties to complete that phase.

The Definitive Agreement will terminate (a) upon the execution of the ground lease, which will happen concurrently with the closing of the public and private financing, and commence the construction phase of the RHCC, or (b) (i) an uncured default or (ii) failure to satisfy a condition precedent prior to the close or a milestone set forth in the schedule of performance.

At each of the performance milestones to be identified in the Definitive Agreement, the City, District and RIDA will have the ability to evaluate their respective progress in meeting their milestones. In the event any of the performance milestones are not timely completed by any of the parties, the other parties will have certain rights to pause, delay or terminate such performance milestone under the Definitive Agreement. Only upon satisfaction of all of the conditions precedent and performance

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milestones set forth in the schedule of performance, will the necessary public and private financing be issued and the District and RIDA enter into the ground lease for the future Site of the RHCC.

## **VIII. RECOMMENDATION**

After two years of negotiations with RIDA, District and City staffs believe that the nonbinding LOI should be approved by the Board and City Council for the development of the RHCC, the catalyst project for development of the CVB. The LOI should be approved because in RIDA and the City, the District has found the right partners that are ready to move forward with the implementation of the CVBMP; the project economics represent a good deal for the District, for the City, and for RIDA; and time is of the essence to memorialize the economics to ensure that the redevelopment of the CVB proceeds as soon as possible. The LOI is an important next step toward catalyzing other additional development within the CVB. Once implemented, the CVBMP will create a world-class destination that reflects strong planning and design principles, economic feasibility and community benefits.

### **General Counsel's Comments:**

The Office of the General Counsel has ongoing involvement in this matter and assisted in the preparation of this agenda sheet. As such, the Office of the General Counsel approves this agenda sheet and the proposed non-binding Letter of Intent as presented to it as to form and legality.

### **Environmental Review:**

The proposed Board actions to authorize a non-binding Letter of Intent (LOI) does not constitute an "approval" of a project under the California Environmental Quality Act (CEQA) because the Board's authorization does not constitute a binding commitment to approve the proposed lease or any other associated discretionary approvals. Any negotiated lease would require Board approval. CEQA requires that the District adequately assess the environmental impacts of its leases and reasonably foreseeable activities that may result from its leases prior to the approval of the same. Accordingly, if negotiations are completed, and before the Board considers approval of a proposed lease, the District will conduct CEQA review of any potential environmental impacts from the proposed lease and any reasonably foreseeable activities that may occur as a result of the proposed lease. Such CEQA review may result in the District, in its sole and absolute discretion, requiring implementation of mitigation measures or adopting an alternative, including without limitation, a "no project alternative." The current Board action in no way limits the exercise of this discretion. Nevertheless, development associated with the Chula Vista Bayfront Master Plan, including the proposed hotel and convention center contemplated in the LOI, was previously analyzed under the Chula Vista Bayfront Master Plan and Port Master Plan Amendment Final Environmental Impact Report (UPD #83356-EIR -658, SCH #2005081077) which was certified by the Board on May 18, 2010 (Resolution No. 2010-78). At this time, no further action under CEQA is required.

In addition, the presentation and direction to staff allows for the District to administrate its obligations under the Port Act and/or other laws. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed presentation is consistent with the Public Trust Doctrine.

The proposed Board actions do not allow for "development," as defined in Section 30106 of the

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California Coastal Act, or “new development,” pursuant to Section 1.a. of the District’s Coastal Development Permit (CDP) Regulations. Therefore, issuance of a Coastal Development Permit or exclusion is not required for the proposed Board actions. However, the District’s leases and activities that may arise from those leases require processing under the District’s CDP Regulations. If a proposed lease is negotiated, the Board will consider approval of a proposed lease after the appropriate determination under District’s CDP Regulations is made, which could include a Coastal Development Permit. The current Board action in no way limits the exercise of the District’s discretion under the District’s CDP Regulations.

**Equal Opportunity Program:**

A Small Business Enterprise (SBE) Participation Plan including SBE goals for design/construction and leasing/operations is required.

**PREPARED BY:**

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**Attachment(s):**

Attachment A: Historic Chula Vista Tidelands Map  
Attachment B: CVBMP Illustrative Graphic  
Attachment C: Non-Binding Letter of Intent  
Attachment D: KMA Feasibility Report  
Attachment E: Glossary of Terms  
Attachment F: Timeline Overview  
Attachment G: Harbor District Parcel Map  
Attachment H: October 4, 2016 Report from CBRE Hotels  
Attachment I: March 30, 2017 JLL RIDA Development Cost Review  
Attachment J: RIDA RHCC Project Renderings  
Attachment K: Amended and Restated Financing Agreement

1. SDUPD Clerk’s Office Document No. 59406 filed October 5, 2012, Port Master Plan Amendment
2. SDUPD Clerk’s Office Document No. 59001 filed May 30, 2012, Chula Vista Bayfront Master Plan Financing Agreement between City of Chula Vista and San Diego Unified Port District
3. SDUPD Clerk’s Office Document No. 62033 filed July 3, 2014, Request for Qualifications for Chula Vista Bayfront Development Opportunity for Waterfront Convention Destination Resort Hotel
4. SDUPD Clerk’s Office Document No. 62899 filed February 11, 2015, Exclusive Negotiating Agreement; SDUPD Clerk’s Office Document No.

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- 65707 filed October 13, 2016 (Amendment No. 1); SDUPD Clerk's Office Document No. 66141 filed February 14, 2017 (Amendment No. 2)
5. SDUPD Clerk's Office Document No. 39466 filed August 5, 1999, Relocation Agreement by and among City of Chula Vista, Redevelopment Agency of the City of Chula Vista, San Diego Unified Port District and Rohr, Inc..
  6. SDUPD Clerk's Office Document No. 33004, filed September 12, 1996, Memorandum of Understanding between the San Diego Unified Port District and the City of Chula Vista.
  7. SDUPD Clerk's Office Document No. 38358, filed November 29, 1999, Lease Agreement between San Diego Unified Port District and Duke Energy South Bay, LLC
  8. SDUPD Clerk's Office Document No. 44952 filed December 18, 2002, Joint Planning Agreement Between San Diego Unified Port District and the City of Chula Vista
  9. SDUPD Clerk's Office Document No. 47047 filed June 03, 2004, First Amendment to Joint Planning Agreement Between San Diego Unified Port District and the City of Chula Vista
  10. Final Environmental Impact Report for the Chula Vista Bayfront Master Plan and Port Master Plan Amendment (UPD #83356-EIR-658, SCH #2005081077), dated June 18, 2010, on file in the Office of the District Clerk bearing Document No. 56562
  11. SDUPD Clerk's Office Document No. 59408 filed October 5, 2012, Chula Vista Bayfront Master Plan Public Access Program San Diego Unified Port District and the City of Chula Vista
  12. SDUPD Clerk's Office Document No. 59407 filed October 5, 2012, Chula Vista Bayfront Development Policies
  13. SDUPD Clerk's Office Document No. 56067 filed February 19, 2010, Exchange Agreement by and between San Diego Unified Port District and North C.V. Waterfront L.P.
  14. SDUPD Clerk's Office Document No. 56523 filed May 20, 2010, Chula Vista Bayfront Master Plan Settlement Agreement by and among the Bayfront Coalition, San Diego Unified Port District and City of Chula Vista, the Redevelopment Agency of the City of Chula Vista
  15. SDUPD Clerk's Office Document No. 56555 filed June 2, 2010, Mitigation Monitoring and Reporting Program for the Chula Vista Bayfront Master Plan
  16. SDUPD Clerk's Office Document No. 65065 filed June 6, 2016, Natural Resources Management Plan for the Chula Vista Bayfront
  17. SDUPD Clerk's Office Document No. 14243 filed November 9, 1981, Lease between Chula Vista Marina/RV Park, Ltd. and San Diego Unified Port District, as amended from time to time.



# Historic Chula Vista Tideland





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# Chula Vista Bayfront Master Plan Illustrative Locally and State-Approved Land Use Plan by City of Chula Vista and Port of San Diego



**NON-BINDING LETTER OF INTENT**

June 14, 2017

RIDA Chula Vista, LLC  
1777 Walker Street, Suite 501  
Houston, Texas 77107

**Re: Chula Vista Bayfront Hotel and Convention Center Project**

The San Diego Unified Port District (“District”), the City of Chula Vista (“City”) and RIDA Chula Vista, LLC, a Delaware limited liability company (“RIDA”), are working together with the goal of creating a world-class Chula Vista Bayfront through strong planning and design, economic feasibility, protection of key habitat areas and community outreach. The District, City and RIDA shall collectively be referred to herein, as the “Parties.”

On February 10, 2015, the District entered into an Exclusive Negotiating Agreement (“ENA”) with RIDA (“Original ENA”), as modified by Agreement for Amendment of Exclusive Negotiating Agreement Amendment No. 1 dated August 9, 2016 (“First Amendment”), and Agreement for Amendment of Exclusive Negotiating Agreement Amendment No. 2 dated January 25, 2017 (“Second Amendment”) (the Original ENA, First Amendment and Second Amendment are collectively referred to herein as, the “ENA”).

The District, the City and RIDA are entering into this Letter of Intent (“LOI”) with the understanding that it is subject to the provisions of the ENA and does not supersede the terms of the ENA. This LOI represents a statement of intent by the City, the District and RIDA and, as further provided in Section 15 below, nothing set forth in this LOI shall be construed as a binding agreement or enforced against any of the Parties hereto. The particular business terms and legal obligations of the Parties will be detailed in the Definitive Agreement to be negotiated by the authorized representatives of the City, District and RIDA, and will be presented to the City Council, the Board of Port Commissioners and the authorized representative(s) of RIDA for approval and execution at a future date. This LOI sets forth the basic economic terms and conditions upon which the District, City and RIDA may enter into a future agreement related to the development of portions of the Chula Vista Bayfront under the following terms and conditions:

**KEY TERMS**

1. Purpose:

The purpose of this LOI is to facilitate the negotiation of a disposition and development agreement (“Definitive Agreement”) that sets forth the rights and obligations of the Parties with respect to the ground lease, use, occupancy, development, operation and financing of the development of certain private improvements and public infrastructure located on the Chula Vista Bayfront, to include a large scale resort hotel and convention center, to serve as the anchor project of the Chula Vista Bayfront (as further defined in Paragraph 5, “Project”), all as further



described below. Among other things, the Definitive Agreement shall set forth terms relating to the contribution of certain revenues from each of the Parties to support the financing necessary to develop the Project and timing of the development of the private improvements and public infrastructure.

2. Parties:

The Parties shall be parties to the LOI and the Definitive Agreement. The District and the City and/or a Joint Exercise of Powers Authority ("JEPA") between the City and District shall collectively be referred to herein as, the "Public Entities".

3. Term of Definitive Agreement:

a. The Definitive Agreement shall be for an initial 4-year term with up to 3 one-year extensions to be exercised by RIDA upon satisfaction of certain conditions precedent and the milestones set forth in a schedule of performance to be mutually agreed to by the Parties and to be included in the Definitive Agreement.

b. The Term will expire upon the execution of the ground lease for the resort hotel and convention center by RIDA and the District and of any ancillary document that may be required to document the Parties' respective continuing obligations in respect of the development of the Project, unless the Definitive Agreement is terminated earlier due to the failure to satisfy (i) a condition precedent to the execution and close of escrow on the ground lease under the Definitive Agreement or (ii) a milestone set forth in the schedule of performance, or an uncured event of default.

4. Site for Ground Lease; Other Property:

The Definitive Agreement shall define the specific land to be ground leased from the District to RIDA, and shall include the following:

- a. Approximately 36 acres located at Parcel H-3, subject to a reservation of a portion of Parcel H-3 by the District for the construction of the Parking Improvements (as defined below) (the "Site").
- b. District shall provide up to 15 acres of land adjacent to the Site on Parcel H-23 in a location and configuration mutually acceptable to the District and RIDA to house construction trailers, construction material, and equipment staging, and parking during the construction of the Project at no cost to RIDA.
- c. When the Definitive Agreement is executed, the Parties shall execute a one year exclusive right to negotiate agreement with RIDA concerning a definitive agreement for the lease of up to 10 acres of Parcel H-23 that are closest to Parcel H-3 to develop up to 550 hotel rooms.

- d. District shall consult RIDA, without obligation from the District or liability to the District, and RIDA shall have the ability to comment on developments on the H-1, H-1A, H8, H9 and H23 parcels, and the District shall act in good faith when considering, accepting or rejecting any of RIDA's written comments to the District, but in no way limit the discretion of the District.

5. Role of RIDA; Project Description:

RIDA will be responsible for the design, development, construction and operation of the Project subject to terms and conditions to be negotiated in the Definitive Agreement. The Project shall include, but not be limited to, the following:

- a. Approximately 1,450 room resort hotel, which must initially be branded as a Gaylord Hotel and which must be designed, constructed and operated in accordance with the Automobile Association of America ("AAA") Four Diamond rating standards or the equivalent;
- b. Approximately 275,000 net usable square feet of meeting space in the hotel and the convention center, including all ancillary uses (including pre-function); and
- c. Associated retail and related development and resort level amenities, subject to discretionary review by regulatory entities.

6. RIDA Financial Commitment; Return on Investment; Security Deposit:

- a. The estimated total Project costs are approximately \$913 million. RIDA's contribution shall be the total Project cost less Convention Center Project Funds (as defined below) (the "RIDA Contribution"). The RIDA Contribution is currently estimated to be \$688 million and will be made up of various forms of debt and equity.
- b. RIDA's Return on Investment ("ROI") in any given year will be equal to NOI (as defined below) divided by RIDA's actual capital investment which is defined as the cost of designing, constructing and developing the Project, as certified annually:
  - (i) "NOI" shall mean the total Project revenues less all operating expenses derived from the uniform system of accounts to be defined in the Definitive Agreement. Operating expenses shall also include industry standard operator and franchise fees; replacement reserves and replacement costs in excess of reserves to be defined further in the Definitive Agreement; asset management fees, which shall not exceed 1% of gross revenues; gross tax receipts; insurance; property taxes; incentive management fees; and ground rent actually paid by RIDA. Such incentive management fees shall be limited to 20% of the portion of NOI that exceeds \$75.68 million; provided that solely for purposes of calculating the maximum amount of the incentive management fee that will be treated as an



operating expense, NOI shall be calculated before deductions for the incentive management fee, asset management fee, and gross receipts tax;

(ii) Operating expenses will exclude debt service (principal and interest), depreciation, and income taxes;

(iii) Shortfall in achieving the 11% ROI in a given year will not carry over to subsequent years; and

(iv) Project revenues excluding proceeds from any sale of the Project (or any portion thereof) or any refinancing of the Project (or any portion thereof).

- c. Public Entities do not guarantee ROI.
- d. RIDA shall deliver to the District a \$1 million security deposit in cash or as a letter of credit upon execution of the Definitive Agreement, which shall then become the security deposit for the ground lease for the Site upon its execution, unless the Definitive Agreement is terminated earlier due to the failure to satisfy a condition precedent or an uncured event of default. The District shall return to RIDA any unused amounts of such security deposit upon substantial completion of the Project.
- e. Prior to execution of the ground lease, RIDA shall deliver commercially normal and customary assurances and guarantees that it will complete the Project as approved and permitted and as may be reasonably required to facilitate the financing of the Public Entities Contribution.
- f. The Project is subject to RIDA's payment of all customary fees required by City and District, including but not limited to City permit processing fees, District cost recovery and Public Art requirements.

7. Public Entities Contribution:

It is expected that on June 20, 2017, the District and City shall execute the Amended and Restated Chula Vista Bayfront Master Plan Financing Agreement, which identifies sources of funding and other requirements to finance the construction of public improvements or other financial assistance within the Chula Vista Bayfront ("Financing Agreement"). Subject to the Financing Agreement and a "Plan of Finance" (to be developed by the District and the City pursuant to the Definitive Agreement and subject to any Discretionary Actions (as defined below)), the financial commitment of the Public Entities ("Public Entities Contribution") will consist of the following three primary elements:

- a. Phase 1A Infrastructure, which includes those items listed on Exhibit A, attached hereto and incorporated herein by reference ("Phase 1A Infrastructure"), shall be financed by the Public Entities, collectively, through the issuance of debt that is to

be subject to the Plan of Finance and in an amount currently estimated to be Fifty-Six Million Three Hundred Thousand Dollars (\$56,300,000.00).

- b. The Public Entities will together finance an amount up to Two Hundred Twenty-Five Million Dollars (\$225,000,000.00) for the convention center improvements (which shall be defined in the Definitive Agreement) for the Project (the "Convention Center Project Funds"). The manner of such financing will be determined by the District and City in the Plan of Finance. The District expects that the Plan of Finance will include the District's annual debt service commitment towards the financing of the Convention Center Project Funds not to exceed the amounts reflected in the following schedule:
- Years 1-3 \$0
  - Years 4-13 \$5 million
  - Years 14-18 \$6 million
  - Years 19-23 \$3 million
  - Years 24- 37 \$3.5 million
- c. The District will provide for the construction on Parcel H-3 of approximately 1,500 parking spaces (the "Parking Improvements"), to be financed as further defined in the Plan of Finance.
- d. The City will provide for the construction of the required sewer and fire service (together the "City Infrastructure").
8. Participation Provisions Benefiting Public Entities:
- a. Public Entities shall provide evidence of financing based on a Plan of Finance subject to and consistent with the Financing Agreement to be agreed to by the Parties prior to the close of escrow of the ground lease for the Site, the Public Entities financing and the RIDA financing. Bond proceeds will be structured to pay for the convention center and related infrastructure which will be owned by Public Entities and the convention center shall be leased back to RIDA ("Convention Center Lease") for \$1 per year.
- b. If total project costs fall below the current estimate of \$913 million, the Convention Center Project Funds will be reduced proportionately. For example, a Project with total Project costs of \$800 million (a 12% reduction in total Project cost) would receive \$197 million in Convention Center Project Funds, with RIDA's Contribution making up the remaining \$603 million. However, if total project costs exceed the current estimate of \$913 million, the Convention Center Project Funds are capped at \$225 million. For example, a Project with total Project costs of \$1.1 billion would receive \$225 million in Convention Center Project Funds, with RIDA's Contribution increasing to \$875 million.



- c. The Convention Center Project Funds will generally be utilized *pari passu* with RIDA's equity contribution (currently estimated at \$200,000,000) and before any mezzanine or mortgage debt.
  - d. Mechanisms to ensure application of the above concepts will be addressed in the Definitive Agreement.
9. Site Condition Prior to Execution of Ground Lease: The Site shall be delivered to RIDA upon ground lease execution for the Site in the following condition:
- a. Completion by the Public Entities of those portions of the Phase 1A Infrastructure to be agreed to by the Parties in the Definitive Agreement; and
  - b. District to remove, or cause to be removed, the existing RV Park.
10. Project Timing:
- a. RIDA shall complete the Project generally according to plans and specifications approved by the Public Entities. RIDA shall cause construction to commence no later than 90 days following the mutual execution of the ground lease for the Site, and shall cause construction to be completed no later than 36 months following the mutual execution of the ground lease for the Site, as each such deadline may be equitably extended from time to time subject to force majeure events to be agreed to by the Parties during the negotiation of the Definitive Agreement.
  - b. The Public Entities shall complete any remaining Phase 1A Infrastructure, and City shall complete City Infrastructure, required for the certificate of occupancy for the Project.
  - c. A detailed schedule of performance, which may include performance milestones to be completed prior to the certificate of occupancy for the Project, including financing and development milestones for all Parties, and provisions regarding force majeure and schedule extensions will be included in the Definitive Agreement.
11. Basic Ground Lease Terms:
- The basic terms of the ground lease for the Site by the District to RIDA are set forth on Exhibit B attached hereto and incorporated herein by reference. The final terms of the ground lease shall be attached to the Definitive Agreement.
12. Operations and Maintenance Cost Sharing:
- a. Public Operating & Maintenance ("O&M") Expenses to be provided by Public Entities for all offsite infrastructure.

- b. Private O&M Expenses to be provided by RIDA for O&M expenses incurred with respect to the Project and associated retail and related development on the Site.
- c. Parking O&M Expenses to be provided by District for the term of the ground lease.

13. Compliance with Laws:

Compliance with all applicable federal, state, and local laws and regulations will be RIDA's sole responsibility with respect to the Project. The Parties shall negotiate indemnities as part of the negotiation of the Definitive Agreement.

14. Assignment and Sublease/Exit Fee:

a. RIDA shall have the right to assign and sublease the ground lease for the Site, subject to District's prior written approval (subject to negotiated carve-outs), not to be unreasonably withheld, and subject to an Exit Fee (defined below). Upon sale of the Project or portion thereof, RIDA shall pay to Public Entities an exit fee (the "Exit Fee") equal to 1% of the difference of (a) the net proceeds from such sale minus (b) the sum of (i) the certified cost price of the Project as of the time of the completion of the construction of the Project and (ii) 100 times the amount of any Exit Fee that has previously been paid to Public Entities (which sum will be pro-rated in the case of sale of a portion of the Project); provided that RIDA shall pay no Exit Fee to Public Entities as long as one or more of the original partners in RIDA (as of the time of substantial completion of the Project), collectively, directly or indirectly, owns at least a 10% ownership interest in the Project.

b. City shall have the right, not to be unreasonably withheld, to consent to any assignment or sublease of the Convention Center Lease subject to negotiated carve-outs.

15. Non-Binding:

The Parties acknowledge that this Letter of Intent is not intended to nor shall it be interpreted to create a binding agreement between the Parties, and is subject to further analysis by the Parties. The Parties understand and acknowledge further that, while this LOI is intended to guide the Parties in their negotiations relative to the Project pursuant to the ENA, it does not waive or limit any of the rights of the District and RIDA in the ENA and does not bind the Parties to continue negotiations for any reason. Moreover, each of the Parties understands and acknowledges that, to the extent it expends funds or devotes resources in connection with, or as a result of this LOI, including without limitation, the feasibility of implementing the Project or this LOI, it shall do so at its sole cost and expense, upon its own initiative and not in reliance on this LOI or any representations of any of the other Parties.

16. Discretionary Actions:

The Parties understand and acknowledge that, notwithstanding the terms and conditions of this LOI, certain actions incidental to matters described in this LOI may require the exercise



of discretion by one or more of the Public Entities (collectively, "Discretionary Actions"), any and all Discretionary Actions may be exercised in the sole and absolute discretion of the Public Entities and the Parties assume the risk that a Discretionary Action may not be taken or taken in a manner not favorable to one or more of the Parties. By executing this LOI, the Parties do not represent by the LOI or otherwise their legal capacity to provide the financial assistance or other undertakings contemplated herein, such matters to be the subject of future actions and agreements pursuant to the Financing Agreement or otherwise, including certain Discretionary Actions.

### **CONCLUSION**

This LOI shall not be binding upon the Parties. A binding agreement shall not exist until a Definitive Agreement has been approved by the governing bodies of the respective Public Entities and executed and delivered by all parties. No party may claim any legal rights against the other by reason of actions or non-actions taken in reliance upon this non-binding LOI, including, without limitation, any partial performance of the transactions contemplated herein.

If these terms are acceptable, please sign and return to the District. We appreciate your time and consideration in this matter.



Sincerely,

APPROVED AS TO FORM AND LEGALITY: **SAN DIEGO UNIFIED PORT DISTRICT,**  
GENERAL COUNSEL a public corporation

By: \_\_\_\_\_  
Assistant/Deputy

By: \_\_\_\_\_  
Randa Coniglio  
President/Chief Executive Officer

Dated: \_\_\_\_\_

APPROVED AS TO FORM AND LEGALITY: **CITY OF CHULA VISTA,**  
a municipal corporation

By: \_\_\_\_\_  
City Attorney

By: \_\_\_\_\_  
Gary Halbert  
City Manager

Dated: \_\_\_\_\_

REVIEWED AND ACCEPTED:

**RIDA CHULA VISTA, LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Ira Mitzner  
CEO and President

Dated: June 16, 2017

EXHIBIT "A"  
Phase 1A Infrastructure

[To be inserted]

EXHIBIT "B"  
Basic Ground Lease Terms

Lease Term: Lease term: 66 years

Renewal Options: None

Base Rent: Base Rent/ Increases (Graduated Flat Rent) Years 1-37\*<sup>1</sup>  
(assumed term of debt, actual term determined during the term of the Definitive Agreement)

Lease Years	Rent
1 – 18	\$0
19 – 23	\$3M
24 – 37*	\$3.5M
38 – 66	See Below

Excess Net Operating Income:

- Annual Net Operating Income in excess of 11% of RIDA's Contribution:

Lease Years	Split
1 – 37* <sup>1</sup>	80% (RIDA)/ 20% (Public Entities)
38-66	100% RIDA

- Net Operating Income for the Parking (for non-RIDA users):

1-66	100% District
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For each Lease Year after 37\*<sup>1</sup> and later, the greater of (i) Minimum Annual Rent which shall be calculated every five years based on 65% of the average annual gross rent payable over the previous 3 years; or (ii) Percentage Rent based on the gross revenue in the specified year.

- Rooms Percentage Rent based on following adjusted rent periods:

Lease Years	% Rent
38 – 47	8%
48 – 66	9%

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\*<sup>1</sup> 37 years is as assumed term of debt (including construction) for the Convention Center Project Funds, but the actual term of Convention Center Project Funds debt identified in the approved Plan of Finance shall be determined during the term of the Definitive Agreement and the Lease Terms will be revised accordingly.

- Banquet Percentage Rent based on following adjusted rent periods:

Lease Years	% Rent
38 – 47	6%
48 – 66	7%

- Food Percentage Rent based on following adjusted rent periods:

Lease Years	% Rent
38 – 47	4%
48 – 66	5%

- Beverage Percentage Rent based on following adjusted rent periods:

Lease Years	% Rent
38 – 47	6%
48 – 66	7%

Percentage rent rates for the remaining categories of revenue are to be agreed during the negotiation of the Definitive Agreement.

#### Parking Revenue

Throughout the Lease Term, Tenant shall pay to the District ten percent (10%) of all parking revenue received by Tenant, including (a) if a person pays Tenant for using a parking space through the hotel valet service, or (b) if a person pays Tenant for self-parking. If an employee of the hotel management company or the Project uses a parking space, and Tenant does not charge such person for such parking space, then Tenant shall make no payment for using such parking space to the District.

If the construction of the parking is not completed at least sixty (60) days before the hotel is substantially complete, then the District will provide land in the vicinity of Parcel H-3 that is suitable for 1,000 parking spaces from such time until the construction of the parking is completed.

The amount paid to the District by Tenant shall increase to fifteen percent (15%) in the event that there is a change in ownership of the Project greater than fifty-one (51%).

#### Expenses:

Tenant will pay all expenses of the leasehold of the Site, including without limitation, (i) expenses to maintain all of the improvements (excluding the parking spaces) in first class

condition, (ii) taxes, (iii) insurance, (iv) utilities and (v) any other expenses of the leasehold.

Continuous Operation: Lease shall require a covenant of continuous operation with “no go dark” provisions, subject to negotiated exceptions.

Lease Commencement: Upon satisfaction of conditions precedent in Definitive Agreement and mutual execution of the Lease.

Rent Commencement: Per schedule of Base and Percentage Rent.



### Exhibit A

#### CHULA VISTA BAYFRONT INFRASTRUCTURE, PHASE 1A

Type	District	Project Element
Street	Sweetwater	E Street (Bay Blvd to F Street)
Street	Sweetwater	E Street (Lagoon Drive to G Street)
Street	Sweetwater	Gunpowder Point Drive (Relocation)
Street	Sweetwater	F Street (Bay Blvd to E St) Grading & Utilities
Street	Harbor	E Street (G Street to H Street)
Street	Harbor	G Street Connection
Street	Harbor	H Street (Marina Parkway to E Street)
Street	Harbor	H Street (Bay Blvd to Street A)
Park	Sweetwater	S-2 Sweetwater Signature Park (Initial)
Park	Sweetwater	SP-1 Sweetwater Buffer (for S-2)
Park	Sweetwater	SP-1 Sweetwater Buffer (for S-1)
Park	Sweetwater	SP-2 Seasonal Wetland
Park	Harbor	Harbor Park (Initial)
Pad	Sweetwater	SP-3
Pad	Sweetwater	S-1 RV Park Preparation
Pad	Sweetwater	S-3 Mixed Use Preparation
Pad	Harbor	H-3 Utility Corridor
Pad	Harbor	H-3 Hotel & Convention Center Preparation
<b>TOTAL</b>		<b>\$ 56,300,000</b>

**MEMORANDUM**

**To:** Adam Meyer, Department Manager, Real Estate  
Port of San Diego

**From:** KEYSER MARSTON ASSOCIATES, INC.

**Date:** June 16, 2017

**Subject:** Proposed Letter of Intent (LOI) with RIDA Chula Vista, LLC  
Chula Vista Bayfront Phase 1 Development

**I. INTRODUCTION****A. Objective**

In accordance with your request, Keyser Marston Associates, Inc. (KMA) has undertaken a review of the economic feasibility of the proposed Resort Hotel and Convention Center (RHCC) proposed by RIDA Chula Vista, LLC (RIDA). RIDA intends to develop a 1,450-room resort hotel and approximately 275,000 net square feet (SF) of convention and meeting space on a 36-acre site (Site) within the Chula Vista Bayfront (CVB). The RHCC will be served by 1,500 parking spaces, proposed to be developed and owned by the San Diego Unified Port District (District). The Site is currently owned by the District.

As background, in May 2012 the District and the City of Chula Vista (City) entered into a Financing Agreement for the Chula Vista Bayfront Master Plan (CVBMP) which outlined the financial relationship between the District and the City. The Chula Vista City Council subsequently adopted an Amended and Restated Financing Agreement (Financing Agreement) in November 2016. The Financing Agreement identifies specific revenue sources that each entity agrees to contribute toward public infrastructure and other facilities required for initial phases of development on the Bayfront subject to a Plan of Finance. The Financing Agreement will be presented to the Board of Port Commissioners for consideration on June 20, 2017.



Additionally, the District, City, and RIDA propose to enter into a Letter of Intent (LOI) to identify the key economic terms to be included in a Disposition and Development Agreement (Definitive Agreement). The proposed LOI subject to the Financing Agreement, outlines the terms of the proposed ground lease between the District and RIDA, and further identifies additional contributions from the District and City (Public Entities) in order to make the RHCC project feasible.

In response to your request, KMA has prepared an economic analysis of the District and City financial contributions identified in the proposed LOI. This KMA report provides: (1) a comprehensive financing gap analysis of the proposed District and City contributions toward construction of infrastructure, parking, and the convention center portion of the RHCC; (2) a feasibility analysis of the proposed method of financing for the RHCC; and (3) estimates of the economic benefits to the City and region as a result of development of the RHCC and build-out of the balance of the CVB.

## **B. Methodology**

In completing this economic analysis, KMA performed the following key work tasks:

- Reviewed background documentation and historical data relevant to the CVB.
- Reviewed development cost estimates and cash flow projections provided by RIDA.
- Participated in meetings and teleconferences with the District, City, and RIDA to understand project parameters, anticipated market performance, and other financial factors.
- Prepared financial models to estimate developer returns from development of the RHCC.
- Prepared an analysis of the potential economic impact caused by development of the CVB.

## **C. Report Organization**

This economic analysis has been organized as follows:

- Following this introduction, Section II presents an overview of the RHCC project and future phases of development within the CVB.
- Section III outlines the key business and economic deal terms contained in the proposed LOI.

- Section IV presents the KMA financing gap analysis of the RHCC.
- Section V presents the KMA economic impact assessment for development of the RHCC and the balance of the CVB.
- Limiting conditions pertaining to this economic analysis are presented in Section VI.

## II. PROJECT OVERVIEW

### A. Chula Vista Bayfront

Development of the CVB is guided by the CVBMP. The CVBMP calls for the development of 556 acres of the CVB over the next 20 years to include parks, open space areas, a resort hotel, convention center, other hotels, mixed-use office/commercial, industrial business park, and public facilities, in three separate planning districts.

Table II-1 presents a summary of the projected development planned within the CVB by anticipated Phase and Sub-Area:

Table II-1: Chula Vista Bayfront Projected Development by Phase and Sub-Area				
Phase / Subarea	District	Parcel	Land Use	Description
Phase 1	Harbor	Parcel H-3	Resort Hotel	1,450 Rooms
	Harbor	Parcel H-3	Convention Center	275,000 SF <sup>(1)</sup>
	Harbor	Parcel H-3	Structured Parking	1,500 Spaces
Phase 2	Harbor	Parcel H-23	Limited Service Hotel	200 Rooms
	Harbor	Parcel H-9/H-21	Retail	225,000 SF
Phase 3	Harbor	Parcel H-3	RIDA Hotel Expansion	150 Rooms
Sub-Area A	Harbor	Parcel H-9/H-21	Retail	200,000 SF
	Harbor	H-18	Mixed-Use Commercial	100,000 SF
	Harbor	H-23	Cultural/Retail	200,000 SF

Table II-1: Chula Vista Bayfront Projected Development by Phase and Sub-Area				
Phase / Subarea	District	Parcel	Land Use	Description
Sub-Area B	Harbor	H-13/H-14	Residential	1,500 Units
	Harbor	H-13/H-14	Retail	15,000 SF
	Harbor	H-15	Limited Service Hotel	250 Rooms
	Harbor	H-15	Office	420,000 SF
Sub-Area C	Harbor	H-3/H-23	Limited Service Hotel	525 Rooms
	Harbor	H-3/H-23	Full Service Hotel	525 Rooms
Sub-Area D	Sweetwater	S-3	Mixed-Use Commercial	60,000 SF
	Sweetwater	S-4	Office	60,000 SF
	Otay	O-1/O-4	Industrial Business Park	274,500 SF
Sub-Area E	Sweetwater	S-3	Mixed-Use Commercial	60,000 SF
	Sweetwater	S-4	Office	60,000 SF
	Otay	O-1/O-4	Industrial Business Park	274,500 SF
(1) Reflect net usable area.				

## B. Proposed Development

The proposed RHCC is planned for development on Chula Vista Master Plan Parcel H-3. Parcel H-3 consists of 36 acres and is currently partially occupied by an existing recreational vehicle (RV) park.

The RHCC will serve as the anchor project for the CVB consisting of a 20-story, 1,450-room resort hotel, branded by Gaylord Hotels; 275,000 SF of net usable convention and meeting space; associated retail and related development; and resort level amenities. The RHCC will be served by 1,500 parking spaces, proposed to be developed and owned by the District, adjacent to the RHCC.

## III. PROPOSED BUSINESS TERMS

The following summarizes the salient aspects of the proposed LOI. The LOI will set forth the basic economic terms and conditions upon which the District, City, and RIDA will enter into a Definitive Agreement for the ground lease, use, occupancy, development, operation, and financing of the RHCC and public improvements located on the CVB. The following provides a summary of the key responsibilities of RIDA, the District, and City:

#### **A. Developer Responsibilities**

- RIDA will enter into a ground lease agreement with the District and City for the Site for a period of 66 years.
- RIDA will construct a 1,450-room resort hotel branded as a Gaylord Hotels and 275,000 net useable SF of convention and meeting space.
- RIDA'S contribution toward the development is currently estimated at \$688 million.
- RIDA will be responsible for all operating and maintenance costs incurred with respect to the RHCC and associated retail and related development on the Site. Operating costs will include industry standard operator and franchise fees; replacement reserves; insurance; property taxes; ground rent actually paid by RIDA; and fees to include (i) asset management fees (not to exceed 1% of gross revenues), (ii) gross tax receipts; and (iii) incentive management fees (limited to 20% of the portion of NOI that exceeds \$75.68 million).

#### **B. District and City Responsibilities**

- The Public Entities will contribute \$56.3 million toward infrastructure costs including streets, parks, building pads, and utilities.
- The Public Entities will be responsible for all operating and maintenance costs incurred with respect to off-site infrastructure.
- The Public Entities will contribute \$225 million toward development of the convention center improvements, anticipated to be funded through a bond issue.
- The District will provide an annual contribution toward bond debt service to support its portion of the Convention Center Contribution. As presented in Table III-1, the District contribution will not exceed the following schedule of amounts during Lease Years 4 through 37.

Table III-1: District Annual Contribution to Debt Service	
Lease Year	Annual Bond Debt Service Contribution
Years 1-3	\$0
Years 4-13	\$5.0 M
Years 14-18	\$6.0 M
Years 19-23	\$3.0 M
Years 24-37	\$3.5 M

- The District will provide 1,500 parking spaces on Parcel H-3. The District will be responsible for all parking operating and maintenance costs.
- The City will provide for the construction of the required sewer and fire services to enable development of the RHCC.
- The Definitive Agreement will have a term of up to four (4) years with up to three (3) one year extensions.
- The District will provide, on a temporary basis, up to 15 acres of land on Parcel H-23 to house construction trailers, construction materials, equipment staging, and parking during construction of the RHCC.
- When the Definitive Agreement is executed, the District will exclusively negotiate with RIDA for one (1) year a definitive agreement to lease of up to 10 acres of Parcel H-23 (closest to Parcel H-3) for the development of up to 550 hotel rooms.

#### C. Proposed Ground Lease

- The District and RIDA will enter into a 66-year ground lease agreement.
- RIDA will pay ground lease payments to the District during Lease Years 1-37 as shown in Table III-2:

Table III-2: RIDA Annual Ground Lease Payments – Years 1-37	
Lease Year	Annual Ground Lease Payment
Years 1-18	\$0
Years 19-23	\$3.0 M
Years 24-37	\$3.5 M

Beginning in Year 38, the proposed rent structure for the project will be in line with the District’s standard Port percentage rent categories, as shown in Table III-3 below:

Table III-3: RIDA Annual Ground Lease Payments – Years 38-66				
Years 38-66 Percentage Rent Rates	Room Revenue	Banquet Revenue	Food Revenue	Beverage Revenue
Years 38-47	8%	6%	4%	6%
Years 48-66	9%	7%	5%	7%

- Percentage rent rates for the remaining categories of revenue will be determined during the negotiation of the Definitive Agreements.
- Annual Net Operating Income (NOI) in excess of 11.0% of the RIDA Contribution (\$75.68 million) will be split between RIDA and the Public Entities as follows:

Table III-4: Allocation of NOI after RIDA Target Return of 11.0%	
Lease Year	
Years 1-37	80% to RIDA / 20% to Public Entities
Years 38-66	100% to RIDA

RIDA will pay the District 10% of all parking revenue from the RHCC throughout the term of the ground lease. In the event of a sale of the RHCC resulting in a cumulative change of ownership of 51% or greater, the District’s share of parking revenue will increase to 15%.

#### IV. FINANCING GAP

##### A. Financing Gap Analysis

KMA prepared a financing gap analysis for the proposed RHCC to determine the economic return to RIDA subject to the business terms in the proposed LOI. Specifically, KMA estimated the project’s

financing gap and RIDA's return. The KMA analysis also considered the revenue analysis report prepared by CBRE Hotel (formerly PKF) and the development cost review prepared by Jones Lang LaSalle (JLL).

KMA has analyzed RIDA's return both in terms of stabilized Return on Investment (ROI) and Leveraged Internal Rate of Return (IRR). This section discusses RIDA's return in terms of ROI outcomes. Section IV-C presents a detailed evaluation of RIDA's Leveraged IRR based on a 66-year cash flow projection.

Total project costs, including both public infrastructure and private development, are estimated to be \$969.3 million. Of this total, RIDA will be responsible for a minimum investment, including private debt and equity, of \$688.0 million. The Public Entities will be responsible for a contribution of up to \$225.0 million toward the convention center portion of the RHCC and an estimated \$56.3 million for public infrastructure. Costs for the 1,500 parking spaces provided by the District are to be determined. These cost estimates, and respective responsibilities, are summarized in Table IV-1 below.

<b>Table IV-1: Sources and Uses of Funds</b>			
	<b>RIDA</b>	<b>Public Entities</b>	<b>Total</b>
A. Hotel/Convention Center	\$688.0 M	\$225.0 M	\$913.0 M
B. Infrastructure	----	\$56.3 M	\$56.3 M
C. Parking	----	TBD	TBD
<b>D. Total</b>	<b>\$688.0 M</b>	<b>\$281.3 M</b>	<b>\$969.3 M</b>

Table IV-2 presents illustrative figures for the stabilized year (Lease Year 7, or operating year 4). As shown, the project is projected to generate \$267.0 million in Effective Gross Income (EGI) in Lease Year 7. This EGI estimate includes both room revenues and other income including food and beverage revenues, banquet sales, gift shop and spa revenues, and parking.

<b>Table IV-2: Effective Gross Income (Lease Year 7)</b>	
A. Number of Hotel Rooms	1,450 Rooms
B. Average Daily Rate (ADR)	\$275
C. Occupancy	77%
D. Total Room Revenue	\$112.0 M
E. Total Other Income	\$155.0 M
<b>F. Total Effective Gross Income</b>	<b>\$267.0 M</b>



As presented in Table IV-3, the project's Effective Gross Income, less operating expenses and other fees, is projected to generate Net Operating Income (NOI) of \$69.0 million during Lease Year 7. Other fees include asset management fees, incentive management fees, and State of California gross receipts tax.

<b>Table IV-3: Net Operating Income (Lease Year 7)</b>	
A. Total Effective Gross Income	\$267.0 M
B. (Less) Operating Expenses	<u>(\$195.0) M</u>
C. Net Operating Income (NOI)	\$72.0 M
D. (Less) Fees (1)	<u>(\$3.0) M</u>
<b>E. Net Operating Income after Fees</b>	<b>\$69.0 M</b>
(1) Includes asset management fees, incentive management fees, and gross receipts tax.	

RIDA's ROI is estimated as stabilized year NOI (\$69.0 million) divided by RIDA's total capital investment. Absent the proposed Convention Center Contribution from the Public Entities, RIDA would be responsible for the total development costs of the RHCC, i.e., a total capital investment of \$913.0 million. As shown in Table IV-4, this No Public Investment scenario is estimated to generate a ROI to RIDA of 7.6%.

<b>Table IV-4: Developer Return on Investment – No Public Investment in RHCC</b>	
A. Total Development Costs – RHCC	\$913.0 M
B. Net Operating Income after Fees	\$69.0 M
<b>C. Developer Return on Investment (ROI)</b>	<b>7.6%</b>

The proposed LOI identifies the Public Entities contribution toward the convention center portion of the RHCC in the amount of \$225.0 million. As shown in Table IV-5, the proposed Convention Center Contribution results in a reduced capital investment from RIDA of \$688.0 million. At this level of capital investment, RIDA is projected to achieve a stabilized year ROI of 10.0%.

<b>Table IV-5: Developer Return on Investment – With Public Investment in RHCC</b>		
A.	Total Development Costs – RHCC	\$913.0 M
	(Less) Convention Center Contribution	<u>(\$225.0) M</u>
	RIDA Total Capital Investment	\$688.0 M
B.	Net Operating Income after Fees	\$69.0 M
<b>C.</b>	<b>Developer Return on Investment (ROI)</b>	<b>10.0%</b>

Industry standard ROI targets for developers of large-scale, new resort hotel/convention centers are estimated to range between 10.0% and 11.0% (unleveraged Return on Investment in stabilized year of operations). Given the level of risk associated with undertaking such a major new investment on the relatively undeveloped Chula Vista Bayfront in a single phase, KMA finds that the upper end of this range is warranted for the proposed RHCC. The proposed Public Entities financial contributions to the RHCC project are intended to support a ROI to RIDA of 11% in the stabilized year or soon thereafter. The KMA financial analysis projects that RIDA will achieve a ROI in the “With Public Investment” scenario of just 10.0% in Lease Year 7, lower than the target return threshold. Even with the proposed public investment, RIDA is not projected to achieve a 11.0% ROI until Lease Year 12.

To that end, the RIDA projected return after the Public investment and rent structure is not excessive. This finding indicates that the Public Entities contribution is warranted and needed in order for the RHCC to move forward and to be developed. Ultimately RIDA will need to control development costs and/or improve operating performance in order to achieve a satisfactory long-term return.

## **B. Proposed Method of Financing**

### Required Public Investment – Infrastructure and Convention Center Contribution

As indicated above, the Public Entities will contribute \$56.3 million toward infrastructure and \$225.0 million toward the Convention Center. The Public Entities anticipate using one or more bond financings to fund these contributions concurrently or immediately prior to the close of escrow of the ground lease for the Site. Bond debt service will be paid through a combination of existing and projected revenue streams from the Bayfront.

The District will contribute: (1) existing lease revenues from the Chula Vista Bayfront, including the Chula Vista RV Park ground rent and (2) ground rent from the RHCC and new RV Park. Additionally, the District will make one-time contributions toward the infrastructure costs using the previously received SDG&E Relocation Fee of \$1.7 million and the Pacifica Land Exchange Payment of \$3.0

million. The District will also be responsible for an annual contribution toward bond debt service to support the Convention Center Contribution not to exceed the schedule of amounts during Lease Years 4 through 37 as presented in Section III, Table III-1.

The City will contribute: (1) existing Transient Occupancy Tax (TOT) revenues from the Chula Vista RV Park; (2) existing Municipal Services Agreement (MSA) reimbursements that it receives from the District; and (3) RHCC-generated revenues, to include: (a) TOT; (b) Additional Occupancy Based Revenues generated from a proposed TOT Augment; (c) property tax increment; and (d) sales tax revenues. In effect, most of the Public Entities financial contributions will be funded through project-generated revenues.

Furthermore, in addition to the contributions shown above, the District is providing the land with a “soft” ground rent structure that allows RIDA to begin making rent payments, at a reduced level, in Lease Year 19. This ground rent structure is an essential part of the financial package, combined with the District and City contributions, that are necessary to make the RHCC project feasible.

Table IV-6 on the following page, summarizes the District and City annual revenue contributions toward the proposed bonds to finance the Convention Center Contribution and infrastructure. As an illustrative example, the figures shown in the table reflect Lease Year 7, i.e., the projected stabilized year of RHCC operations.

Table IV-6: District and City Annual Contribution at Stabilization (Lease Year 7)			
San Diego Unified Port District		City of Chula Vista	
<b>A. Existing Revenues</b>		<b>A. Existing Revenues</b>	
Existing Lease Revenues (1)	\$2.7 M	RV Park TOT	\$0.8 M
		MSA Reimbursements	<u>\$1.2 M</u>
		Subtotal Existing Revenues	\$2.0 M
<b>B. Project-Generated Revenues</b>		<b>B. Project-Generated Revenues</b>	
Project Lease Revenues	\$0.0 M	Project TOT Revenues	\$10.7 M
		Additional Occupancy Based Revenues	\$5.4 M
		Project Tax Increment (2)	\$3.7 M
		Project Sales Tax Revenues	<u>\$1.1 M</u>
		Subtotal Project Generated Revenues	\$20.9 M
<b>C. Annual Contribution</b>		<b>C. Annual Contribution</b>	
Annual Contribution	\$5.0 M	Annual Contribution	\$0.0 M
<b>D. Total District Annual Contributions</b>	<b>\$7.7 M</b>	<b>D. Total City Annual Contributions</b>	<b>\$22.9 M</b>
(1) Includes projected increase from development of new RV park. (2) Includes both City's and County's share of Project-generated tax increment and incremental property tax in lieu of Vehicle License Fee (VLF).			

The City engaged JP Morgan Securities, LLC (JP Morgan) to provide investment banking and bond underwriting services. JP Morgan prepared estimates of achievable bond financing based on the revenue streams to be pledged by the Public Entities. The JP Morgan projections were based on currently available bond underwriting terms, the relative creditworthiness of the pledged revenue streams, and JP Morgan's professional judgement regarding debt service coverage, interest rate, and costs of issuance and capitalized interest during construction. The JP Morgan bond runs assume a 37-year term, inclusive of the construction period, and effective interest rates of 5.48% for taxable bonds and 4.41% for tax-exempt bonds. Notably, the KMA financial analysis uses the 1.75 debt service coverage ratio recommended by JP Morgan. JP Morgan assumed ascending debt service schedules, i.e., annual debt service rises over the term, subject to the 1.75 debt service coverage limit. In effect, the bond sizing is based on \$1.00 of debt service for every \$1.75 of projected revenue. While this is a conservatively high debt service coverage assumption, i.e., it reduces the achievable bond financing amounts, it also results in significant projected surplus cash flow after debt service. KMA estimates total bond debt service paid by the Public Entities during the 37- year bond term to total \$861.4 million (nominal dollars).

Table IV-7 summarizes the currently anticipated underwriting terms for the Public Entities bond financing for the Convention Center Contribution and infrastructure. It is important to note that these preliminary bond underwriting terms are based on current market and financial data. These terms are considered reasonable for planning purposes, but actual results may vary depending on bond conditions, underwriting factors and future decisions regarding timing and structure for the issuance of debt by the Public Entities. Using the currently anticipated underwriting terms, the pledged revenues are projected to be sufficient to support the net bond proceeds required to fund the Public Entities obligations under the LOI. Of course, the bonds will be issued at a future date to be determined, at which time economic conditions may vary from the figures used in this preliminary feasibility analysis. RIDA and the Public Entities will need to continually monitor real estate market factors and bond financing parameters to determine if any changes to these projections are warranted.

<b>Table IV-7: Preliminary Underwriting Terms for Proposed Bond Financing</b>	
<b>A.</b> Revenues Pledged, Lease Year 7 Estimates	
District	\$7.7 M
City	<u>\$22.9</u> M
Total Revenues	\$30.6 M
<b>B.</b> Debt Service Coverage (DSC) Factor	1.75 DSC
<b>C.</b> Interest Rate	5.48% taxable 4.41% tax-exempt
<b>D.</b> Bond Term	37 years Including construction period
<b>E.</b> Total Debt Service	\$861.4 M Years 1-37 (nominal dollars)
<b>F.</b> Approximate Net Bond Proceeds	\$225 M Convention Center Contribution \$56 M infrastructure

#### Required Public Investment - Parking

The District will also be responsible for financing, constructing, owning, and operating at least 1,500 parking spaces to serve the RHCC project. District staff is evaluating the potential to construct 1,500 parking spaces on Parcel H-3. The District will assume all operating and maintenance expenses for the spaces for the duration of the RIDA ground lease. Parking gross revenues from the RHCC will be allocated 90% to RIDA and 10% to the District. The District's share will increase to 15% of gross revenue if RIDA sells, on a cumulative basis, 51% or more of the RHCC project.

### Required Private Investment

As noted above, RIDA will be responsible for a minimum private investment in the RHCC project of \$688 million. This investment is expected to take the form of a combination of debt (third party loans) and equity. The KMA analysis assumes a maximum Loan-to-Value (LTV) of 65%, resulting in a maximum loan of \$447.0 million. The balance of the investment, a minimum of \$241.0 million, will comprise equity investment by RIDA. Table IV-8 summarizes the private investment in the RHCC project.

<b>Table IV-8: Required Private Investment</b>		
	<b>Factor (Loan to Value)</b>	<b>Amount</b>
<b>A.</b> Maximum Debt	65% LTV	\$447.0 M
<b>B.</b> Minimum Equity	35% LTV	\$241.0 M
<b>C. Total Private Investment</b>		<b>\$688.0 M</b>

Under the terms of the LOI, RIDA will pay a fixed ground rent schedule for the project during the bond financing term, estimated to coincide with Lease Years 1-37. The fixed ground rent schedule for this period is itemized in Section III, Table III-2. The District will contribute these ground lease revenues toward the bond debt service.

### District/City Participation in NOI

In addition to ground rent paid to the District, RIDA will pay the Public Entities an annual participation payment based on surplus Net Operating Income (NOI) from the RHCC project. Specifically, the Public Entities will receive 20% of surplus NOI above an 11% ROI threshold for RIDA during Lease Years 4-37. KMA has prepared a preliminary projection of this potential future revenue stream, which is summarized in Table IV-9.

<b>Table IV-9: Projected Annual NOI Participation Payments to Public Entities</b>	
<b>Lease Year</b>	<b>Estimated Annual NOI Participation Payment to Public Entities</b>
Years 1-3 - Construction	N/A
Years 4-11	\$0
Year 12	\$0.025 M



Table IV-9: Projected Annual NOI Participation Payments to Public Entities	
Lease Year	Estimated Annual NOI Participation Payment to Public Entities
Year 20	\$2.7 M
Year 30	\$7.8 M
Year 37	\$12.6 M

### C. Leveraged IRR to RIDA with Public Investment

KMA prepared projections of NOI and cash flow for the RHCC project for the duration of the proposed 66-year ground lease. The KMA projections are summarized in Table IV-10 on the following page. As shown, the KMA projections estimate that RIDA will achieve a Leveraged IRR of approximately 13.5%. A Leveraged IRR is used as a metric to determine the annualized effective compounded return rate to RIDA, after taking into consideration all of RIDA's financial obligations including debt service. KMA finds that the appropriate industry standard target for Leveraged IRR for a resort hotel convention center of this type is in the range of 16% to 17%. In other words, under current projections, inclusive of the Public Entities financial contribution, RIDA does not achieve an industry standard return on a long-term basis. This finding indicates that the Public Entities contributions and rent structure are warranted, that the RIDA return is not excessive, and ultimately that RIDA will need to control development costs and/or improve operating performance in order to achieve a satisfactory long-term return. At the same time, the proposed participation in NOI provides for the Public Entities to participate in the success of the RHCC project as well.

Table IV-10: RIDA Leveraged Internal Rate of Return – Lease Years 1-66 (\$ Millions)							
Lease Year	Developer Equity	Net Operating Income	Ground Lease Payment	(Less) Public Entities Participation	NOI Before Debt Service	(Less) Debt Service	Annual Cash Flow
1	(\$189.0)	\$0	\$0	\$0	\$0	\$0	(\$189.0)
2	(\$51.8)	\$0	\$0	\$0	\$0	\$0	(\$51.8)
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	\$0	\$42.0	\$0	\$0	\$42.0	(\$35.7)	\$6.3
5	\$0	\$54.9	\$0	\$0	\$54.9	(\$35.7)	\$19.2
6	\$0	\$65.2	\$0	\$0	\$65.2	(\$35.7)	\$29.5
7	\$0	\$71.7	\$0	\$0	\$71.7	(\$35.7)	\$36.0
8	\$0	\$76.3	\$0	\$0	\$76.3	(\$35.7)	\$40.6
9	\$0	\$74.8	\$0	\$0	\$74.8	(\$35.7)	\$39.1
10	\$0	\$76.5	\$0	\$0	\$76.5	(\$35.7)	\$40.8
11	\$0	\$78.2	\$0	\$0	\$78.2	(\$35.7)	\$42.5
12	\$0	\$79.8	\$0	\$0	\$79.8	(\$35.7)	\$44.1
13	\$0	\$81.5	\$0	(\$0.3)	\$81.2	(\$35.7)	\$45.5
14	\$0	\$83.9	\$0	(\$0.7)	\$83.3	(\$35.7)	\$47.6
15	\$0	\$86.4	\$0	(\$1.0)	\$85.4	(\$35.7)	\$49.7
16	\$0	\$89.0	\$0	(\$1.4)	\$87.6	(\$35.7)	\$51.9
17	\$0	\$91.7	\$0	(\$1.8)	\$89.9	(\$35.7)	\$54.2
18	\$0	\$94.5	\$0	(\$2.3)	\$92.2	(\$35.7)	\$56.5
19	\$0	\$97.3	(\$3)	(\$2.2)	\$92.1	(\$35.7)	\$56.4
20	\$0	\$100.2	(\$3)	(\$2.7)	\$94.6	(\$35.7)	\$58.9
21	\$0	\$103.2	(\$3)	(\$3.1)	\$97.1	(\$35.7)	\$61.4
22	\$0	\$106.3	(\$3)	(\$3.6)	\$99.7	(\$35.7)	\$64.0
23	\$0	\$109.5	(\$3)	(\$4.1)	\$102.5	(\$35.7)	\$66.7
24	\$0	\$112.8	(\$3.5)	(\$4.5)	\$104.8	(\$35.7)	\$69.1
25	\$0	\$116.2	(\$3.5)	(\$5.0)	\$107.7	(\$35.7)	\$72.0
26	\$0	\$119.7	(\$3.5)	(\$5.5)	\$110.6	(\$35.7)	\$74.9
27	\$0	\$123.3	(\$3.5)	(\$6.1)	\$113.7	(\$35.7)	\$78.0
28	\$0	\$127.0	(\$3.5)	(\$6.7)	\$116.8	(\$35.7)	\$81.1
29	\$0	\$130.8	(\$3.5)	(\$7.2)	\$120.1	(\$35.7)	\$84.3
30	\$0	\$134.7	(\$3.5)	(\$7.8)	\$123.4	(\$35.7)	\$87.7
31	\$0	\$138.8	(\$3.5)	(\$8.4)	\$126.8	(\$35.7)	\$91.1
32	\$0	\$142.9	(\$3.5)	(\$9.1)	\$130.4	(\$35.7)	\$94.7

**Table IV-10: RIDA Leveraged Internal Rate of Return – Lease Years 1-66 (\$ Millions)**

Lease Year	Developer Equity	Net Operating Income	Ground Lease Payment	(Less) Public Entities Participation	NOI Before Debt Service	(Less) Debt Service	Annual Cash Flow
33	\$0	\$147.2	(\$3.5)	(\$9.7)	\$134.0	(\$35.7)	\$98.3
34	\$0	\$151.6	(\$3.5)	(\$10.4)	\$137.7	\$0	\$137.7
35	\$0	\$156.2	(\$3.5)	(\$11.1)	\$141.6	\$0	\$141.6
36	\$0	\$160.9	(\$3.5)	(\$11.8)	\$145.6	\$0	\$145.6
37	\$0	\$165.7	(\$3.5)	(\$12.6)	\$149.7	\$0	\$149.7
38-47 (1)	\$0	\$1,957.3	(\$523.9)	\$0	\$1,433.4	\$0	\$1,433.4
48-57 (1)	\$0	\$2,631.7	(\$803.3)	\$0	\$1,828.3	\$0	\$1,828.3
58-66 (1)	\$0	\$3,135.8	(\$968.4)	\$0	\$2,167.4	\$0	\$2,167.4

**Developer Leveraged Internal Rate of Return (IRR)**

**13.48%**

(1) Reflects 10-year total for each time period.

**D. Proposed Cash Flow Distribution (“Waterfall”)**

As noted above, the currently contemplated bond financing structure will result in significant surplus cash flow after debt service. Additionally, RIDA will make NOI participation payments to the Public Entities. District and City staff have discussed in detail various approaches to distribute these surplus funds. The current concept is to allocate these funds through a “waterfall”, with the priority sequence shown in Table IV-11 below. As an example, the chart presents the projected figures for Lease Years 7 (stabilized operations) and 13 (10<sup>th</sup> year of operations).

**Table IV-11: Proposed Distribution of Surplus Cash Flow**

	Lease Year 7 (4 <sup>th</sup> year of operations)	Lease Year 13 (10 <sup>th</sup> year of operations)
• Surplus Cash Flow after Bond Debt Service	\$13.1 M	\$15.2 M
• <i>Priority #1</i> – Repayment to District of its Annual Contribution	(\$5.0 M)	(\$5.0 M)
• <i>Priority #2</i> – Set-aside for Additional Bond Debt Service Reserve (anticipated to be fully funded prior to Lease Year 7)	(\$0.0 M)	(\$0.0 M)

Table IV-11: Proposed Distribution of Surplus Cash Flow		
	Lease Year 7 (4 <sup>th</sup> year of operations)	Lease Year 13 (10 <sup>th</sup> year of operations)
<ul style="list-style-type: none"> <li>• <i>Priority #3</i> – Reimbursement to District and City of their Bayfront Infrastructure Operating and Maintenance Expenditures</li> </ul>	(\$3.2 M)	(\$3.8 M)
<ul style="list-style-type: none"> <li>• Remaining Cash Flow Available for Distribution</li> </ul>	\$4.9 M	\$6.4 M

As illustrated above, once the RHCC project has stabilized, the District anticipates that it will receive a reimbursement of its annual contribution toward debt service. Moreover, the cash flow projections indicate that both the District and City will be able to reimburse themselves for their respective Bayfront infrastructure operating and maintenance expenditures. Even after the priority distributions, KMA forecasts a remaining positive cash flow. District and City staff will need to negotiate how these remaining surplus funds are distributed.

## V. ECONOMIC BENEFITS TO CITY AND REGION

This section provides an evaluation of the economic benefits from the build-out of the CVB to the County of San Diego and the City of Chula Vista during construction and on an annual on-going basis. KMA prepared a detailed economic impact analysis (EIA) to estimate the total economic output, payroll, and employment generated by development of the RHCC project and the balance of the CVB, during construction and on a permanent basis. The EIA estimates the portion of economic output that is paid out in wages, the average wage by type of employment, and the resulting total construction employment and permanent employment (expressed in person-years). In undertaking this analysis, KMA estimated development costs, valuation, and phasing for each Phase and Sub-Area of the CVB. The KMA EIA relied extensively on IMPLAN (IMpact analysis for PLANning) data multipliers for the County of San Diego and the City of Chula Vista to determine indirect and induced impacts. The IMPLAN model is a commercially available model developed in 1979 and refined over time to quantify the impacts of changes in a local economy.

### RHCC Project (Phase 1)

- *Construction Economic Impact* - As noted in Section III, Phase 1 of the CVB will consist of development of the RHCC project and 1,500 parking spaces. The construction of the RHCC and associated indirect spending, are projected to generate a construction economic output of \$1.2 billion to the County and \$65.8 million to the City.

KMA estimates that the payroll portion of this total construction economic output comprises approximately \$428.8 million for the County and \$23.5 million for the City. Based on average wages for construction and professional services, KMA translates this total payroll expense to generate 3,140 full-time equivalent workers per year during a 30-month construction period in the County and 170 construction workers in the City.

- *Ongoing Economic Annual Impact* - Phase 1 is projected to generate an annual economic impact (inclusive of indirect and induced impact) of \$391.2 million to the County and \$268.6 million to the City. Of this total economic output, payroll income reflects \$137.0 million of the County's economic output and \$93.4 million of the City's economic output; and annual employment of 3,690 employees in the County and 2,700 employees in the City.

Balance of CVB (Phases 2-3 and Subareas A-E)

- *Construction Economic Impact* - The buildout of the reminder of the CVB (Phases 2, 3, and Sub-Areas A-E) is projected to generate an economic output, including associated indirect and induced impact, of \$1.6 billion in the County and \$382.8 million to the City during construction.

KMA estimates that the payroll portion of this total construction economic output comprises approximately \$556.8 million for the County and \$133.9 million for the City. Based on average wages for construction and professional services, KMA estimates that the development of Phases 2 and 3 and Subareas A-E will result in the employment of an average of 6,610 full-time equivalent workers in the County and 1,590 full-time equivalent workers in the City per year during the construction period.

- *Ongoing Economic Annual Impact* - The remaining buildout of the CVB is projected to generate an annual economic impact (inclusive of indirect and induced impacts) of \$1.7 billion to the County and \$1.3 billion to the City; payroll income of \$855.4 million to the County and \$659.6 million to the City; and annual employment of 16,530 employees in the County and 12,460 employees in the City.

Tables V-1 and V-2 on the following page present a summary of the construction and ongoing economic benefits to the County and City.

<b>Table V-1: Economic Benefits to County of San Diego (1)</b>			
	<b>Phase 1</b>	<b>Phases 2 and 3 and Sub-Areas A-E</b>	<b>Total</b>
<b>I. Construction Economic Impact (2)</b>			
A. Economic Output	\$1.2 B	\$1.6 B	\$2.8 B
B. Personal Income	\$428.8 M	\$556.8 M	\$985.6 M
C. Employment (3)	3,140 Employees	6,610 Employees	9,750 Employees
<b>II. Ongoing Economic Annual Impact (2)(4)</b>			
A. Economic Output	\$391.2 M	\$1.7 B	\$2.1 B
B. Personal Income	\$137.0 M	\$855.4 M	\$992.4 M
C. Employment	3,690 Employees	16,530 Employees	20,220 Employees
<p>(1) All figures reflect 2017 dollars without escalation.</p> <p>(2) Reflects direct, indirect, and induced impact.</p> <p>(3) Reflects an average annual employment over a 30-month construction period for Phase 1; 18-month construction period for Phase 3 and Sub-Areas A, B, D, and E; and a 24-month construction period for Phase 2 and Sub-Area C.</p> <p>(4) Reflects recurring ongoing economic impact from annual operations.</p>			

<b>Table V-2: Economic Benefits to City of Chula Vista (1)(2)</b>			
	<b>Phase 1</b>	<b>Phases 2 and 3 and Sub-Areas A-E</b>	<b>Total</b>
<b>I. Construction Economic Impact (3)</b>			
A. Economic Output	\$65.8 M	\$382.8 M	\$448.6 M
B. Personal Income	\$23.5 M	\$133.9 M	\$157.4 M
C. Employment (4)	170 Employees	1,590 Employees	1,760 Employees
<b>II. Ongoing Economic Annual Impact (3)(5)</b>			
A. Economic Output	\$268.6 M	\$1.3 B	\$1.6 M
B. Personal Income	\$93.4 M	\$659.6 M	\$753.0 M
C. Employment	2,700 Employees	12,460 Employees	15,160 Employees
<p>(1) City figures are included within County figures.</p> <p>(2) All figures reflect 2017 dollars without escalation.</p> <p>(3) Reflects direct, indirect, and induced impact.</p> <p>(4) Reflects an average annual employment over a 30-month construction period for Phase 1; 18-month construction period for Phase 3 and Sub-Areas A, B, D, and E; and a 24-month construction period for Phase 2 and Sub-Area C.</p> <p>(5) Reflects recurring ongoing economic impact from annual operations.</p>			

## VI. LIMITING CONDITIONS

1. The KMA analysis is based, in part, on data provided by secondary sources such as state and local governments, planning agencies, real estate brokers, and other third parties. While KMA believes that these sources are reliable, we cannot guarantee their accuracy.



2. The accompanying projections and analyses are based on estimates and assumptions which were developed using currently available economic data, project-specific data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize and unanticipated events and circumstances may occur. Such changes are likely to be material to the projections and conclusions herein and, if they occur, require review or revision of this document.
3. Any estimates of revenue or cost projections are based on the best project-specific and fiscal data available at this time as well as experience with comparable projects. They are not intended to be projections of actual future performance of any specific project. Any changes to costs, development program, or project performance may render the conclusions contained herein invalid.
4. KMA assumes that all applicable laws and governmental regulations in place as of the date of this document will remain unchanged throughout the projection period of our analysis. In the event that this does not hold true, i.e., if any tax rates change, the analysis would need to be revised.
5. The KMA analysis assumes that any necessary entitlements for the proposed development can be obtained in a reasonable time frame.
6. The KMA analysis assumes that property titles are good and marketable; no title search has been made, nor has KMA attempted to determine property ownership.
7. A projection of economic impacts is inherently based on judgment. The projections contained herein are based on the best information available at the time that this document was prepared. However, the actual impacts may vary.
8. Property tax projections reflect KMA's understanding of the assessment and tax apportionment procedures employed by the County. The County procedures are subject to change as a reflection of policy revisions or legislative mandate. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.
9. No assurances are provided by KMA as to the certainty of the projected tax revenues shown in this document. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes.

**Glossary of Terms:**

CVBMP – Chula Vista Bayfront Master Plan

District – San Diego Unified Port District

City – City of Chula Vista

Pacifica – Pacifica Companies, LLC

EIR – Environmental Impact Report

Board – Board of Port Commissioners

CCC – California Coastal Commission

CVB – Chula Vista Bayfront

Public Entities – District and City

LOI – Letter of Intent

RFQ – Request for Qualifications

Site – 36 acres on the H3 parcel within the CVB

RIDA – RIDA Chula Vista, LLC

ENA – Exclusive Negotiating Agreement

RHCC – Resort Hotel and Convention Center

KMA – Keyser Marston Associates

SBPP – South Bay Power Plant

Rohr – Rohr, Inc, a United Technologies Aerospace Company

MOU – Memorandum of Understanding

Dynegy South Bay – Dynegy South Bay, LLC

CAC – Citizens Advisory Committee

Gaylord – Gaylord Hotels brand

SLC – State Lands Commission

Coalition – Chula Vista Bayfront Coalition

WAG – Wildlife Advisory Group

NRMP – Natural Resources Management Plan

BCDC – Bayfront Cultural Design Committee

ARES – Ares Management, LP

CBRE Hotels – Coldwell Banker Richard Ellis Hotels Group (Formerly PKF)

JLL – Jones Lang LaSalle

RV Park – Recreational Vehicle Park

CVBFFA – Chula Vista Bayfront Facilities Financing Authority

TOT – Transient Occupancy Tax

MSA – Municipal Services Agreement

JP Morgan – JP Morgan Securities, LLC

NOI – Net Operating Income

ROI – Return on Investment

O&M – Operations and Maintenance

# Chula Vista Bayfront Historic Timeline

[illegible]





## COMMERCIAL REAL ESTATE SERVICES



**Bruce Baltin**  
Managing Director  
CBRE Hotels, Consulting

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Sent via email to: [ameyer@portofsandiego.com](mailto:ameyer@portofsandiego.com)  
No hard copy to follow

October 4, 2016

Mr. Adam Meyer  
Real Estate Development  
Port of San Diego  
3165 Pacific Coast Highway  
San Diego, California 92101

Dear Mr. Meyer:

Pursuant to your request, we have drafted this brief letter summarizing our consultation with you to date in your negotiations with RIDA Development Corporation (RIDA) relative to their proposed Chula Vista Bayfront Resort Hotel and Convention Center. As directed by you, we have completed a review of RIDA's most recent September 2016 proforma. Our review and analysis was focused on the reasonability of RIDA's revenue per available room (RevPAR) projections considering their current development program which assumes an increase to 1,450 available guest rooms from a previous count of 1,000 rooms. On a stabilized basis, RIDA has projected that the proposed larger hotel would stabilize at an occupancy of 77 percent and at a rate of \$215, stated in current 2016 dollars.

It should be noted that we were not provided with a new detailed facilities program but have assumed that the proposed public facilities (meeting space, food and beverage outlets, etc.) have increased proportionally with the rooms expansion. If this proves to be untrue we reserve the right to amend our findings. The following paragraphs set forth our analysis relative to reasonableness of RIDA's RevPAR projections based on the three points of comparison: historical and forecasted performance of the San Diego hotel market as a whole, historical performance of the larger group and convention oriented hotels in the City of San Diego, and the recent performance of a collection of many of the largest hotels in the United States (excluding Las Vegas, Nevada).

### **San Diego County Hotel Market**

The following discussion is taken from CBRE Hotels, Americas Research's *Hotel Horizons*®, September – November 2016 Edition for all hotels in the San Diego market. The historical data (2011 through 2015) is provided by Smith Travel Research, while the projections were developed by CBRE Hotels, Americas Research.

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In 2015, San Diego Hotels finished the year with a RevPAR gain of 8.6 percent. This was the result of an increase in occupancy of 2.4 percent and a 6.1 percent gain in average daily room rates (ADR). The 8.6 percent boost in San Diego RevPAR was better than the national average of 6.2 percent.

San Diego's lower-priced properties finished 2015 ahead of its upper-priced properties in terms of RevPAR growth. The properties in this category achieved a 6.6 percent gain in ADR and saw a 3.4 percent increase in occupancy. Upper-priced hotels experienced an ADR growth rate of 6.4 percent along with a 1.7 percent gain in occupancy.

By year-end 2016, San Diego hotels are forecast to see a RevPAR increase of 2.2 percent. This is the result of an estimated minor decline in occupancy of 0.1 percent and a 2.2 percent gain in ADR. The 2.2 percent advance in San Diego RevPAR is less than the national projection of a 3.6 percent increase.

Leading the way in 2016 RevPAR growth is the lower-priced segment of San Diego. The properties in this category are forecast to attain a 4.6 percent gain in ADR and see a 0.7 percent increase in occupancy, resulting in a 5.3 percent RevPAR increase. Upper-priced hotels are projected to experience an ADR growth rate of 1.0 percent, along with a 0.8 percent loss in occupancy, resulting in a 0.2 percent RevPAR increase.

Looking towards 2017, San Diego RevPAR is expected to grow 5.9 percent. This is better than the rate of growth in 2016. Unlike 2016, prospects for RevPAR growth in the upper-priced segment (positive 6.0 percent) are better than in the lower-priced segment (positive 5.0 percent). San Diego market occupancy levels are expected to range from 75.8 percent to 76.8 percent during the five-year forecast period.

#### San Diego Forecast Summary

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2011	68.5%	3.5%	\$126.37	3.6%	\$86.60	7.2%
2012	70.5%	2.8%	\$132.01	4.5%	\$93.01	7.4%
2013	71.5%	1.5%	\$135.61	2.7%	\$97.00	4.3%
2014	74.6%	4.2%	\$142.01	4.7%	\$105.88	9.2%
2015	76.3%	2.4%	\$150.69	6.1%	\$115.03	8.6%
2016F	76.3%	-0.1%	\$154.08	2.2%	\$117.51	2.2%
2017F	76.7%	0.6%	\$162.24	5.3%	\$124.46	5.9%
2018F	76.8%	0.1%	\$170.54	5.1%	\$130.92	5.2%
2019F	76.4%	-0.5%	\$177.07	3.8%	\$135.29	3.3%
2020F	75.8%	-0.8%	\$181.35	2.4%	\$137.46	1.6%

Source: CBRE Hotels' Americas Research, STR, Q2 2016

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### City of San Diego Convention Hotels

While the above discussion presents a good overall picture of the health of the local market we also explored the recent historical performance of a collection of larger convention and meeting oriented hotels, including the following four hotels:

- Sheraton San Diego Hotel & Marina - 1,053 rooms
- Hilton San Diego Bayfront - 1,190 rooms
- Marriott San Diego Marina - 1,360 rooms
- Manchester Grand Hyatt San Diego - 1,628 rooms

The aggregate average annual available and occupied rooms, resulting occupancy levels, average daily rate (ADR), and revenue per available room (RevPAR) for this sample set between 2011 and 2015 and year-to-date (YTD) through August 2015 and 2016 are presented in the following table.

Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,909,315	N/A	1,442,977	N/A	75.6%	\$177.31	N/A	\$134.00	N/A
2012	1,909,315	0.0%	1,494,495	3.6%	78.3%	182.45	2.9%	142.81	6.6%
2013	1,909,315	0.0%	1,521,033	1.8%	79.7%	188.96	3.6%	150.53	5.4%
2014	1,909,315	0.0%	1,552,380	2.1%	81.3%	199.32	5.5%	162.06	7.7%
2015	1,909,315	0.0%	1,573,445	1.4%	82.4%	211.58	6.1%	174.36	7.6%
CAAG	0.0%		2.2%			4.5%		6.8%	
8/15 ytd	1,909,315	N/A	1,629,313	N/A	85.3%	\$216.80	N/A	\$185.00	N/A
8/16 ytd	1,909,315	0.0%	1,638,976	0.6%	85.8%	221.45	2.1%	190.10	2.8%

Source: CBRE Hotels

Supply for the identified competitive market remained consistent over the course of the historical period with the most recent hotel opening being the Hilton San Diego Bayfront, in December 2008. Demand as measured by occupied room nights for the competitive market has increased at a compound annual growth rate ("CAGR") of 2.2 percent over the past five years. The competitive market experienced demand growth over each year of the historical period. Similarly, ADR has shown increases in each year of the historical period. Over the five-year historical period ADR has increased at an annual average rate of 4.5 percent and increased at its strongest level in 2015, increasing by 6.1 percent from year-end 2014. Thus over the historical period RevPAR increased at a CAGR of 6.8 percent. As of YTD August 2016 occupancy is up slightly as compared with YTD August 2015, and the market has likely been operating at its peak level in terms of accommodated demand. ADR increased by 2.1 percent during the YTD period surveyed, leading to a RevPAR increase of 2.8 percent.

### Large U.S. Meeting and Convention Hotels

Lastly as a check of reasonableness we also researched the recent occupancy and average daily rate levels of large hotels throughout the United States to further determine if the room count of a hotel was potentially a detriment to achievable occupancy and rate levels. As shown in the previous City of San Diego specific analysis this did not prove to be the case, but nonetheless we were interested in how large hotels performed. To do so we were able to survey 75 individual hotels on a national basis with 1,000 or more guestrooms for calendar year 2015. As noted in the introduction our survey sample excluded large hotels located in Las Vegas, for which there is not data available. The hotels

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ranged in size from exactly 1,000 rooms to a high of 2,882 rooms for an average of 1,367 available rooms. Occupancy levels for this collection of large hotels ranged from the mid-60's to the mid-90's, with an average of 78.1 percent. Given the wide geographical sample it is not surprising that average daily rates also exhibited a wide range, from lows of approximately \$120 to a peak of roughly \$300, for an average of \$193.74.

### Conclusion

Based on the analysis presented herein, we are of the opinion that RIDA's estimates of occupancy and average daily rate in a stabilized year are reasonable given the data surveyed. All three methodologies utilized point to occupancy levels in the mid-70's to low 80's. Further the number of guestrooms does not appear to be a hindrance to achieving occupancy levels well above the national average based on our review of comparable data for the City of San Diego and the larger nation as a whole. Lastly the projected average daily rate falls within the admittedly wide range of the national comparables, but also more importantly the much tighter range of the four local San Diego hotels.

It is a pleasure to continue to work with you and all parties involved on this most interesting assignment. If we can be of any further assistance in the interpretation of our findings, please feel free to contact us.

Sincerely,

*CBRE Hotels, Consulting*

A handwritten signature in blue ink, appearing to read "Bruce Baltin", with a stylized, flowing script.

Bruce Baltin  
Managing Director

## TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for consulting services (the "Agreement" ) between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the consulting services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the consulting office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the consulting fee and preparation of an consulting report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the prorated share of the fee based upon the work completed and expenses incurred (including travel expenses to and from the job site), with a minimum charge of \$500. Additional copies of the Appraisal Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Appraiser is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses, including but not limited to Appraiser's attorneys' fees, and additional time incurred by Appraiser based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional consulting services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 30 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.
8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to Appraiser's actual knowledge and belief. Appraiser does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others. TO THE FULLEST EXTENT PERMITTED BY LAW, APPRAISER DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN ANY APPRAISAL REPORT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE EVEN IF KNOWN TO APPRAISER. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.



**TERMS AND LIMITING CONDITIONS**

(continued)

9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.
13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.
15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO APPRAISER UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000). THIS LIABILITY LIMITATION SHALL NOT APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.
16. Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and Appraiser shall have no liability for such unauthorized use and reliance on any Appraisal Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party"

**TERMS AND LIMITING CONDITIONS**

(continued)

and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.

17. In the event an Intended User incorporates or references the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the consulting or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iii) an actual or alleged violation of applicable law by an Intended User (including, without limitation, securities laws) or the negligent or intentional acts or omissions of an Intended User (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Appraiser and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Appraisal Report, (b) any services or consulting under this Agreement or (c) any acts or conduct relating to such services or consulting, shall be filed within two (2) years from the date of delivery to Client of the Appraisal Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.



# PROPOSED CHULA VISTA RESORT HOTEL AND CONVENTION CENTER DEVELOPMENT

RIDA Development Cost Review for *San Diego Unified Port District*

March 30, 2017





March 30, 2017

Adam Meyer  
San Diego Unified Port District  
3165 Pacific Highway  
San Diego, California 92101

Re: RIDA Development Cost Review and Commentary

Dear Adam:

JLL was engaged by the Port of San Diego ("Port") to review the latest Development Budget, submitted by RIDA, for the Chula Vista Bayfront Hotel and Conference Center. RIDA provided the Port limited information related to the Development Budget. RIDA provided the Port with an overall development budget that totalled \$727 million. The development budget included the following costs:

Cost Summary	
Item	Costs
Site Costs	\$80M
Parking	\$71.6M
Conference Center	\$227.3M
Hotel	\$347.7M

With regards to development costs, we would like to highlight the following comparable hotels built over past several years at a development costs range of \$312,000 to \$697,000 per guestroom. Particularly, most recent developments such as Marriott Marquis in Washington DC, the Fairmont Austin and the JW Marriott Austin were costs were kept at or below \$517 Million.

Development Costs of U.S. Convention Hotels						
Hotel	City, State	Year Opened	Rooms	Development Cost	Cost per Key	Notes
<b>Recent Openings</b>						
Hilton San Diego Bayfront	San Diego, CA	2008	1,190	\$348,000,000	\$292,437	Leasehold
Gaylord National Resort & Convention Center	National Harbor, MD	2008	2,000	\$870,000,000	\$435,000	Excluding Land
Hilton Baltimore	Baltimore, MD	2008	750	\$300,000,000	\$400,000	Excluding Land
JW Marriott and Ritz Carlton (L.A. Live)	Los Angeles, CA	2010	1,225	\$854,419,000	\$697,485	Excluding Land
Omni Dallas	Dallas, TX	2011	1,001	\$500,000,000	\$499,500	Including Land
Omni Nashville	Nashville, TN	2013	800	\$250,000,000	\$312,500	Including Land
Marriott Marquis	Washington, D.C.	2014	1,175	\$517,000,000	\$440,000	Leasehold
Fairmont Austin	Austin, TX	2015	1,000	\$350,000,000	\$350,000	Excluding Land
JW Marriott	Austin, TX	2015	1,012	\$300,000,000	\$296,443	Excluding Land

Source: Various PR releases, Jones Lang LaSalle Hotels



JLL engaged AECOM to review the most recent construction budget and project scope which has increased significantly over prior estimates as shown below. The costs and program are conceptual estimates per developer.

Scope & Cost Changes				
	15-Feb	15-Jul	16-Apr	17-Jan
SF (000's)	1,257	1,207	1,097	2,248
Dev Cost (\$M)	\$288	\$358	\$358	\$727

The key reasons for the increase to the development budget are summarized below.

Cost Drivers	Notes
1 Gross Floor Area	New development scope presented by RIDA is substantially larger than April 2016
2 Project duration	\$850K per month for General Conditions and \$470K per month for General Requirements needs cost breakdown.
3 Millwork Allowance	\$11M allowance for millwork needs further review
4 Finishes Allowance	\$25M allowance with no back-up or design needs further study.
5 Theming Allowance	\$20M for theming allowance with no back-up or design needs further study
6 Structure	The larger development with more rooms which also increased the height of the tower and load capacity for foundation. As design develops, it would require further review
7 Parking Structure	April 2016 estimate parking was not included in overall cost and in this version a budget of \$71M was included driving costs

In addition, AECOM performed an order of magnitude review to compare RIDA's cost with that of a standard hotel based on RS Means and historical data. As shown below, RIDA's costs are 42% or \$213M higher.

Order of Magnitude Costs			
	AECOM	RIDA	Delta
Hotel & Conference Costs	\$411,033,000	\$575,014,000	\$163,981,000
Total Parking & Site Costs	<u>\$102,527,000</u>	<u>\$151,706,000</u>	<u>\$49,179,000</u>
Total Construction Costs	\$513,560,000	\$726,720,000	\$213,160,000
			42%



The program and scope has changed significantly since last submission. An order of magnitude test was prepared by AECOM for a standard hotel where this may not apply due to the updated scope and program. Although there is a large delta of approximately \$213M between RIDA and AECOM, RIDA's costs were based on conceptual designs and preliminary at this stage. During this early stage of programming and cost estimates, the large costs delta is not unusual given the cost drivers shown above and the higher than normal theming and finishes proposed by developer. Given the preliminary nature of the design, there wasn't enough detailed information to validate the cost assumptions and therefore the order of magnitude prepared by AECOM relied on standard hotel benchmarks to prepare their estimates. Per the unique program themes and other cost drivers, it is not unusual for there to be a large cost delta against a more traditional hotel benchmark. Additional cost reviews and checks will ensure better cost refinements as the development program evolves along with better cost benchmarks.

Though, these two projects and designs are different, by carrying out this comparison it gives a greater insight into where the key changes have occurred and need further analysis. Key areas the Port will want to have further discussions with RIDA are:

1. Millwork - Further clarification will need to be sought on this item. RIDA has included \$11m for millwork. It is a significant cost however there is no detail to determine whether or not it is excessive.
2. Finishes - An allowance of \$25m has been included in the overall costs pertaining to internal finishes. There is \$80m in measure finishes with the additional included. This is a large sum of money to be included with no detail / scope of work. RIDA have suggested this allowance is for building out of theming areas. This allowance may potentially reduce as the design develops.
3. Theming - A further allowance of \$15m has been included in the overall costs for 'Theming' of areas. This cost is additional to the \$80m included for measured finishes and the \$25m allowance included. Therefore a RIDA have included an overall budget of \$120m for finishes and theming alone.
4. Program - There has been a 33 month program included for the construction works and this forms the basis of the General Conditions and Requirements however AECOM have not received this breakdown to review.

Respectfully submitted,

Bob Hunt  
Managing Director  
Public Institutions  
JONES LANG LASALLE AMERICAS, INC.

cc: C [redacted] D [redacted] [redacted] R [redacted] O [redacted] M [redacted] [redacted] [redacted]

## 1.1 Assumptions and Limiting Conditions

The report was completed with the following general assumptions and limiting conditions:

1. As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant changes in the economic environment from that as set forth in this report. Since our forecasts are based on estimates and assumptions which are subject to uncertainty and variation, we do not represent them as results which will actually be achieved.
2. Responsible ownership and competent property management are assumed.
3. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
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5. It is assumed that the property will be in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report.
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8. Possession of this report, or a copy thereof, does not carry with it the right of publication.
9. The consultant, by reason of this report, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the consultant, or the firm with which the consultant is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the consultant.



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# CHULA VISTA BAYFRONT HOTEL & CONFERENCE CENTER

## Development Budget Report

For

Jones Lang LaSalle

**February 28, 2017**



# Chula Vista Hotel & Convention Center Development Budget Report

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# Chula Vista Hotel & Convention Center Development Budget Report

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# Chula Vista Hotel & Convention Center Development Budget Report

## Executive Summary

### Project and Cost Overview

The following report was undertaken by AECOM in order to review the construction budget estimates prepared for the proposed Chula Vista Hotel & Conference Center project by RIDA Development Corporation and Balfour Beatty respectively.

### Cost and Gross Floor Area Commentary

AECOM have undertaken an analysis of the estimate prepared by RIDA which was presented in January 2017.

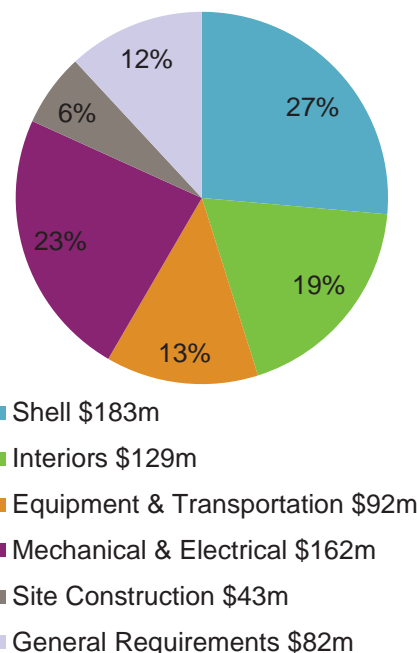
The key cost drivers as identified by AECOM are highlighted on page 4 of this report and relate to costs for additional Gross Floor Area, Program, Allowances including Millwork, Finishes and Theming, Structure and the added costs of a Parking Structure

The gross floor area is in the amount of 2,247,521 SF with a Site area of 1,161,634 SF.

Cost Status	\$/SF	Total x \$1,000
April 16 Estimate	295.30	323,872
December 16 Estimate	323.34	726,720
Delta from previous	28.04	402,848

### Key Focus Areas

1. Millwork - Further clarification will need to be sought on this item. RIDA have included c. \$11m for millwork. It is a significant cost however there is no detail to determine whether or not it is excessive.
2. Finishes - An allowance of \$25m has been included in the overall costs pertaining to internal finishes. There is c. \$80m in measure finishes with the additional included. This is a large sum of money to be included with no detail / scope of work. RIDA have suggested this allowance is for building out of theming areas. This allowance may potentially reduce as the design develops.
3. Theming - A further allowance of \$15m has been included in the overall costs for 'Theming' of areas. This cost is additional to the \$80m included for measured finishes and the \$25m allowance included. Therefore a RIDA have included an over all budget of c. \$120m for finishes and theming alone.
4. Program - There has been a 33 month program included for the construction works and this forms the basis of the General Conditions and Requirements however AECOM have not recieved this breakdown to review.



### Report Summary

The structure of the report is as follows: The overall cost summary is followed by a breakdown of the overall cost budgets presented by RIDA and Balfour Beatty. It details where the key cost drivers are and highlights areas of concern regarding allowances / costs drivers and also identifies the key areas in the budget which will need to be investigated further. Further to this a narrative has been provided on the key areas that have been identified as the main force in driving the cost.

### Elemental Comparisons

The Estimate prepared by RIDA in January 2017 was provided in a \$/SF and Trade Breakdown format and as such we have readjusting in order to make a detailed comparison between this and the April 2016 estimate. It should be noted that these two designs are different however by carrying out this comparison it gives a greater insight into where the key changes have occurred. This being the case, the elemental breakdowns provided in this report should not be relied upon as a true reflection of the actual costs between elements.

## Chula Vista Hotel & Convention Center Development Budget Report

### Overall Summary

	SF	\$/SF	TOTAL
B1 Hotel Tower Budget	1,005,352	345.86	347,716
B5 Conference Center Budget	637,774	356.39	227,299
B6 Parking Garage Budget	604,395	118.49	71,612
<b>TOTAL BUILDING CONSTRUCTION</b>	<b>2,247,521</b>	<b>287.71</b>	<b>646,627</b>
B2 Site Development Budget	1,161,364	68.96	80,093
<b>TOTAL SITEWORK</b>	<b>1,161,364</b>	<b>68.96</b>	<b>80,093</b>
<b>TOTAL BUILDING AND SITEWORK</b>			<b>726,720</b>
<b>CONSTRUCTION BUDGET TOTAL</b>			<b>726,720</b>

## Chula Vista Hotel & Convention Center Development Budget Report

### Cost Tracking Summary

Cost Tracking Summary											
Construction Budget April 16				Construction Budget January 17				Delta		Comments	
%	\$/SF	TOTAL	%	\$/SF	TOTAL	\$/SF	TOTAL	% Markup			
Gross Floor Area: Gross Area: 1,096,738 SF											
01 Foundations	<div><div></div><div>15%</div></div>	43.86	48,107	Gross Area: <div><div></div><div>12%</div></div>				39.76	89,354	(4.10) 41,247 10%	Includes structural steel for tower Included in Foundations
02 Vertical Structure	<div><div></div><div>5%</div></div>	16.00	17,546	<div><div></div><div>4%</div></div>	13.56	30,470	(2.44) 12,924 3%				
03 Floor and Roof Structure	<div><div></div><div>2%</div></div>	6.30	6,913	<div><div></div><div>0%</div></div>	INCL		0%				
04 External Cladding	<div><div></div><div>10%</div></div>	28.83	31,614	<div><div></div><div>7%</div></div>	21.34	47,953	(7.49) 16,340 4%	Includes operable partitions Includes \$25m allowance for finishes			
05 Roofing and Waterproofing	<div><div></div><div>4%</div></div>	10.64	11,673	<div><div></div><div>2%</div></div>	6.84	15,383	(3.80) 3,710 1%				
1 Shell	<div><div></div><div>36%</div></div>	105.63	115,852	<div><div></div><div>25%</div></div>	81.49	183,160	(0.11) 67,308 17%				
06 Interior Partitions	<div><div></div><div>2%</div></div>	7.27	7,976	<div><div></div><div>8%</div></div>	24.85	55,854	17.58 47,878 12%	Includes terraces & pools with an additional \$20m for theming			
07 Interior Finishes	<div><div></div><div>18%</div></div>	53.05	58,178	<div><div></div><div>10%</div></div>	32.95	74,061	(20.10) 15,883 4%				
2 Interiors	<div><div></div><div>20%</div></div>	60.32	66,155	<div><div></div><div>18%</div></div>	57.80	129,916	(0.03) 63,761 16%				
08 Equipment and Specialties	<div><div></div><div>4%</div></div>	12.37	13,569	<div><div></div><div>8%</div></div>	25.69	57,739	13.32 44,170 11%				
09 Vertical Transportation	<div><div></div><div>4%</div></div>	10.38	11,389	<div><div></div><div>5%</div></div>	15.25	34,273	4.87 22,884 6%				
3 Equipment & Vertical Transportation	<div><div></div><div>8%</div></div>	22.76	24,958	<div><div></div><div>13%</div></div>	40.94	92,012	0.05 67,054 17%				
10 Plumbing	<div><div></div><div>5%</div></div>	16.02	17,566	<div><div></div><div>5%</div></div>	17.01	38,236	0.99 20,670 5%				
11 HVAC	<div><div></div><div>10%</div></div>	30.71	33,683	<div><div></div><div>9%</div></div>	28.81	64,747	(1.90) 31,064 8%				
12 Electrical	<div><div></div><div>12%</div></div>	34.38	37,705	<div><div></div><div>7%</div></div>	23.30	52,369	(11.08) 14,664 4%				
13 Fire Protection	<div><div></div><div>2%</div></div>	5.91	6,482	<div><div></div><div>1%</div></div>	3.07	6,900	(2.84) 418 0%				
4 Mechanical & Electrical	<div><div></div><div>29%</div></div>	87.02	95,436	<div><div></div><div>22%</div></div>	72.19	162,251	(0.07) 66,816 17%				
BUILDING ELEMENTAL BEFORE SITE	<div><div></div><div>93%</div></div>	275.73	302,401	<div><div></div><div>78%</div></div>	252.43	567,339	(0.15) 264,939 66%				
14 Site Preparation & Demolition	<div><div></div><div>1%</div></div>	2.52	2,769	<div><div></div><div>3%</div></div>	8.47	19,037	5.95 16,267 4%	Includes pile excavation			
15 Site Paving, Structure & Landscaping	<div><div></div><div>4%</div></div>	12.11	13,286	<div><div></div><div>3%</div></div>	9.42	21,169	(2.69) 7,883 2%				
16 Site Utilities	<div><div></div><div>2%</div></div>	4.94	5,416	<div><div></div><div>1%</div></div>	1.65	3,709	(3.29) (1,707) -0.42%				
6 Site Construction	<div><div></div><div>7%</div></div>	19.57	21,471	<div><div></div><div>6%</div></div>	19.54	43,815	(0.01) 22,444 6%	Based on 33 month program Based on 33 month program			
BUILDING AND SITE CONSTRUCTION	<div><div></div><div>100%</div></div>	295.30	323,872	<div><div></div><div>84%</div></div>	271.97	611,254	(0.16) 287,382 71%				
17 General Conditions		Incl Above		<div><div></div><div>4%</div></div>	13.16	29,572	13.16 29,572 7%				
18 General Requirements		Incl Above		<div><div></div><div>2%</div></div>	7.82	17,580	7.82 17,580 4%				
19 Insurances		Incl Above		<div><div></div><div>1%</div></div>	3.46	7,779	3.46 7,779 2%				
20 Bonds		Incl Above		<div><div></div><div>0%</div></div>	INCL		0%				
21 Contractor's Fee, Overhead & Profit		Incl Above		<div><div></div><div>4%</div></div>	12.29	27,615	12.29 27,615 7%				
CONSTRUCTION COST BEFORE ESCALATION	<div><div></div><div>100%</div></div>	295.30	323,872	<div><div></div><div>95%</div></div>	308.70	693,800	(0.05) 369,928 92%				
22 Contingency for Development of Design				<div><div></div><div>5%</div></div>	14.65	32,920	14.65 32,920 8%				
CONSTRUCTION BUDGET TOTALS	<div><div></div><div>100%</div></div>	295.30	323,872	<div><div></div><div>95%</div></div>	323.34	726,720	(0.05) 402,848 100%				



# Chula Vista Hotel & Convention Center Development Budget Report

## Cost Drivers

The following items have been identified as the main drivers for the increased cost of this project:

### **COST DRIVERS & CONSTRUCTION COSTS**

- 1 **Gross Floor Area** - The scheme presented by RIDA is a much larger project than those previously presented in April 2016. It appears the current design and scheme is double the size of the previous. This is the main contributor to the construction costs being much higher than those previously presented. The new development incorporates an additional 450 hotel rooms and a large outdoor amenity and pool areas with associated Conference Center.
- 2 **Project Duration** - RIDA have presented a total project duration of circa 33 months with General Conditions at \$850k per month and General Requirements at \$470k per month. These costs are associated with RIDA/Balfour Beatty site offices, head office overheads and running costs etc. for the duration of the project. AECOM would require the full breakdown for this to determine where the major cost allocations are and to determine value.
- 3 **Allowances** - Within the breakdown of costs provided by RIDA there is a number of allowances included such as an \$11m allowance for millwork. As the design is still at concept stage it is difficult to determine whether this allowance is excessive or not. As the design develops it would be prudent to test this allowance to ensure is not over and above.
- 4 **Allowances** - Within the breakdown of costs RIDA have included a \$25m allowance for finishes. This is an extra over allowance included for unknowns. RIDA have quantified finishes in the amount of circa \$80m and have included the additional \$25m with no back-up or design. AECOM feel that this allowance is excessive as there is no design to determine this figure.
- 5 **Allowances** - RIDA have also included a further \$20m allowance for 'Theming'. This is an extra over allowance included for additional finishes and aesthetics between the indoor and outdoor spaces. Again this is an additional allowance with no back-up or design. AECOM feel that this allowance presents a significant increase in cost where there is no design to determine this figure.
- 6 **Structure** - The development presented by RIDA appears to be a larger development with increased number of hotel rooms etc. As a result, this has driven increases in costs pertaining to both the foundation and vertical structure. As the hotel contains an additional 450 rooms this has increased the height of the tower and therefore the load capacity of the foundation. However, there is no structural design and these costs are based on square foot rates and assumptions made by RIDA. As the design develops it would be prudent to test these costs to ensure they are in line with current market conditions.
- 7 **Parking Structure** - In the April 2016 estimate the parking Structure was not included in the overall cost and as such a reduction was shown in the budget. The budget presented in January 2017 includes this element in the amount of circa \$71m, which is another cost driver and should be noted in the over all budget.

## Chula Vista Hotel & Convention Center Development Budget Report

Detailed Cost Summary										
	1		1		2		3		4	
	Total Construction Costs		Hotel Tower Budget		Conference Center Budget		Site Development Budget		Parking Garage Budget	
	\$/SF	TOTAL	\$/SF	TOTAL	\$/SF	TOTAL	\$/SF	TOTAL	\$/SF	TOTAL
Gross Areas: 2,247,521 SF										
Hoist Equipment	3.53	7,925	7.22	7,254	637,774 SF		1.05	671	-	-
Indirect Expenses	1.09	2,444	1.34	1,352			0.63	403	0	225
Preconstruction Services	0.90	2,019	0.98	983			1.01	646	0	177
Existing Conditions	0.00		0.00	-			-	-	-	-
Concrete	39.76	89,354	39.47	39,683			41.53	26,487	0	5
Masonry	0.13	296	0.00	-			-	-	-	0
Metals	12.05	27,078	3.88	3,903			34.71	22,140	1	851
Wood & Plastics	6.54	14,695	10.22	10,273			6.10	3,893	-	-
Thermal and Moisture Protection	6.84	15,383	2.06	2,070			15.18	9,683	1	1,264
Openings	23.89	53,689	41.99	42,213			16.97	10,825	0	458
Finishes	46.56	104,656	54.27	54,563			54.82	34,961	1	871
Specialities	3.86	8,674	2.38	2,390			9.80	6,253	0	15
Equipment	0.46	1,034	0.38	379			0.01	5	-	-
Furnishings	0.24	542	0.12	123			-	-	0	381
Special Construction	21.13	47,489	15.32	15,400			0.40	254	27	31,594
Conveying Equipment	15.25	34,273	20.98	21,089			16.37	10,438	-	-
Fire Supresseion	3.07	6,900	4.04	4,064			3.28	2,094	-	-
Plumbing	17.01	38,236	33.42	33,595			5.96	3,803	0	64
HVAC	28.81	64,747	26.04	26,182			48.23	30,757	-	-
Electrical	23.30	52,369	22.03	22,147			39.23	25,020	2	2,532
Earthwork	8.07	18,129	5.57	5,599			4.24	2,705	5	5,733
Exterior Improvements	9.42	21,169	0.18	181			1.02	651	17	20,010
Utilities	1.65	3,709	0.00	-			-	-	3	3,709
BUILDING AND SITEWORK										
	273.55	614,809	291.88	293,443	300.56		191,690	58.69	68,164	101.77
General Conditions	12.47	28,036	13.58	13,656	14.07		8,971	3	2,955	4
General Requirements	6.92	15,561	7.54	7,580	7.81		4,979	1	1,640	2
Insurance, Bond, Taxes	3.46	7,779	3.77	3,789	3.90		2,489	1	820	1
Contingencies	14.65	32,920	15.95	16,035	16.52		10,533	3	3,470	5
Contractor's Fee, Overhead & Profit	12.29	27,615	13.14	13,213	13.54		8,637	3	3,043	5
CONSTRUCTION BUDGET TOTALS										
	323.34	726,720	345.86	347,716	356.39		227,299	68.96	80,093	118.49
71,612										

# Chula Vista Hotel & Convention Center Development Budget Report

## Hotel Tower Budget Summary

	%	\$/SF	TOTAL
Gross Area: 1,005,352 SF			
1 Hoist Equipment	2%	7.22	7,254
2 Indirect Expenses	0%	1.34	1,352
3 Preconstruction Services	0%	0.98	983
4 Existing Conditions	0%	0.00	0
5 Concrete	11%	39.47	39,683
6 Masonry	0%	0.00	0
7 Metals	1%	3.88	3,903
8 Wood & Plastics	3%	10.22	10,273
9 Thermal and Moisture Protection	1%	2.06	2,070
10 Openings	12%	41.99	42,213
11 Finishes	16%	54.27	54,563
12 Specialities	1%	2.38	2,390
13 Equipment	0%	0.38	379
14 Furnishings	0%	0.12	123
15 Special Construction	4%	15.32	15,400
16 Conveying Equipment	6%	20.98	21,089
17 Fire Supresseion	1%	4.04	4,064
18 Plumbing	10%	33.42	33,595
19 HVAC	8%	26.04	26,182
20 Electrical	6%	22.03	22,147
21 Earthwork	2%	5.57	5,599
22 Exterior Improvements	0%	0.18	181
23 Utilities	0%	0.00	0
<b>BUILDING CONSTRUCTION</b>	<b>84%</b>	<b>291.88</b>	<b>293,443</b>
24 General Conditions	4%	13.58	13,656
25 General Requirements	2%	7.54	7,580
26 Insurance, Bond, Taxes	1%	3.77	3,789
27 Contingencies	5%	15.95	16,035
28 Contractor's Fee, Overhead & Profit	4%	13.14	13,213
<b>CONSTRUCTION BUDGET TOTALS</b>	<b>100%</b>	<b>345.86</b>	<b>347,716</b>

# Chula Vista Hotel & Convention Center Development Budget Report

## Conference Center Budget Summary

	%	\$/SF	TOTAL
Gross Area:		637,774 SF	
1 Hoist Equipment	0%	1.05	671
2 Indirect Expenses	0%	0.63	403
3 Preconstruction Services	0%	1.01	646
4 Existing Conditions	0%	0.00	0
5 Concrete	12%	41.53	26,487
6 Masonry	0%	0.00	0
7 Metals	10%	34.71	22,140
8 Wood & Plastics	2%	6.10	3,893
9 Thermal and Moisture Protection	4%	15.18	9,683
10 Openings	5%	16.97	10,825
11 Finishes	15%	54.82	34,961
12 Specialities	3%	9.80	6,253
13 Equipment	0%	0.01	5
14 Furnishings	0%	0.00	0
15 Special Construction	0%	0.40	254
16 Conveying Equipment	5%	16.37	10,438
17 Fire Supresseion	1%	3.28	2,094
18 Plumbing	2%	5.96	3,803
19 HVAC	14%	48.23	30,757
20 Electrical	11%	39.23	25,020
21 Earthwork	1%	4.24	2,705
22 Exterior Improvements	0%	1.02	651
23 Utilities	0%	0.00	0
<b>BUILDING CONSTRUCTION</b>	<b>84%</b>	<b>300.56</b>	<b>191,690</b>
24 General Conditions	4%	14.07	8,971
25 General Requirements	2%	7.81	4,979
26 Insurance, Bond, Taxes	1%	3.90	2,489
27 Contingencies	5%	16.52	10,533
28 Contractor's Fee, Overhead & Profit	4%	13.54	8,637
<b>CONSTRUCTION BUDGET TOTALS</b>	<b>100%</b>	<b>356.39</b>	<b>227,299</b>

# Chula Vista Hotel & Convention Center Development Budget Report

## Site Development Budget Summary

	%	\$/SF	TOTAL
Gross Area: 1,161,364 SF			
1 Hoist Equipment	0%	0.00	0
2 Indirect Expenses	1%	0.40	465
3 Preconstruction Services	0%	0.18	213
4 Existing Conditions	0%	0.00	0
5 Concrete	0%	0.00	5
6 Masonry	0%	0.00	0
7 Metals	1%	0.73	851
8 Wood & Plastics	0%	0.00	0
9 Thermal and Moisture Protection	2%	1.09	1,264
10 Openings	1%	0.39	458
11 Finishes	1%	0.75	871
12 Specialities	0%	0.01	15
13 Equipment	0%	0.00	0
14 Furnishings	0%	0.33	381
15 Special Construction	39%	27.20	31,594
16 Conveying Equipment	0%	0.00	0
17 Fire Supresseion	0%	0.00	0
18 Plumbing	0%	0.05	64
19 HVAC	0%	0.00	0
20 Electrical	3%	2.18	2,532
21 Earthwork	7%	4.94	5,733
22 Exterior Improvements	25%	17.23	20,010
23 Utilities	5%	3.19	3,709
<b>BUILDING CONSTRUCTION</b>	<b>85%</b>	<b>58.69</b>	<b>68,164</b>
24 General Conditions	4%	2.54	2,955
25 General Requirements	2%	1.41	1,640
26 Insurance, Bond, Taxes	1%	0.71	820
27 Contingencies	4%	2.99	3,470
28 Contractor's Fee, Overhead & Profit	4%	2.62	3,043
<b>CONSTRUCTION BUDGET TOTALS</b>	<b>100%</b>	<b>68.96</b>	<b>80,093</b>



# Chula Vista Hotel & Convention Center Development Budget Report

## Parking Garage Budget Summary

	%	\$/SF	TOTAL
Gross Area:		604,395 SF	
1 Hoist Equipment	0%	0.00	0
2 Indirect Expenses	0%	0.37	225
3 Preconstruction Services	0%	0.29	177
4 Existing Conditions	0%	0.00	0
5 Concrete	32%	38.35	23,179
6 Masonry	0%	0.49	296
7 Metals	0%	0.30	184
8 Wood & Plastics	1%	0.88	530
9 Thermal and Moisture Protection	3%	3.91	2,366
10 Openings	0%	0.32	192
11 Finishes	20%	23.59	14,260
12 Specialities	0%	0.03	16
13 Equipment	1%	1.08	650
14 Furnishings	0%	0.06	38
15 Special Construction	0%	0.40	241
16 Conveying Equipment	4%	4.54	2,746
17 Fire Supresseion	1%	1.23	742
18 Plumbing	1%	1.28	774
19 HVAC	11%	12.92	7,807
20 Electrical	4%	4.42	2,670
21 Earthwork	6%	6.77	4,092
22 Exterior Improvements	0%	0.54	328
23 Utilities	0%	0.00	0
<b>BUILDING CONSTRUCTION</b>	<b>86%</b>	<b>101.77</b>	<b>61,511</b>
24 General Conditions	3%	4.06	2,454
25 General Requirements	2%	2.25	1,362
26 Insurance, Bond, Taxes	1%	1.13	681
27 Contingencies	4%	4.77	2,882
28 Contractor's Fee, Overhead & Profit	4%	4.50	2,721
<b>CONSTRUCTION BUDGET TOTALS</b>	<b>100%</b>	<b>118.49</b>	<b>71,612</b>

Section 2

**ORDER OF MAGNITUDE COSTS**

## Chula Vista Hotel & Convention Center Development Budget Report

### Executive Summary

	AECOM GFA (SF)	AECOM UNIT COST	AECOM TOTAL	RIDA UNIT COST	RIDA TOTAL	DELTA (RIDA-AECOM)
Guestroom Component	645,840	\$275	\$177,329,400	\$350	\$226,012,758	\$48,683,358
Food and Beverage Component	39,562	\$322	\$12,725,680	\$350	\$13,844,786	\$1,119,106
Conference Facilities Component	299,195	\$284	\$85,100,650	\$350	\$104,703,776	\$19,603,126
Recreational Component	13,968	\$496	\$6,924,900	\$683	\$9,545,743	\$2,620,843
Food Service Component	60,208	\$195	\$11,744,900	\$350	\$21,069,887	\$9,324,987
Lobby & Retail Component	74,841	\$332	\$24,879,190	\$350	\$26,190,730	\$1,311,540
Front Desk Reception/Office Component	10,336	\$203	\$2,096,010	\$350	\$3,617,100	\$1,521,090
Back of the House Component	26,285	\$175	\$4,594,470	\$350	\$9,198,478	\$4,604,008
Administration Office Component	4,184	\$200	\$834,960	\$350	\$1,464,198	\$629,238
Circulation	329,939	\$206	\$68,040,590	\$350	\$115,462,689	\$47,422,099
Receiving & Storage Component	44,212	\$140	\$6,195,040	\$350	\$15,472,061	\$9,277,021
Engineering Component	81,247	\$130	\$10,567,110	\$350	\$28,432,408	\$17,865,298
<b>Total: Hotel &amp; Conference</b>	<b>1,629,817</b>	<b>\$252</b>	<b>\$411,032,900</b>	<b>\$353</b>	<b>575,014,615</b>	<b>\$163,981,715</b>
Parking Garage	604,395	\$120	\$72,527,400	\$118	\$71,612,226	(\$915,174)
Site Development	1,161,364	\$26	\$30,000,000	\$69	\$80,093,359	\$50,093,359
<b>Total: Parking &amp; Site</b>	<b>1,765,759</b>	<b>\$58</b>	<b>102,527,400</b>	<b>\$86</b>	<b>\$151,705,585</b>	<b>\$49,178,185</b>
<b>Total Development Construction Cost:</b>	<b>3,395,576</b>	<b>\$151</b>	<b>\$513,560,300</b>	<b>\$214</b>	<b>\$726,720,200</b>	<b>\$213,159,900</b>

#### Inclusions and Exclusions:

Construction start date is mid 2017 with a 24 month duration

All soft costs which include design fees, permits, CA fees, owners construction contingency, etc. are excluded

Environmental surveys and 3rd party quality assurance agency costs are excluded

Supply or install of loose furniture (FF&E) and all operating supplies and equipment (OS&E) are excluded

Construction markups (General conditions, bonds, insurance, overhead and profit, escalation and design contingency) are included

Restaurant units are priced based on shell and core only based on the assumption that future tenants will complete the interior fit outs

Site development includes fine grading, sit structures, paving and site utilities

#### Analysis:

The analysis above considers the construction of a new hotel in Southern California, the rates used have been extracted from a combination of resource which include RS Means and historical cost data

Note that an allowance for infrastructure has been included under the Engineering component in the AECOM analysis, but from the information provided, the scope cannot be defined for this component.

#### Conclusion:

The analysis shows that the RIDA budget of \$726.7 Million is approximately \$213 Million over what AECOM would consider a median budget for a project of this size and scope. However, it is prudent to note that although there is a large delta between RIDA and AECOM, at this time RIDA's costs are based in a conceptual design and are preliminary at this stage.

In preparing the conceptual design and estimate, RIDA have allowed for and included where possible allowances for a number of extraordinary items. These items include but are not limited to unique design features, theming, additional millwork, special features/metalwork to lobby areas etc. These additional allowances contribute to the delta shown between RIDA and AECOM's Development Construction Costs presented above.

In order to understand the elevated budget, a further study would be required with access to unit rates, quantities and specifications used in the RIDA budget.

# Chula Vista Hotel & Convention Center Development Budget Report

## Guest Room Component

### Guest Room Component

#### Construction Costs

Single Module [1,342 keys]	523,380	SF	\$270.00	\$141,312,600
1.5 Module [24 keys]	19,080	SF	\$270.00	\$5,151,600
Double/Double [72 keys]	65,952	SF	\$270.00	\$17,807,040
Triple/Luxury Suite [12 keys]	15,804	SF	\$320.00	\$5,057,280
Quad/Presidential Suite [12 keys]	21,624	SF	\$370.00	\$8,000,880
Circulation		SF	\$210.00	M.E.

Total Construction Cost	645,840	SF	\$274.57	\$177,329,400
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#### The above \$ include the following markups

General Conditions	10.00%
Contractor's Bonds	1.00%
General Liability Insurance	1.00%
Contractor's OH&P	4.50%
Design Contingency	10.00%
Escalation - 3% per year	3.00%

# Chula Vista Hotel & Convention Center Development Budget Report

## Food & Beverage Component

### Food & Beverage Component

#### Construction Costs

Primary Restaurant-Dual Theme	10,769	SF	\$320.00	\$3,446,080
Specialty Restaurant	5,886	SF	\$320.00	\$1,883,520
Pool Bar & Grill	5,577	SF	\$340.00	\$1,896,180
Sports Bar	10,705	SF	\$320.00	\$3,425,600
Lobby Bar	5,711	SF	\$320.00	\$1,827,520
Men's Restroom	501	SF	\$270.00	\$135,270
Women's Restroom	413	SF	\$270.00	\$111,510
Circulation		SF	\$210.00	M.E.

Total Construction Cost	39,562	SF	\$321.66	\$12,725,680
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#### The above \$ include the following markups

General Conditions	10.00%
Contractor's Bonds	1.00%
General Liability Insurance	1.00%
Contractor's OH&P	4.50%
Design Contingency	10.00%
Escalation - 3% per year	3.00%

# Chula Vista Hotel & Convention Center Development Budget Report

## Conference Facilities

### Conference Facilities Component

#### Construction Costs

Exhibit Hall	145,294	SF	\$290.00	\$42,135,260
Exhibit Hall Foyer	-	SF	\$290.00	/□CL
Exhibit Hall Storage	6,972	SF	\$130.00	\$906,360
Junior Ballroom No. 1	29,336	SF	\$290.00	\$8,507,440
Junior Ballroom Foyer		SF	\$290.00	/□CL
Junior Ballroom Storage		SF	\$130.00	/□CL
Junior Ballroom No. 2	29,336	SF	\$290.00	\$8,507,440
Junior Ballroom Foyer		SF	\$290.00	/□CL
Junior Ballroom Storage		SF	\$130.00	/□CL
Social Ballroom	9,972	SF	\$290.00	\$2,891,880
Social Ballroom Foyer		SF	\$290.00	/□CL
Social Ballroom Storage		SF	\$130.00	/□CL
Function Rooms 4k	11,817	SF	\$290.00	\$3,426,930
Function Rooms 2k	41,964	SF	\$290.00	\$12,169,560
Function Room	5,910	SF	\$290.00	\$1,713,900
Board Rooms [small]	5,382	SF	\$290.00	\$1,560,780
Board Rooms [large]	1,843	SF	\$290.00	\$534,470
Function Room Storage		SF	\$130.00	/□CL
Function Room Foyer		SF	\$130.00	/□CL
Business Center		SF	\$190.00	/□CL
Coat Room		SF	\$130.00	/□CL
Sound Room/AV Storage		SF	\$160.00	/□CL
Convention Registration	3,775	SF	\$250.00	\$943,750
Convention Coordinator Office	492	SF	\$200.00	\$98,400
Men's Toilet Rooms	3,520	SF	\$240.00	\$844,800
Women's Toilet Rooms	3,582	SF	\$240.00	\$859,680
Circulation		SF	\$250.00	M.E.

Total Construction Cost	299,195	SF	\$284.43	\$85,100,650
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#### The above \$ include the following markups

General Conditions	10.00%
Contractor's Bonds	1.00%
General Liability Insurance	1.00%
Contractor's OH&P	4.50%
Design Contingency	10.00%
Escalation - 3% per year	3.00%



# Chula Vista Hotel & Convention Center Development Budget Report

## Recreational

### Recreational Component

#### Construction Costs

Swimming Pool and Deck	1	LS	\$2,100,000.00	\$2,100,000
Fitness Center and Spa	13,463	SF	\$290.00	\$3,904,270
Wading Pool	1	LS	\$433,130.00	\$433,130
Tennis Courts	1	LS	\$78,750.00	\$78,750
Children's Area	1	LS	\$131,250.00	\$131,250
Game Room	1	LS	\$157,500.00	\$157,500
Women's Pool Toilets and Lockers	250	SF	\$240.00	\$60,000
Men's Pool Toilets and Lockers	250	SF	\$240.00	\$60,000
Circulation		SF	\$200.00	M.E.

Total Construction Cost	13,968	SF	\$495.77	\$6,924,900
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#### The above \$ include the following markups

General Conditions	10.00%
Contractor's Bonds	1.00%
General Liability Insurance	1.00%
Contractor's OH&P	4.50%
Design Contingency	10.00%
Escalation - 3% per year	3.00%

# Chula Vista Hotel & Convention Center

## Development Budget Report

### Food Service

#### Food Service Component

##### Construction Costs

Primary Restaurant Kitchen	10,391	SF	\$210.00	\$2,182,110
Specialty Restaurant Kitchen	3,690	SF	\$210.00	\$774,900
Sports Bar Restaurant Kitchen	6,741	SF	\$210.00	\$1,415,610
Banquet Kitchen Area	28,930	SF	\$190.00	\$5,496,700
Pool Bar Kitchen	1,500	SF	\$190.00	\$285,000
Pastry/Bake Shop		SF	\$240.00	/□CL
Coffee Market	5,254	SF	\$190.00	\$998,260
Function Room Pantry	3,702	SF	\$160.00	\$592,320
Associate Cafeteria		SF	\$240.00	\$0
Circulation		SF	\$190.00	M.E.

Total Construction Cost	60,208	SF	\$195.07	\$11,744,900
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##### The above \$ include the following markups

General Conditions	10.00%
Contractor's Bonds	1.00%
General Liability Insurance	1.00%
Contractor's OH&P	4.50%
Design Contingency	10.00%
Escalation - 3% per year	3.00%

# Chula Vista Hotel & Convention Center

## Development Budget Report

### Lobby & Retail

#### Lobby and Retail Component

##### Construction Costs

Main Lobby + Great Living Room	33,625	SF	\$350.00	\$11,768,750
Lobby Seating Area	28,405	SF	\$350.00	\$9,941,750
Gift Shop and Retail	10,190	SF	\$240.00	\$2,445,600
Coffee and Sundry Shop	1,881	SF	\$290.00	\$545,490
Lobby Restrooms	740	SF	\$240.00	\$177,600
Circulation		SF	\$250.00	M.E.

Total Construction Cost	74,841	SF	\$332.43	\$24,879,190
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##### The above \$ include the following markups

General Conditions	10.00%
Contractor's Bonds	1.00%
General Liability Insurance	1.00%
Contractor's OH&P	4.50%
Design Contingency	10.00%
Escalation - 3% per year	3.00%

# Chula Vista Hotel & Convention Center Development Budget Report

## Front Desk Reception/Office

### Front Desk Reception/Office Component

#### Construction Costs

Front Desk Reception	1,347	SF	\$240.00	\$323,280
VIP Check-In	2,177	SF	\$240.00	\$522,480
Concierge/valet	543	SF	\$240.00	\$130,320
Safety Deposit Box Viewing	735	SF	\$200.00	\$147,000
Administration Office Component	4,761	SF	\$180.00	\$856,980
Front Office Manager Office		SF	\$180.00	/□CL
Reservations Manager Office		SF	\$170.00	/□CL
Reservations Office		SF	\$170.00	/□CL
Switchboard/Tel Operators		SF	\$150.00	/□CL
General Cashiers Room	125	SF	\$150.00	\$18,750
Counting Room		SF	\$150.00	/□CL
Copy/Coffee/File Room		SF	\$150.00	/□CL
Luggage Storage Room	648	SF	\$150.00	\$97,200
Circulation		SF	\$160.00	M.E.

Total Construction Cost	10,336	SF	\$202.79	\$2,096,010
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#### The above \$ include the following markups

General Conditions	10.00%
Contractor's Bonds	1.00%
General Liability Insurance	1.00%
Contractor's OH&P	4.50%
Design Contingency	10.00%
Escalation - 3% per year	3.00%

# Chula Vista Hotel & Convention Center Development Budget Report

## Back of House

### Back of House Component

#### Construction Costs

House Laundry	3,880	SF	\$190.00	\$737,200
Uniform Issue and Storage	1,820	SF	\$140.00	\$254,800
Executive Housekeepers Office	150	SF	\$180.00	\$27,000
Assistant Housekeepers Office	150	SF	\$180.00	\$27,000
Head Houseman's storage	1,782	SF	\$180.00	\$320,760
Active Linen Storage Room	4,535	SF	\$130.00	\$589,550
Soiled Linen Room	2,860	SF	\$130.00	\$371,800
Lost and Found	150	SF	\$140.00	\$21,000
Female Associate Locker and Toilet Room	3,256	SF	\$240.00	\$781,440
Male Associate Locker and Toilet Room	4,006	SF	\$240.00	\$961,440
Security/Timekeeper Office	125	SF	\$150.00	\$18,750
Director of Personnel Office	175	SF	\$150.00	\$26,250
Interview Office	125	SF	\$150.00	\$18,750
Reception/Application Area	150	SF	\$150.00	\$22,500
Assistant Personnel Office	125	SF	\$150.00	\$18,750
Computer Room	150	SF	\$150.00	\$22,500
In-Room Movie Equipment Room	100	SF	\$150.00	\$15,000
Telephone Equipment Room	150	SF	\$150.00	\$22,500
Baggage/package Room	150	SF	\$130.00	\$19,500
China, Glass and Silver Storage	2,446	SF	\$130.00	\$317,980
Circulation		SF	\$130.00	M.E.

Total Construction Cost	26,285	SF	\$174.79	\$4,594,470
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#### The above \$ include the following markups

General Conditions	10.00%
Contractor's Bonds	1.00%
General Liability Insurance	1.00%
Contractor's OH&P	4.50%
Design Contingency	10.00%
Escalation - 3% per year	3.00%

# Chula Vista Hotel & Convention Center Development Budget Report

## Administration Office

### Administration Component

#### Construction Costs

Executive Reception Area	150	SF	\$240.00	\$36,000
General Managers Office	150	SF	\$240.00	\$36,000
Operations Director Office	125	SF	\$240.00	\$30,000
Sales Director Office	1,217	SF	\$190.00	\$231,230
Sales Rep Office	750	SF	\$190.00	\$142,500
Convention Services	125	SF	\$190.00	\$23,750
Banquet Manager's Office	125	SF	\$190.00	\$23,750
Food and Beverage Manager's Office	150	SF	\$190.00	\$28,500
Controller's Office	125	SF	\$190.00	\$23,750
Assistant Controller's Office	492	SF	\$190.00	\$93,480
General Accounting Office	125	SF	\$190.00	\$23,750
Men's Toilet Room	125	SF	\$240.00	\$30,000
Women's Toilet Room	400	SF	\$240.00	\$96,000
Storage	125	SF	\$130.00	\$16,250
Circulation		SF	\$150.00	M.E.

Total Construction Cost	4,184	SF	\$199.56	\$834,960
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#### The above \$ include the following markups

General Conditions	10.00%
Contractor's Bonds	1.00%
General Liability Insurance	1.00%
Contractor's OH&P	4.50%
Design Contingency	10.00%
Escalation - 3% per year	3.00%



# Chula Vista Hotel & Convention Center

## Development Budget Report

### Circulation

#### Engineering Component

##### Construction Costs

###### Pre-Function:

Exhibit Hall [Level 01]	69,506	SF	\$250.00	\$17,376,500
Arrival Floor [Level 02]	25,590	SF	\$140.00	\$3,582,600
Ballroom Level 2 [Level 03]	25,516	SF	\$250.00	\$6,379,000

###### Service Corridor:

Exhibit Hall [Level 01]	31,932	SF	\$180.00	\$5,747,760
Arrival Floor [Level 02]	22,061	SF	\$180.00	\$3,970,980
Ballroom Level 2 [Level 03]	17,101	SF	\$180.00	\$3,078,180
Basement [Level B1]	14,042	SF	\$130.00	\$1,825,460

###### Corridor:

Spa Level - Hotel 01 [Level 04]	7,792	SF	\$210.00	\$1,636,320
Hotel - 02 [Level 05]	6,847	SF	\$210.00	\$1,437,870
Hotel - 03 [Level 06]	6,847	SF	\$210.00	\$1,437,870
Hotel - 04 [Level 07]	6,847	SF	\$210.00	\$1,437,870
Hotel - 05 [Level 08]	6,847	SF	\$210.00	\$1,437,870
Hotel - 06 [Level 07]	6,847	SF	\$210.00	\$1,437,870
Hotel - 07 [Level 08]	6,847	SF	\$210.00	\$1,437,870
Hotel - 08 [Level 09]	6,847	SF	\$210.00	\$1,437,870
Hotel - 09 [Level 10]	6,847	SF	\$210.00	\$1,437,870
Hotel - 10 [Level 11]	6,847	SF	\$210.00	\$1,437,870
Hotel - 11 [Level 12]	6,847	SF	\$210.00	\$1,437,870
Hotel - 12 [Level 13]	6,847	SF	\$210.00	\$1,437,870
Hotel - 13 [Level 14]	6,847	SF	\$210.00	\$1,437,870
Hotel - 14 [Level 15]	6,847	SF	\$210.00	\$1,437,870
Hotel - 15 [Level 16]	6,847	SF	\$210.00	\$1,437,870
Hotel - 16 [Level 17]	6,847	SF	\$210.00	\$1,437,870
Hotel - 17 [Level 18]	6,847	SF	\$210.00	\$1,437,870
Hotel - 18 [Level 19 PENTHOUSE]	6,847	SF	\$210.00	\$1,437,870

Total Construction Cost	329,939	SF	\$206.22	\$68,040,590
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##### The above \$ include the following markups

General Conditions	10.00%
Contractor's Bonds	1.00%
General Liability Insurance	1.00%
Contractor's OH&P	4.50%
Design Contingency	10.00%
Escalation - 3% per year	3.00%

# Chula Vista Hotel & Convention Center

## Development Budget Report

### Receiving & Storage

#### Receiving & Storage Component

##### Construction Costs

Loading Dock	12,560	SF	\$130.00	\$1,632,800
Receiving Areas	2,238	SF	\$130.00	\$290,940
Receiving Office/Storage Room	493	SF	\$150.00	\$73,950
HR Office	1,771	SF	\$150.00	\$265,650
Food & Beverage Office	492	SF	\$150.00	\$73,800
General & Bulk Storage	4,416	SF	\$130.00	\$574,080
Dry Food Storage	3,882	SF	\$130.00	\$504,660
Refrigerated Food Storage	3,964	SF	\$170.00	\$673,880
Refrigerated Beverage Storage	3,596	SF	\$170.00	\$611,320
Active Linen Storage	4,498	SF	\$150.00	\$674,700
House Laundry	3,675	SF	\$130.00	\$477,750
House Keeping	2,055	SF	\$130.00	\$267,150
Trash Room	572	SF	\$130.00	\$74,360
Circulation		SF	\$130.00	M.E.

Total Construction Cost	44,212	SF	\$140.12	\$6,195,040
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##### The above \$ include the following markups

General Conditions	10.00%
Contractor's Bonds	1.00%
General Liability Insurance	1.00%
Contractor's OH&P	4.50%
Design Contingency	10.00%
Escalation - 3% per year	3.00%

# Chula Vista Hotel & Convention Center Development Budget Report

## Engineering

### Engineering Component

#### Construction Costs

Boiler Room	7,760	SF	\$130.00	\$1,008,800
Mechanical Equipment	10,846	SF	\$130.00	\$1,409,980
Switchgear Room	1,552	SF	\$130.00	\$201,760
Air Handling	4,656	SF	\$130.00	\$605,280
Penthouse Equipment	3,129	SF	\$130.00	\$406,770
Transformer Room	750	SF	\$130.00	\$97,500
Pool Equipment	250	SF	\$130.00	\$32,500
Director of Engineering Office	150	SF	\$150.00	\$22,500
Assistant Engineer's Office	100	SF	\$150.00	\$15,000
General Maintenance Shop	3,104	SF	\$130.00	\$403,520
Paint Shop	200	SF	\$130.00	\$26,000
Carpentry Shop	250	SF	\$130.00	\$32,500
Electrical and Plumbing Shop	250	SF	\$130.00	\$32,500
TV Repair Shop	250	SF	\$130.00	\$32,500
Circulation		SF	\$130.00	M.E.
Infrastructure (allowance)	48,000	SF	\$130.00	\$6,240,000

Total Construction Cost	81,247	SF	\$130.06	\$10,567,110
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#### The above \$ include the following markups

General Conditions	10.00%
Contractor's Bonds	1.00%
General Liability Insurance	1.00%
Contractor's OH&P	4.50%
Design Contingency	10.00%
Escalation - 3% per year	3.00%

# Chula Vista Hotel & Convention Center

## Development Budget Report

### Parking Garage

#### Parking Garage Component

**Construction Costs**

Parking Spaces	604,395	SF	\$120.00	\$72,527,400
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Total Construction Cost	604,395	SF	\$120.00	\$72,527,400
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The above \$ include the following markups

General Conditions	10.00%
Contractor's Bonds	1.00%
General Liability Insurance	1.00%
Contractor's OH&P	4.50%
Design Contingency	10.00%
Escalation - 4% per year	4.00%

# Chula Vista Hotel & Convention Center

## Development Budget Report

### Site Development

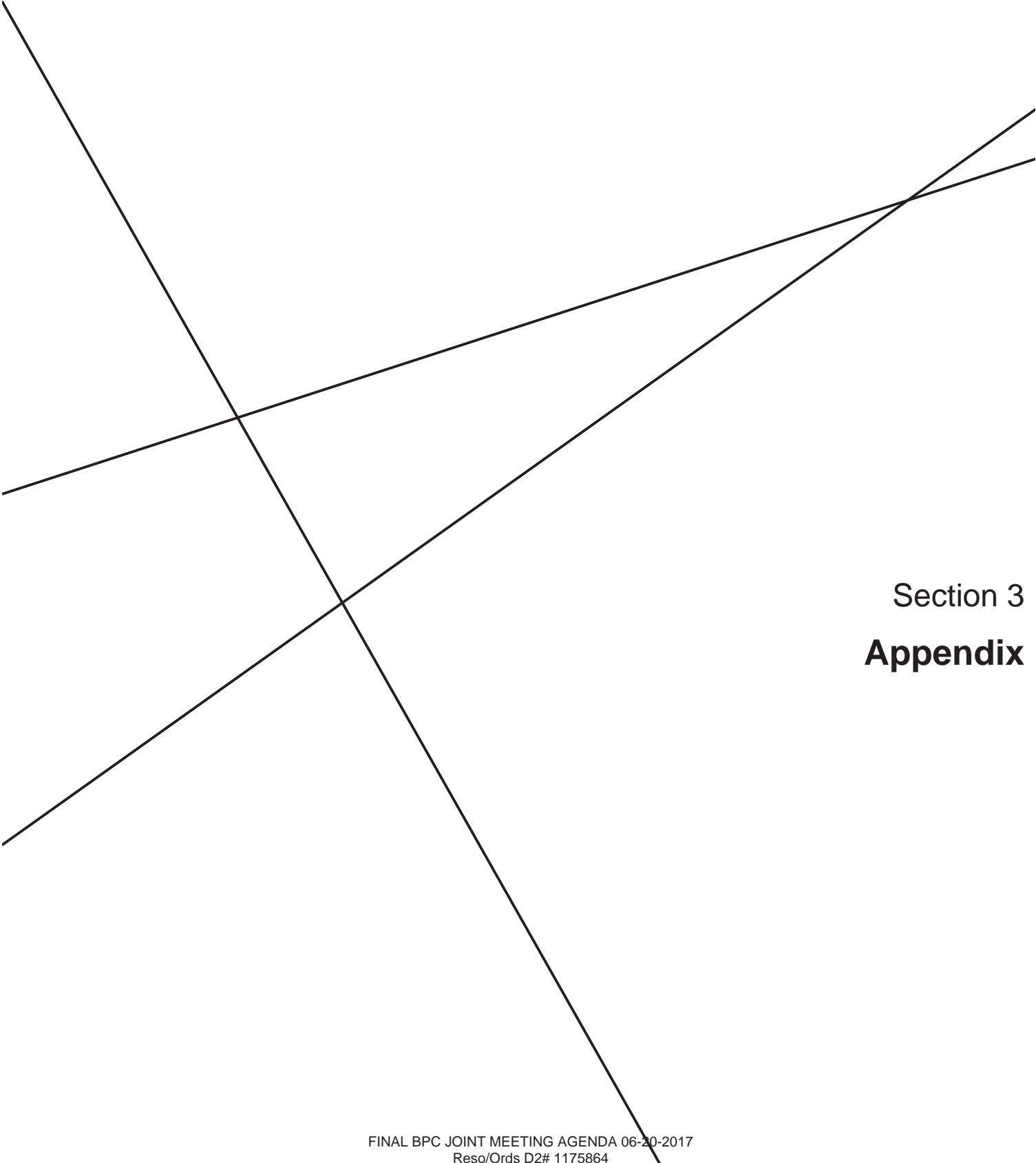
#### Site Development Component

**Construction Costs**

Site Development	1	LS	\$30,000,000.00	\$30,000,000
Total Construction Cost	1	SF	\$30,000,000.00	\$30,000,000

The above \$ include the following markups

General Conditions	10.00%
Contractor's Bonds	1.00%
General Liability Insurance	1.00%
Contractor's OH&P	4.50%
Design Contingency	10.00%
Escalation - 3% per year	3.00%



## Section 3 **Appendix**



CHULA VISTA

BALFOUR BEATTY BALFOUR BEATTY BALFOUR BEATTY BALFOUR BEATTY BALFOUR BEATTY

DIVISION	DESCRIPTION	2,247,521 gsf TOTAL	1,161,364 gsf 1- SITE	604,395 gsf 1- PARKING	637,774 gsf 1- CONFERENCE	1,005,352 gsf 1- HOTEL
010100	GENERAL CONDITIONS	\$28,036,291	\$2,955,225	\$2,454,458	\$8,970,564	\$13,656,054
010200	GENERAL REQUIREMENTS	\$15,561,120	\$1,640,253	\$1,362,310	\$4,978,971	\$7,579,587
010300	HOIST EQUIPMENT	\$7,925,261	\$0	\$0	\$670,791	\$7,254,470
010400	INDIRECT EXPENSES	\$2,443,512	\$464,546	\$224,664	\$402,665	\$1,351,638
010500	PRECONSTRUCTION SERVICES	\$2,018,728	\$212,798	\$176,731	\$645,917	\$983,292
020000	EXISTING CONDITIONS	\$0	\$0	\$0	\$0	\$0
030000	CONCRETE	\$99,353,739	\$4,691	\$23,178,742	\$26,487,461	\$39,682,844
040000	MASONRY	\$296,351	\$0	\$296,351	\$0	\$0
050000	METALS	\$27,078,046	\$851,246	\$183,500	\$22,140,100	\$3,903,200
060000	WOOD & PLASTICS	\$14,695,364	\$0	\$529,780	\$3,893,063	\$10,272,520
070000	THERMAL AND MOISTURE PROTECTION	\$15,383,150	\$1,264,105	\$2,365,654	\$9,683,223	\$2,070,168
080000	OPENINGS	\$53,688,608	\$1,458,485	\$192,194	\$10,825,380	\$42,212,549
090000	FINISHES	\$104,655,519	\$871,023	\$14,260,442	\$34,961,317	\$54,562,737
100000	SPECIALTIES	\$8,674,483	\$15,000	\$16,117	\$6,253,007	\$2,390,359
110000	EQUIPMENT	\$1,033,980	\$0	\$650,000	\$4,500	\$379,480
120000	FURNISHINGS	\$541,788	\$381,000	\$37,500	\$0	\$123,288
130000	SPECIAL CONSTRUCTION	\$47,488,699	\$31,594,150	\$240,559	\$253,844	\$15,400,146
140000	CONVEYING EQUIPMENT	\$34,273,000	\$0	\$2,746,000	\$10,438,000	\$21,089,000
210000	FIRE SUPPRESSION	\$6,900,161	\$0	\$742,333	\$2,093,933	\$4,063,895
220000	PLUMBING	\$38,235,616	\$63,653	\$774,047	\$3,803,389	\$33,594,528
230000	HVAC	\$64,746,869	\$0	\$7,807,076	\$30,757,416	\$26,182,377
260000	ELECTRICAL	\$52,368,854	\$2,531,774	\$2,670,048	\$25,019,597	\$22,147,436
310000	EARTHWORK	\$18,128,679	\$5,732,765	\$4,091,760	\$2,705,299	\$5,598,855
320000	EXTERIOR IMPROVEMENTS	\$21,168,959	\$20,009,956	\$327,692	\$650,678	\$180,633
330000	UTILITIES	\$3,709,206	\$3,709,206	\$0	\$0	\$0
950000	INSURANCE, BONDS, TAXES	\$7,779,249	\$819,988	\$681,040	\$2,489,066	\$3,789,155
960000	CONTINGENCIES	\$32,920,299	\$3,470,034	\$2,882,032	\$10,533,252	\$16,034,981
	SUBTOTAL	\$699,105,531	\$77,049,888	\$68,891,030	\$218,661,423	\$334,503,192
	FEE	\$27,614,668	\$3,043,471	\$2,721,196	\$8,637,126	\$13,212,876
	TOTAL	\$726,720,199	\$80,093,359	\$71,612,226	\$227,298,549	\$347,716,068

COST PER UNIT

5.0% ESCALATION ALLOWANCE to mid 2018	#####	\$339.51	\$84,098,026.95	\$72.41	#####	#####
2.5% ESCALATION ALLOWANCE to end 2018	#####	\$348.00	\$86,200,477.62	\$74.22	#####	#####
2.5% ESCALATION ALLOWANCE to mid 2019	#####	\$356.70	\$88,355,489.56	\$76.08	#####	#####

COST DELTA - APRIL 2016 TO CURRENT COSTS

RIDA/Balfour Beatty Cost Breakdown							AECOM Analysis	
Division	Code	Description	Quantity	Total Cost/Unit	Total Amount	Notes	Total Cost/Unit	Total Amount
010100		GENERAL CONDITIONS	33.00 MO	849,584.58	28,036,291		849,584.58	28,036,291.14
		General Conditions	33.00 mos	849,584.58	28,036,291		849,584.58	28,036,291.14
		010100 General Conditions	33.00 mos	849,584.58	28,036,291	Please provided a breakdown of time and fixed related costs to back up costs per month.	849,584.58	28,036,291.14
010200		GENERAL REQUIREMENTS	33.00 MO	471,549.00	15,561,120.00		471,549.00	15,561,117.00
		General Requirements	33.00 mos	471,549.00	15,561,120.00		471,549.00	15,561,117.00
		010100 General Conditions	33.00 mos	471,549.00	15,561,120.00	Please provided a breakdown of time and fixed related costs to back up costs per month.	471,549.00	15,561,117.00
010300		HOIST EQUIPMENT	33.00 MO	7,925,261.40	2,443,512.09		7,925,261.40	2,443,512.09
		Tower Crane	33.00 mos	7,925,261.40	2,443,512.09		7,925,261.40	2,443,512.09
		010300 General Conditions	33.00 mos	7,925,261.40	2,443,512.09	Final Clean included in General Conditions??	7,925,261.40	2,443,512.09
010400		INDIRECT EXPENSES	33.00 MO	240,159.42	7,925,261.40		240,159.42	7,925,261.40
		Survey	33.00 mos	240,159.42	7,925,261.40		240,159.42	7,925,261.40
		010400 General Conditions	33.00 mos	240,159.42	7,925,261.40	Final Clean included in General Conditions??	240,159.42	7,925,261.40
010500		PRECONSTRUCTION SERVICES	1.00 LS	2,018,728.04	2,018,728.04		2,018,728.04	2,018,728.04
		Pre-Construction Services	1.00 LS	2,018,728.04	2,018,728.04		2,018,728.04	2,018,728.04
		010501 Pre-Construction Services	1.00 LS	2,018,728.04	2,018,728.04	Please provide more detail to what this is pertaining to?	2,018,728.04	2,018,728.04
020000		EXISTING CONDITIONS	2,247,521.00 SF	2,018,728.04	2,018,728.04		2,018,728.04	2,018,728.04
		Existing Conditions	2,247,521.00 SF	2,018,728.04	2,018,728.04		2,018,728.04	2,018,728.04
		020001 Existing Conditions	2,247,521.00 SF	2,018,728.04	2,018,728.04		2,018,728.04	2,018,728.04

RIDA/Balfour Beatty Cost Breakdown							AECOM Analysis			
Division	Code	Description	Quantity	Total Cost/Unit	Total Amount	Notes	Total Cost/Unit	Total Amount	Notes	
022116	022116	Crack Survey	-	-	-	-	-	-	-	
		1 Preconstruction Photo Survey	-	-	-	-	-	-	-	
		1 Crack Survey Monitoring	-	-	-	-	-	-	-	
		022116 Crack Survey	2,247,521.00	-	-	-	-	-	-	
		Demo / Existing Conditions	-	-	-	-	-	-	-	
		1 General Site Demolition	-	-	-	-	-	-	-	
		1 Existing Building & Foundation Demolition	-	-	-	-	-	-	-	
		1 Sidewalk/Curb Demolition	-	-	-	-	-	-	-	
		1 Demo Street	-	-	-	-	-	-	-	
		1 Demo Existing UG Utilities	-	-	-	-	-	-	-	
024100	024100	010410 Final Clean-Up	-	-	-	-	-	-	-	
		024100 Final Clean-Up	2,247,521.00	-	-	-	-	-	-	
		020000 EXISTING CONDITIONS	2,247,521.00	SF	-	-	-	-	-	-
		CONCRETE	2,247,521.00	SF	39.76	89,353,739	-	39.76	89,353,432.01	-
		2 Structural Concrete, BG Parking	288,969.58	sf	17.54	5,069,846	Excludes column corner guards	17.54	5,068,526.43	-
		3 Structural Concrete, Conference Center	637,774.49	sf	39.96	25,483,974	-	39.96	25,485,468.62	-
		4 Structural Concrete, Hotel	1,005,351.93	sf	37.28	37,480,590	-	37.28	37,479,519.95	-
		4 Sack and Patch deck edge, Hotel	21,600.00	sf	-	-	Included in Structural Concrete	-	500,000.00	-
		4 Concrete Safety - nets, outriggers, curtains	1,000	ls	-	-	-	-	-	-
		1 Pile Caps, Piers	1,000	ls	-	-	-	-	-	-
030000	030000	2 Pile Caps, AG Parking (incl. structural excavation)	2,112.00	cy	-	-	-	-	-	
		2 Pile Caps, BG Parking (incl. structural excavation)	21,504.00	cy	-	-	-	-	-	-
		3 Pile Caps, Conference (incl. structural excavation)	2,623.84	cy	-	-	-	-	-	-
		4 Pile Caps, Hotel (incl. structural excavation)	8,502.22	cy	-	-	-	-	-	-
		15" SOG, Site Water Slide Buildings	12.35	cy	380.00	4,691	-	380.00	4,693.00	-
		25" SOG, AG Parking	847.41	cy	-	-	-	-	-	-
		45" SOG, Site Bar & Grille/Restroom Building	107.55	cy	380.00	40,889	Included in turnkey parking garage pricing	-	40,889.00	-
		12" Mat Foundation Concrete, BG Parking	10,702.58	cy	-	-	-	-	-	-
		12" Mat Foundation Concrete, Conference (outside B1 parking)	6,431.48	cy	-	-	-	-	-	-
		17" Mat Foundation Concrete, Hotel	1,700.67	cy	-	-	-	-	-	-
034100	034100	2 SOG Rebar, Free-Standing Parking	84,740.74	sf	-	-	-	-	-	-
		2 Mat Foundation Reinforcing, BG Parking	2,311,756.62	sf	-	-	-	-	-	-
		3 Mat Foundation Reinforcing, Conference	1,389,200.00	sf	-	-	-	-	-	-
		4 Mat Foundation Reinforcing, Hotel	367,344.00	sf	-	-	-	-	-	-
		2 Mud Slab, B1 Parking	288,969.58	sf	-	-	-	-	-	-
		3 Mud Slab, B1 Parking	595,424.49	sf	-	-	-	-	-	-
		4 Mud Slab, Hotel	963,466.93	sf	-	-	-	-	-	-
		2 Protection Slab, B1 Parking	288,969.58	sf	-	-	-	-	-	-
		3 Protection Slab, Conference	595,424.49	sf	-	-	-	-	-	-
		4 Protection Slab, Hotel	963,466.93	sf	-	-	-	-	-	-
040000	040000	1 Suspended Deck Area, Site on BG Parking Structure	63,653.00	ssf	-	-	-	-	-	-
		2 Suspended Deck Area, AG Parking	274,960.00	ssf	-	-	-	-	-	-
		3 Suspended Deck Area, Conference	224,109.00	ssf	-	-	-	-	-	-
		3 3/4" 12" lightweight on metal deck, Conference	234,769.00	ssf	-	-	-	-	-	-
		Suspended Deck Area, Hotel	914,327.00	ssf	-	-	-	-	-	-
		Install Embeds	849.00	ea	52.00	44,148	Curtainwall, building maintenance, roof screen	52.00	44,148.00	-
		Fire Water Storage Tank	1,000	ls	30,000.00	30,000.00	-	30,000.00	30,000.00	-
		Cuts & Pads Allowance, Conference	1,000	ea	-	-	-	-	-	-
		Cuts & Pads Allowance, Hotel	1,000	ea	-	-	-	-	-	-
		Grouting elevator sills, AG Parking	12.00	stops	150.00	1,800.00	-	150.00	1,800.00	-
042000	042000	Grouting elevator sills, BG Parking	26.00	stops	150.00	3,900.00	-	150.00	3,900.00	-
		Grouting elevator sills, BG Parking	58.00	stops	150.00	8,700.00	-	150.00	19,200.00	-
		Grouting elevator sills, Conference	128.00	stops	150.00	19,200	-	0.03	9,462.75	-
		Concrete Layout & Equipment, AG Parking	315,425.00	sf	0.03	10,953	-	0.03	8,669.09	-
		Concrete Layout & Equipment, BG Parking	288,969.58	sf	0.03	10,034	-	0.03	19,133.23	-
		Concrete Layout & Equipment, Conference	22,174.49	sf	0.03	22,147	-	0.03	19,133.23	-
		Concrete Layout & Equipment, Hotel	1,005,351.93	sf	0.03	34,911	-	0.03	30,160.56	-
		Concrete Safety & Maintenance, AG Parking	315,425.00	sf	0.77	241,826	-	0.77	242,877.25	-
		Concrete Safety & Maintenance, BG Parking	288,969.58	sf	0.77	221,543	-	0.77	222,506.58	-
		Concrete Safety & Maintenance, Conference	637,774.49	sf	0.77	488,960	-	0.77	491,086.36	-
044000	044000	Concrete Safety & Maintenance, Hotel	1,005,351.93	sf	0.77	770,769	-	0.77	774,120.99	-
		Composite Crew & Cleanup, AG Parking	315,425.00	sf	0.76	239,215	-	0.76	239,723.00	-
		Composite Crew & Cleanup, BG Parking	288,969.58	sf	0.76	219,151	-	0.76	219,616.88	-
		Composite Crew & Cleanup, Conference	637,774.49	sf	0.76	483,881	-	0.76	484,708.61	-
		Composite Crew & Cleanup, Hotel	1,005,351.93	sf	0.76	762,447	-	0.76	764,067.47	-
		030000 Catch-In-Place Concrete	2,247,521.00	ls	32.12	72,191,465.00	-	32.12	72,191,157.76	-
		Catch-In-Place Parking Structure	315,425.00	sf	54.41	17,162,274	Turnkey, including pole foundation, Excludes column corner guards	54.41	17,162,274.25	-
		2 AG parking Structure, turnkey	2,247,521.00	ls	7.64	17,162,274	-	7.64	17,162,274.25	-
		034601 Architectural Precast Concrete Panels	-	-	-	-	-	-	-	-
		030000 CONCRETE	2,247,521.00	SF	39.76	89,353,739	-	39.76	89,353,432.01	-
040000	040000	030000 CONCRETE	2,247,521.00	SF	39.76	89,353,739	-	39.76	89,353,432.01	-
		MASONRY	2,247,521.00	SF	0.13	296,351	-	0.13	296,350.88	-
		Concrete Unit Masonry	-	-	-	-	-	-	-	-
		2 Gauge CMU, AG	7,756.20	sf	-	-	-	-	-	-
042000	042000	2 Gauge CMU, AG	7,756.20	sf	-	-	-	-	-	-
		2 Gauge CMU, BG	10,583.96	sf	28.00	296,351	Included in turnkey Parking structure	28.00	296,350.88	-
044000	044000	3 Conference CMU	-	sf	-	-	-	-	-	-
										Rate of \$28 p/sf high

RIDA/Balfour Beatty Cost Breakdown							AECOM Analysis		
Division	Code	Description	Quantity	Total Cost/Unit	Total Amount	Notes	Total Cost/Unit	Total Amount	Notes
050000		4 Hotel CMU	-	-	296,351	NIC, excluded	0.13	296,350.88	
		042000 Concrete Unit Masonry	2,247,521.00	SF	296,351		0.13	296,350.88	
		040000 MASONRY	2,247,521.00	SF	296,351				
		METALS	2,247,521.00	SF	27,078,046		12.05	27,078,053.40	
		Structural Steel							Cost per ton high
		3 Structural Steel, Conference Exhibit Hall	1,980.00	tons	5,560.61	11,010,000		5,560.61	11,010,007.80
		3 Structural Steel, Conference Space	2,694.00	tons	3,900.00	10,506,600		3,900.00	10,506,600.00
		3 Structural Steel, Interior Living Room	112.00	tons	6,000.00	672,000		6,000.00	672,000.00
		4 Structural Steel, Porte Cochere	1.00	ls	60,000.00	60,000		60,000.00	60,000.00
		042000 Concrete Unit Masonry	2,247,521.00	SF	9.90	22,248,600		9.90	22,248,607.80
055003		Miscellaneous Metals							
		1 Ornamental Fence, Site Perimeter (includes Gates)	2,578.00	#	150.00	386,700		150.00	386,700.00
		1 Misc Metals, Site	1,161,384.00	SF	0.40	464,546		0.40	464,545.60
		2 Misc Metals, AG Parking	6.00	ft	-	-		-	-
		2 Misc Metals, BG Parking	1.00	ft	80,000.00	80,000		80,000.00	80,000.00
		3 Misc Metals, Conference	3.00	ft	80,000.00	240,000		80,000.00	240,000.00
		3 Elevator divider screens for construction use, Conference	3.00	ft	2,500.00	7,500	Allowance	2,500.00	7,500.00
		4 Misc Metals, Hotel	20,000	ft	22,000.00	440,000		22,000.00	440,000.00
		3 Elevator divider screens for construction use, Hotel	20.00	#	5,000.00	100,000	Allowance	5,000.00	100,000.00
		3 Roof Doghouses, Conference	1.00	ls	-	-	Included in Building Steel Pricing	-	-
055100		4 Roof Doghouses, Hotel	1.00	ls	-	-	Included in Building Steel Pricing	-	-
		4 Mechanical Screen Supports, Hotel	1,536.00	#	450.00	681,200		450.00	681,200.00
		042000 Concrete Unit Masonry	2,247,521.00	SF	1.07	2,409,946		1.07	2,409,945.60
		Stairs & Stair Railings							
		2 Stairs & Railings, AG Parking	6.00	ftls	-	-	Included in Turnkey Parking Structure	-	-
		2 Stairs & Railings, BG Parking	3.00	ftls	34,500.00	103,500		34,500.00	103,500.00
		3 Stairs & Railings, Conference	6.00	ftls	287,000	69,000		287,000.00	69,000.00
		3 Stairs & Railings, Conference to Roof	2.00	ftls	34,500.00	69,000		34,500.00	69,000.00
		4 Stairs & Railings, Hotel Lobby Living Room	2.00	ftls	150,000.00	300,000	Allowance	150,000.00	300,000.00
		4 Stairs & Railings, Hotel to Roof	2.00	ftls	20,000.00	40,000		20,000.00	40,000.00
060000		042000 Stair & Stair Railings	2,247,521.00	SF	1.08	2,419,900		1.08	2,419,900.00
		050000 METALS	2,247,521.00	SF	12.05	27,078,046		12.05	27,078,053.40
		WOOD & PLASTICS	2,247,521.00	SF	6.54	14,695,364.00		6.54	14,703,124.47
		Rough Carpentry							
		2 Rough Carpentry, AG Parking	315,425.00	SF	0.77	241,824		0.77	242,877.25
		2 Rough Carpentry, BG Parking	288,969.58	SF	0.77	221,541		0.77	222,506.58
		3 Rough Carpentry, Conference	637,774.49	ftls	0.77	488,956		0.77	491,086.36
		4 Rough Carpentry, Hotel	1,005,351.93	ftls	0.77	770,763		0.77	774,120.99
		042000 Stair & Stair Railings	2,247,521.00	SF	0.77	1,723,044		0.77	1,730,591.17
		Finish Carpentry							
062200		4 Cabinets, Hotel Bath Vanities (NIC, OFOI)	-	-	-		-	-	
		4 Cabinets, Hotel Bath Vanities (NIC, OFOI)	12.00	ea	4,000.00	48,000		4,000.00	48,000.00
		4 Cabinets, Hotel Bath Vanities (NIC, OFOI)	12.00	ea	10,000.00	120,000		10,000.00	120,000.00
		4 Cabinets, Kitchen Presidential Suites (Bulr-h)	45,759.92	#	7.00	320,317.4		7.00	320,317.34
		3 Wood Bars, Conference Exhibit	29,522.25	ft	7.00	206,655.75		7.00	206,655.65
		3 Wood Bars, Conference Circulation	109,321.55	ft	7.00	765,250.85		7.00	765,250.75
		4 Wood Bars, Hotel Corridors	14,108.10	ft	7.00	98,765.7		7.00	98,766.70
		4 Wood Bars, Hotel Lobby, Amenity, Board Rooms	22,031.07	ft	7.00	154,217.49		7.00	154,217.49
		3 Milwork Package, Convention Registration	1,161.72	SF	100.00	116,172		100.00	116,172.00
		3 Milwork Package, Convention BOH Misc.	1.00	ls	100,000.00	100,000		100,000.00	100,000.00
066000		3 Milwork Package, Conference Refecton	129,489.46	SF	20.00	2,589,969.20		20.00	2,589,969.20
		4 Milwork Package, Hotel Restaurant Primary Duet Theme	6,319.67	SF	60.00	693,746		60.00	693,746.40
		4 Milwork Package, Hotel Restaurant Primary Specialty	11,582.44	SF	60.00	379,180		60.00	379,180.20
		4 Milwork Package, Hotel Restaurant Sports Bar	11,483.72	SF	60.00	689,623		60.00	689,623.20
		4 Milwork Package, Hotel Restaurant Pool Bar/Gill	5,987.90	SF	60.00	359,274		60.00	359,274.00
		4 Milwork Package, Hotel Restaurant Lobby Bar	4,759.61	SF	60.00	285,577		60.00	285,576.60
		4 Milwork Package, Hotel Gift Shop	10,940.78	SF	60.00	656,447		60.00	656,446.80
		4 Milwork Package, Hotel Coffee/Sundry	2,019.59	SF	60.00	121,175		60.00	121,175.40
		4 Milwork Package, Hotel Lobby/Great Living Room	69,486.30	SF	60.00	4,169,178		60.00	4,169,178.00
		4 Milwork Package, Hotel Lobby Fitness & Spa	14,991.77	SF	60.00	899,506		60.00	899,506.20
070000		2 Composite Crew & Cleanup, AG Parking	315,425.00	SF	0.11	34,661.75		0.11	34,666.75
		2 Composite Crew & Cleanup, BG Parking	14,991.77	SF	0.11	31,754		0.11	31,766.65
		3 Composite Crew & Cleanup, Conference	288,969.58	SF	0.11	70,683		0.11	70,685.19
		4 Composite Crew & Cleanup, Hotel	1,005,351.93	SF	0.11	110,593.6		0.11	110,595.19
		042000 Stair & Stair Railings	2,247,521.00	SF	5.77	13,472,270		5.77	13,472,533.30
		060000 WOOD & PLASTICS	2,247,521.00	SF	6.54	14,695,364.00		6.54	14,703,124.47
		THERMAL AND MOISTURE PROTECTION	2,247,521.00	SF	6.84	15,383,150		6.84	15,383,149.70
		Waterproofing & Dampproofing							
		1 WP @ South Side Retaining wall, Raised Hotel Drive Entrance	5,500.00	SF	7.00	38,500		7.00	38,500.00
		1 Foundation Drain @ South Side Retaining Wall	275.00	#	18.00	4,950		18.00	4,950.00
	1 WP @ Faux Rock Retaining Wall, 3' High, Site	723.00	SF	7.00	5,061		7.00	5,061.00	
	1 WP @ Faux Rock Retaining Wall, 11' High, Site	47,671.00	SF	7.00	333,697		7.00	333,697.00	

RIDA/Balfour Beatty Cost Breakdown					AECOM Analysis		
Division	Code	ID	Description	Quantity	Total Cost/Unit	Total Amount	Notes
			1 Foundation Drain @ Faux Rock Retaining Wall	4,574.00 lf	18.00	82,332.00	
			2 Waterproofing @ BG Parking Mat Horizontal	288,869.58 sf	8.00	2,311,757.57	
			3 Waterproofing @ Conference Outside BG Parking	173,650.00 sf	8.00	1,389,200.00	
			4 Waterproofing @ Hotel Mat	45,918.00 sf	8.00	367,344.00	
			5 Waterproofing @ Pool Bar/Grill	6,869.24 sf	8.00	55,754.00	
			1 Fluid Applied Membrane, Site over BG Parking	63,653.00 sf	8.00	509,224.00	
			3 Fluid Applied Membrane, Conference L03 Terrace	15,881.00 sf	8.00	127,048.00	
			4 Fluid Applied Membrane, Conference L03 Terrace	26,469.00 sf	8.00	211,752.00	
			4 Fluid Applied Membrane, Hotel L02 Terrace	3,854.00 sf	8.00	31,472.00	
			4 Fluid Applied Membrane, Hotel L04 Terrace	7,232.00 sf	8.00	57,856.00	
			4 Fluid Applied Membrane, Hotel Unit Balconies	307,919.00 sf	8.00	2,467,552.00	
			4 Fire Water Storage Tank - Hotel	1,600.00 sf	14.00	22,400.00	
			071000 Waterproofing & Dampproofing	2,247,521.00 sf	2.58	5,794,089.56	
			Thermal Insulation				
			3 Thermal Insulation, Conference	174,243.00 sf	1.02	177,727.86	
			4 Thermal Insulation, Hotel	19,000.00 sf	1.03	19,540.00	
			3 Fire Siding, Conference	174,243.00 sf	0.65	113,257.95	
			4 Fire Siding, Hotel	19,000.00 sf	0.65	11,700.00	
			072100 Thermal Insulation	2,247,521.00 sf	0.14	321,235.81	
			Air & Moisture Barrier				
			2 Air & Moisture Barrier, AG Parking	- ls	-	-	
			2 Air & Moisture Barrier, BG Parking	- ls	-	-	
			3 Air & Moisture Barrier, Conference	174,243.00 sf	0.65	113,257.95	
			4 Air & Moisture Barrier, Hotel	- ls	-	-	
			072726 Air & Moisture Barrier	2,247,521.00 sf	0.05	113,257.95	
			Membrane Roofing				
			3 Single-Ply Membrane Roofing, Conference Docks	12,040.00 sf	12.00	144,480.00	
			3 Single-Ply Membrane Roofing, Conference Mechanical	37,049.00 sf	12.00	444,588.00	
			3 Single-Ply Membrane Roofing, Conference L04	289,101.00 sf	15.00	4,337,515.00	
			3 Single-Ply Membrane Roofing, Conference L05	32,887.00 sf	15.00	493,305.00	
			4 Single-Ply Membrane Roofing & Insulation, Hotel	45,918.00 sf	15.00	688,770.00	
			4 Temp. Roof, Hotel	1.00 ls	50,000.00	50,000.00	
			3 Roof Walk Pads, Conference	1,500.00 sf	30.00	45,000.00	
			4 Roof Walk Pads, Hotel	1,500.00 sf	30.00	45,000.00	
			075000 Membrane Roofing	2,247,521.00 sf	2.77	6,232,658.00	
			Flashing & Sheet Metal				
			2 Flashing & Sheetmetal, AG Parking	6.00 lf	-	-	
			2 Flashing & Sheetmetal, BG Parking	1.00 lf	-	-	
			3 Flashing & Sheetmetal, Conference	100,000.00 lf	20.00	2,000,000.00	
			4 Flashing & Sheetmetal, Hotel	3.00 lf	300.00	300,000.00	
			3 Flashing & Sheetmetal, Hotel	20.00 lf	15,000.00	15,000.00	
			3 Expansion Joints, Conference Terrace Deck	129.00 lf	100.00	12,900.00	Allowance
			3 Expansion Joints, Conference/Hotel Roof	90.00 lf	90.00	56,160.00	Allowance
			3 Expansion Joints, Conference/Hotel Walls, Exterior	136.00 lf	90.00	12,240.00	Allowance
			4 Expansion Joints, Conference/Hotel Walls, Floors, Ceiling Interior	382.00 lf	100.00	36,200.00	Allowance
			4 Expansion Joints, Living Room/Hotel Roof and Walls Exterior	466.00 lf	90.00	41,940.00	Allowance
			4 Expansion Joints, Living Room/Hotel Interior	466.00 lf	100.00	46,600.00	Allowance
			4 Flashing & Sheetmetal, Hotel Deck Edge Cap Flashing	32,400.00 lf	-	-	Excluded
			072100 Thermal Insulation	2,247,521.00 sf	0.37	826,040.00	
			Fireproofing				
			3 Fireproofing, Conference	637,774.49 sf	2.61	1,664,591.42	
			4 Fireproofing, Hotel Interior Living Room Intumescent	112.00 ton	420.00	47,040.00	
			076000 Flashing & Sheet Metal	2,247,521.00 sf	0.76	1,711,631.42	
			Joint Sealants				
			1 Misc. Joint Sealants, Site	1,161,364.00 sf	0.25	290,341.00	
			2 Misc. Joint Sealants, AG Parking	1.00 ls	5,000.00	5,000.00	
			2 Misc. Joint Sealants, BG Parking	288,869.58 sf	0.10	28,886.96	
			3 Misc. Joint Sealants, Conference	1.00 ls	20,000.00	20,000.00	
			4 Misc. Joint Sealants, Hotel	1.00 ls	40,000.00	40,000.00	
			073201 Joint Sealants	2,247,521.00 sf	0.17	384,237.96	
			070000 THERMAL AND MOISTURE PROTECTION	2,247,521.00 SF	6.84	15,383,149.70	
			OPENINGS	2,247,521.00 SF	23.89	53,677,385.84	
			1 Doors, Frames & Hardware				
			1 Glass Doors, AG Parking	25.00 ls	-	-	
			1 Glass Doors, BG Parking	20.00 ls	1,250.00	25,000.00	
			1 Common Doors, Conference	600.00 ls	1,650.00	990,000.00	
			1 Common Doors, Hotel	500.00 ls	1,650.00	825,000.00	
			1 Room Entry Doors, Hotel	1,462.00 ea	1,200.00	1,754,400.00	
			2 Room Entry Door Electronic Entry Lock, Hotel	1,462.00 ea	-	-	
			3 Interior Doors, Hotel	1,642.00 ls	600.00	985,200.00	
			4 Fire Smoke Doors Conference	12.00 ls	3,800.00	45,600.00	
			4 Fire Smoke Doors Hotel	80.00 ls	3,800.00	304,000.00	
			1 Protection of Doors, Conference	300.00 ls	150.00	45,000.00	
			3 Protection of Doors, Hotel	2,000.00 ls	150.00	300,000.00	
			3 Composite Crew & Cleanup, AG Parking	315,425.00 ls	0.04	12,617.00	
			4 Composite Crew & Cleanup, BG Parking	288,869.58 ls	0.04	11,558.78	

RIDA/Balfour Beatty Cost Breakdown						
Division	Code	Description	Quantity	Total Cost/Unit	Total Amount	Notes
083323		4 Composite Crew & Cleanup, Conference	637,774.49 hrs	0.04	28,695	Parking Control Systems NIC Parking Control Systems NIC
		4 Composite Crew & Cleanup, Hotel	1,005,351.93 sf	0.04	45,234	
		081105 DF&H Labor	2,247,521.00 sf	2.39	5,375,323	
		Overhead Ceiling Doors				
		2 Parking Gates, AG	2.00 ea	20,000.00	40,000	
		2 Parking Gates, BG	4.00 ea	20,000.00	80,000	
		3 Loading Dock Garage Doors	6.00 ea	20,000.00	120,000	
		083323 Overhead Ceiling Doors	2,247,521.00 sf	0.11	240,000	
		Curtain Wall & Glazed Assemblies				
		4 Storeroom, Hotel Restaurant / Retail	8,460.00 sf	100.00	846,000	
084400		4 Window Wall System, Hotel	148,044.00 sf	95.00	14,084,180	
		3 Curtainwall, Conference Exhibit Entry	25,460.00 sf	140.00	3,587,200	
		3 Curtainwall, Conference Ballroom Prefunction Entry	32,855.00 sf	135.00	4,351,725	
		4 Curtainwall, Hotel Lobby Concourse	12,088.00 sf	120.00	1,450,560	
		4 Aluminum Panels, Hotel Skin	29,620.00 sf	70.00	2,068,400	
		4 Aluminum Panels, Hotel Mechanical Screen	15,360.00 sf	60.00	921,600	
		4 Interior Living Room Curtainwall Enclosure, Hotel	43,441.00 sf	155.00	6,733,355	
		4 Interior Living Room Overhead Glass Doors, Hotel	1.00 pair	600,000.00	600,000	
		3 Lobby Entry Doors, Bi-Parting Conference	8.00 ea	20,000.00	160,000	
		3 Swing Doors, Conference Entry	6.00 pairs	16,000.00	96,000	
089000		3 Glazed Vertical Lift Doors, Conference Ballroom Prefunction	15.00 ea	80,000.00	1,200,000	
		4 Glazed Vertical Lift Doors, Hotel Restaurant / Retail	4.00 ea	80,000.00	320,000	
		4 Aluminum Swing Doors, Hotel Restaurant / Retail	9.00 pr	16,000.00	144,000	
		4 All Balance Glass Doors, Hotel Lobby	2.00 pr	24,000.00	48,000	
		4 Sliding Glass Doors, Hotel Rooms	71,336.00 sf	105.00	7,469,280	
		4 Bi-Folding Doors, Hotel Restaurant / Retail	10.00 ea	60,000.00	600,000	
		4 Visual Mockup Allowance	1.00 ls	60,000.00	60,000	
		4 Testing Allowance	1.00 ls	360,000.00	360,000	
		1 Glass Handrail, Around Pools	-	-	-	
		1 Glass Handrail, Site Retaining Walls	1,951.00 lf	235.00	458,485	
089000		3 Glass Handrail, Conference Terraces	456.00 lf	235.00	107,160	
		4 Glass Handrail, Hotel Lobby Concourse & Grand Stairs	450.00 lf	235.00	105,750	
		4 Glass Handrail, Hotel Terraces	523.00 lf	235.00	122,905	
		4 Glass Handrail, Hotel Room Balconies	17.00 flrs	119,805.00	2,036,685	
		084400 Curtain Wall & Glazed Assemblies	2,247,521.00 sf	21.34	47,953,285	
		Louvers & vents				
		2 Misc. Louvers & Vents, AG Parking	1.00 ls	-	-	
		2 Misc. Louvers & Vents, BG Parking	1.00 ls	20,000.00	20,000	
		3 Misc. Louvers & Vents, Conference	1.00 ls	50,000.00	50,000	
		4 Misc. Louvers & Vents, Hotel	1.00 ls	50,000.00	50,000	
089000 Louvers & Vents		089000 Louvers & Vents	2,247,521.00 sf	0.05	120,000	
		Elevator vent included in turnkey Parking structure				
		080000 OPENINGS	2,247,521.00 SF	23.88	53,688,008	
		FINISHES	2,247,521.00 SF	46.56	104,655,519	
		Portland Cement Plaster	174,243.00 sf	27.00	4,704,561	
		3 Lam & Plaster, Conference	-	-	-	
		4 Lam & Plaster, Hotel	174,243.00 sf	3.50	609,851	
		5 Scaffold	2,247,521.00 sf	2.36	5,314,412	
		092400 Portland Cement Plaster				
		Gypsum Board				
092000		1 Drywall, BG Parking	288,869.58 sf	0.35	101,139	
		1 Drywall & Acoustical Insulation, Conference	595,624.49 sf	28.77	17,130,640	
		1 Drywall & Acoustical Insulation, Hotel	1,462.00 keys	16,818.84	24,889,140	
		1 Wall Protection, Conference	637,774.49 sf	0.25	159,444	
		1 Wall Protection, Hotel	1,005,351.93 sf	0.25	251,338	
		3 Blocking, AG Parking	315,625.00 sf	0.77	2,418,244	
		3 Blocking, BG Parking	288,869.58 sf	0.77	221,541	
		4 Blocking, Conference	637,774.49 sf	0.77	488,866	
		4 Blocking, Hotel	1,005,351.93 sf	0.77	770,763	
		1 Composite Crew & Cleanup, AG Parking	315,625.00 sf	0.38	119,275	
092000		3 Composite Crew & Cleanup, BG Parking	288,869.58 sf	0.38	109,271	
		4 Composite Crew & Cleanup, Conference	637,774.49 sf	0.38	241,169	
		4 Composite Crew & Cleanup, Hotel	1,005,351.93 sf	0.38	380,165	
		092000 Gypsum Board	2,247,521.00 sf	19.94	44,814,662	
		Stone & Tile				
		1 Commercial Kitchen Floor Tile, Conference	34,290.06 sf	40.00	1,371,602	
		1 Commercial Kitchen Floor Tile, Hotel	22,366.12 sf	40.00	894,245	
		1 Lobby/Amenity Stone, Allowance	46,779.08 keys	40.00	1,871,163	
		1 Public Restroom Floor Tile, Conference	2,878.53 sf	35.00	100,749	
		2 Public Restroom Floor Tile, Hotel	1,786.60 sf	35.00	62,531	
093003		3 Public Restroom Wall Tile, Conference	1,737.91 sf	35.00	60,827	
		3 Public Restroom Wall Tile, Hotel	8,872.18 sf	35.00	310,526	
		4 Unit Bath Wall Tile, Hotel	131,583.00 sf	35.00	4,605,405	
		4 Unit Shower Pans Tile, Hotel	1,327.80 sf	1,000.00	1,327,800	
		1 Unit Bath Floor Tile & Base, Hotel	205,463.10 sf	35.00	7,191,208	
		3 Countertops, Public Restrooms Conference	22.00 sf	600.00	13,200	
		Quartz				



FINAL BPC JOINT MEETING AGENDA 06-20-2017  
Reso/Ords D2# 1175864

RIDA/Balfour Beatty Cost Breakdown							AECOM Analysis		
Division	Code	Description	Quantity	Total Cost/Unit	Total Amount	Notes	Total Cost/Unit	Total Amount	Notes
	102213	101400 Interior Signage	2,247,521.00 sf	-	-		-	-	
		Lockers							
		3 BOH Lockers, Conference	100.00 ea	600.00	60,000.00		600.00	60,000.00	
		4 BOH Lockers, Hotel	100.00 ea	600.00	60,000.00		600.00	60,000.00	
		4 Fitness/Spa Lockers, Hotel	50.00 ea	1,000.00	50,000.00		1,000.00	50,000.00	
		102213 Lockers	2,247,521.00 sf	0.08	170,000.00		0.08	170,000.00	
	102226	Operable Partitions							
	3 Operable Partitions	1.00 ls	6,000,000.00	6,000,000.00	Hufcor Marriott standard, 10' high at Meeting Rooms, 33' at Junior Ballrooms and 30' at exhibit hall	6,000,000.00	6,000,000.00	Allowance of \$6m appears excessive - Please provide further detail.	
	102226 Operable Partitions	2,247,521.00 sf	2.67	6,000,000.00		2.67	6,000,000.00		
	102613	Toilet & Bath Accessories	3 Toilet & Bath Accessories, Conference	22.00 bath	7,000.00	154,000.00		7,000.00	154,000.00
4 Hotel Toilet & Bath Accessories, Hotel Public			6.00 bath	7,000.00	42,000.00		7,000.00	42,000.00	
4 Hotel Toilet & Bath Accessories, Hotel Rooms			1,466.00 bath	600.00	881,600.00		600.00	881,600.00	
3 Mirrors, Conference			22.00 bath	500.00	11,000.00		500.00	11,000.00	
4 Mirrors, Hotel Public			6.00 bath	500.00	3,000.00		500.00	3,000.00	
4 Mirrors, Hotel Rooms			150.00 bath	150.00	225,900.00		150.00	225,900.00	
102613 Toilet & Bath Accessories		2,247,521.00 sf	0.59	1,324,500.00		0.59	1,324,500.00		
102819		Tub and Shower Doors							
		3 Glass Shower Enclosures, Hotel	1,327.80 ea	800.00	1,062,240.00		800.00	1,062,240.00	
		4 Tub Curtains, Hotel (OFOI)	158.20 ea	-	-	NIC, Shower Rod included with accessories	-	-	
	102819 Tub and Shower Doors	2,247,521.00 sf	0.47	1,062,240.00		0.47	1,062,240.00		
104413	Fire Extinguishers	1 Fire Extinguishers							
		1 Fire Extinguishers & Cabinets, Site	50.00 ea	300.00	15,000.00		300.00	15,000.00	
		2 Fire Extinguishers & Cabinets, AG Parking	28.04 ea	300.00	8,412.00		300.00	8,412.00	
		2 Fire Extinguishers & Cabinets, BG Parking	25.69 ea	300.00	7,708.00		300.00	7,708.00	
		3 Fire Extinguishers & Cabinets, Conference	56.69 ea	300.00	17,007.00		300.00	17,007.00	
		4 Fire Extinguishers & Cabinets, Hotel	178.73 ea	300.00	53,619.00		300.00	53,619.00	
	104413 Toilet & Bath Accessories	2,247,521.00 sf	0.05	101,743.00		0.05	101,743.00		
	105500	Postal Specialties							
		3 Mail System, Conference	1.00 ls	5,000.00	5,000.00		5,000.00	5,000.00	
		4 Mail System, Hotel	1.00 ls	5,000.00	5,000.00		5,000.00	5,000.00	
105500 Postal Specialties		2,247,521.00 sf	0.00	10,000.00		0.00	10,000.00		
105700	Wardrobe and Closet Specialties	3 Uniform Closet System, Conference	1.00 ls	6,000.00	6,000.00	Included in Millwork	6,000.00	6,000.00	
		4 Wardrobe Closet Systems, Hotel	1,462.00 keys	-	-		-	-	
		105700 Postal Specialties	2,247,521.00 sf	0.00	6,000.00		0.00	6,000.00	
		Pest Control Devices							
	3 Bird Spikes, Site	- ls	-	-	NIC	-	-		
	2 Bird Barriers, AG Parking	- ls	-	-	NIC	-	-		
	3 Bird Barriers, Conference	- ls	-	-	NIC	-	-		
	4 Bird Barriers, Hotel	- ls	-	-	NIC	-	-		
	105700 Pest Control Devices	2,247,521.00 sf	-	-		-	-		
	100000 SPECIALTIES	2,247,521.00 SF	3.86	8,674,483.00		3.86	8,674,483.00		
110000	EQUIPMENT	Parking Control Equipment							
		2 Smart Parking System, AG Parking	1.00 ls	650,000.00	650,000.00	Allowance	0.46	1,033,980.00	
		2 Parking Control Equipment, AG Parking (OFOI)	1.00 ls	-	-	NIC, by Owner	-	-	
		2 Parking Control Equipment, BG Parking (OFOI)	1.00 ls	-	-	NIC, by Owner	-	-	
		111200 Parking Control Equipment	2,247,521.00 sf	0.29	650,000.00		0.29	650,000.00	
		Loading Dock Bumpers							
	3 Loading Dock Bumpers, Conference	9.00 ea	500.00	4,500.00	Assume trucks have lift gates	500.00	4,500.00		
	111313 Loading Dock Bumpers	2,247,521.00 sf	0.00	4,500.00		0.00	4,500.00		
	112300 Commercial Laundry Equipment								
	3 Commercial Laundry Equipment, Hotel (OFOI)	1.00 ls	-	-	NIC, by Owner	-	-		
112300 Commercial Laundry Equipment	2,247,521.00 sf	-	-		-	-			
112423	Window Washing Systems	3 Window Washing Systems							
		3 Window Washing Equipment, Conference	1.00 ls	-	-	NIC, not required	-	-	
		3 Window Washing Equipment, Hotel	1.00 ls	300,000.00	300,000.00	Sockets & Davit arms	300,000.00	300,000.00	
		3 Platform Stage, Conference	1.00 ls	-	-	NIC, not required	-	-	
		4 Platform Stage, Hotel	1.00 ls	40,000.00	40,000.00	Roof Mounted platform stage	40,000.00	40,000.00	
		112423 Window Washing Systems	2,247,521.00 sf	0.15	340,000.00		0.15	340,000.00	
	Residential Kitchen Appliances	4 Electric Range, Presidential Hotel Room	12.00 ea	1,100.00	13,200.00	GE, Whirlpool or equal, Stainless Steel	1,100.00	13,200.00	
		4 Microwave / Exhaust Hood, Presidential Hotel Room	12.00 ea	500.00	6,000.00	GE, Whirlpool or equal, Stainless Steel	500.00	6,000.00	
		4 Refrigerator, Presidential Hotel Room	12.00 ea	1,100.00	13,200.00	GE, Whirlpool or equal, Stainless Steel	1,100.00	13,200.00	
		4 Dishwasher, Presidential Hotel Room	12.00 ea	500.00	6,000.00	GE, Whirlpool or equal, Stainless Steel	500.00	6,000.00	
112423 Disposer, Presidential Hotel Room	12.00 ea	90.00	1,080.00	GE, Whirlpool or equal, Stainless Steel	90.00	1,080.00			

RIDA/Balfour Beatty Cost Breakdown											
Division	Code	ID	Description	Quantity	Total Cost/Unit	Total Amount	Notes	Total Cost/Unit	Total Amount	Notes	
115200			113113 Residential Kitchen Appliances	2,247,521.00 sf	0.02	39,480		0.02	39,480.00		
			Audio-Visual Equipment								
			3 Audio Visual Equipment Allowance, Conference (OFOI)	1.00 ls	-	-	NIC, by Owner	-	-		
			4 Audio Visual Equipment Allowance, Hotel (OFOI)	1.00 ls	-	-	NIC, by Owner	-	-		
115200			115200 Audio-Visual Equipment	2,247,521.00 sf	-	-		-	-		
			110000 EQUIPMENT	2,247,521.00 SF	0.46	1,033,980		0.46	1,033,980.00		
			FURNISHINGS	2,247,521.00 SF	0.24	541,788		0.24	541,788.00		
			Window Blinds								
122100			3 Manual Roller Shades, Conference	-	-	-	NIC, excluded	-	-		
			4 Manual Roller Shades, Hotel Public Spaces	20,548.00 sf	6.00	123,288	Allowance for Misc. Areas	-	123,288.00		
			4 Manual Vertical Blinds, Hotel Rooms	1,462.00 key	-	-	NIC, by Owner	-	-		
			122100 Window Blinds	2,247,521.00 sf	0.05	123,288		0.05	123,288.00		
123000			Site Furnishings								
			1 Wood Trellis Structures, Site	3.00 ea	15,000.00	45,000		15,000.00	45,000.00		
			1 Wood Canopies, Site	18.00 ea	12,000.00	216,000		12,000.00	216,000.00		
			1 Canvas Stalls, Site	4.00 ea	30,000.00	120,000		30,000.00	120,000.00		
123000			123000 Site Furnishings	2,247,521.00 sf	0.17	381,000		0.17	381,000.00		
			Commercial Laundry Equipment								
			3 Commercial Laundry Equipment, Hotel (OFOI)	1.00 ls	-	-		-	-		
			112000 Commercial Laundry Equipment	2,247,521.00 sf	-	-		-	-		
123000			Bicycle Racks								
			3 Bike Racks, Parking Structures	50.00 ea	750.00	37,500		750.00	37,500.00		
			123000 Bicycle Racks	2,247,521.00 sf	0.02	37,500		0.02	37,500.00		
123000			FFE Coordination & Installation								
			4 FFE Coordination & Installation, Hotel	1,462.00 key	-	-	NIC, by Owner	-	-		
			123000 FFE Coordination & Installation	2,247,521.00 sf	-	-		-	-		
120000 FURNISHINGS			2,247,521.00 SF	0.24	541,788		0.24	541,788.00			
			SPECIAL CONSTRUCTION	2,247,521.00 SF	21.13	47,488,699		21.13	47,493,059.76		
			Pools, Spas & Water Features								
			1 Theming Allowance - Site	1.00 ls	5,000,000.00	5,000,000	Allowance	5,000,000.00	5,000,000.00	\$15m allowance for theming appears high? Please provide further back up.	
131700			4 Theming Allowance - Hotel Lobby & Living Room	1.00 ls	15,000,000.00	15,000,000	Allowance	15,000,000.00	15,000,000.00		
			1 Design & Engineering, Water Features	1.00 ls	-	-	Included in line items	-	-		
			1 Wave Pool	16,082.00 sf	343.38	5,522,337.16		343.38	5,522,337.16		
			1 Lazy River	28,916.00 sf	261.58	7,563,847.28		261.58	7,563,847.28		
131700			1 Family Pool & Spa	14,153.00 sf	339.83	4,809,575		339.83	4,809,613.99		
			1 Water Slides, Family Pool & Spa	2.00 ea	-	-	Included in pool pricing	-	-		
			1 Adult Pool & Spa	9,009.00 sf	350.94	3,161,618.46		350.94	3,161,618.46		
			1 Water Feature, Lagoon/River	8,175.00 sf	243.46	1,990,285.50		243.46	1,990,285.50		
131700			1 Water Feature North Elevation/Drop Off Area	727.00 sf	872.86	634,568.22		872.86	634,568.22		
			1 Water Feature South Entrance	2,850.00 sf	1,306.650	458.47		1,306.650	458.47		
			1 Water Feature East Outdoor Living Room	575.00 sf	1,096.07	630,240.25		1,096.07	630,240.25		
			1 Water Features, Water Toys & Features	1.00 ls	750,000.00	750,000	Allowance	750,000.00	750,000.00		
131700			1 Wave Pool BOH Building	1,000.00 sf	225.00	225,000	NIC, by Owner	225.00	225,000.00		
			1 Water Costs to Fill the Pools	-	-	-		-	-		
			2 Composite Crew & Cleanup, AG Parking	315,425.00 sf	0.40	126,170.00		0.40	126,170.00		
			2 Composite Crew & Cleanup, BG Parking	288,969.58 sf	0.40	115,587.83		0.40	115,587.83		
132000			2 Composite Crew & Cleanup, Conference	637,774.49 sf	0.40	253,844		0.40	255,109.80		
			4 Composite Crew & Cleanup, Hotel	1,005,351.93 sf	0.40	400,146		0.40	402,140.77		
			131700 Tubs & Pools	2,247,521.00 sf	21.13	47,488,699		21.13	47,493,059.76		
			Radio Repetitor System								
132000			4 Hotel Tower Radio Repetitor System	20.00 ftr	-	-	NIC, excluded	-	-		
			132000 Radio Repetitor System	2,247,521.00 sf	-	-		-	-		
			Accelerograph Systems								
			4 Hotel Tower Accelerograph System	1.00 ls	-	-	NIC, excluded	-	-		
133423			133423 Accelerograph Systems	2,247,521.00 sf	-	-		-	-		
			130000 SPECIAL CONSTRUCTION	2,247,521.00 SF	21.13	47,488,699		21.13	47,493,059.76		
			CONVEYING EQUIPMENT	2,247,521.00 SF	15.25	34,273,000		15.25	34,273,000.00		
			Elevators								
142000			2 Passenger Elevators, AG Parking	12.00 stop	-	-	Included in turnkey parking garage pricing	-	-		
			2 Passenger Elevators, BG Parking to Conference	4.00 stop	87,500.00	360,000	Budgeted as MRL	87,500.00	360,000.00		
			2 Passenger Elevators, BG Parking to Hotel	12.00 stop	35,000.00	420,000	Budgeted as MRL	35,000.00	420,000.00		
			2 Passenger Elevators, Conference	26.00 stop	87,500.00	2,275,000	Budgeted as MRL	87,500.00	2,275,000.00		
142000			4 Passenger Elevators, Hotel	240.00 stop	35,000.00	8,400,000	Budgeted as MRL	35,000.00	8,400,000.00		
			4 Revised Elevators from MRL to HR Gateless, Hotel	16.00 ea	500,000.00	8,000,000	Added per Gaylord Standards	500,000.00	8,000,000.00		
			4 Destination Dispatch Control, Hotel	1.00 ls	400,000.00	400,000	for conference center	400,000.00	400,000.00		
			2 Freight Elevators, BG Parking to Conference	2.00 stop	200,000.00	400,000	Budgeted as MRL	200,000.00	400,000.00		
142000			3 Freight Elevators, Conference	6.00 stop	200,000.00	1,200,000	Budgeted as MRL	200,000.00	1,200,000.00		

RIDA/Balfour Beatty Cost Breakdown							AECOM Analysis		
Division	Code	Description	Quantity	Total Cost/Unit	Total Amount	Notes	Total Cost/Unit	Total Amount	Notes
	142050	2 Service Elevators, BG Parking to Hotel	4.00 stop	38,000.00	152,000.00	Budgeted as MRL	38,000.00	152,000.00	
		2 Service Elevators, BG Parking to Conference	2.00 stop	90,000.00	180,000.00	Budgeted as MRL	90,000.00	180,000.00	
		3 Service Elevators, Conference	6.00 stop	90,000.00	540,000.00	Budgeted as MRL	90,000.00	540,000.00	
		4 Service Elevators, Hotel	8.00 stop	38,000.00	304,000.00	Budgeted as MRL	38,000.00	304,000.00	
		2 Restaurant Elevator, Hotel	2.00 stop	125,000.00	250,000.00	Budgeted as MRL	125,000.00	250,000.00	
		2 Elevator Halfway Temporary Protection, AG Parking	12.00 stop	-	14,000.00	Included in turnkey parking garage pricing	-	14,000.00	
		3 Elevator Halfway Temporary Protection, BG Parking	28.00 stop	500.00	14,000.00		500.00	14,000.00	
		3 Elevator Halfway Temporary Protection, Conference	56.00 stop	500.00	28,000.00		500.00	28,000.00	
		4 Elevator Halfway Temporary Protection, Hotel	322.00 stop	500.00	161,000.00		500.00	161,000.00	
		3 Schedule acceleration for construction use elevators, conference	2.00 ea	40,000.00	80,000.00	Allowance	40,000.00	80,000.00	
	149100	3 Schedule acceleration for construction use elevators, hotel	4.00 ea	40,000.00	160,000.00	Allowance	40,000.00	160,000.00	
		3 Construction Use Elevator Protection, Conference	4.00 ea	3,000.00	12,000.00	Includes OT	3,000.00	12,000.00	
		3 Construction Use Elevator Protection, Hotel	2.00 ea	3,000.00	6,000.00	Includes OT	3,000.00	6,000.00	
		3 Temp. Use & Relinquish of Construction Elevators, Conference	2.00 ea	19,000.00	38,000.00	2 elevators, 3 months	19,000.00	38,000.00	
		3 Temp. Use & Relinquish of Construction Elevators, Hotel	4.00 ea	43,000.00	172,000.00	4 elevators, 11 months	43,000.00	172,000.00	
		3 Escalator Stairs, BG Parking	4.00 ea	300,000.00	1,200,000.00		300,000.00	1,200,000.00	
		3 Escalator Stairs, Conference	20.00 ea	300,000.00	6,000,000.00		300,000.00	6,000,000.00	
		131700 Tubs & Pools	2,247,521.00 sf	14.90	33,479,000.00		14.90	33,479,000.00	\$/sf rate appears high - Provide further back-up
		Elevator Cab Upgrades							
		2 Passenger Elevator Cab Finishes, AG Parking	2.00 ea	15,000.00	30,000.00	Floor, Walls, Ceiling, Service/Freight Elevators Standard Cab, excludes Bronze Finishes	15,000.00	30,000.00	
	210000	3 Passenger Elevator Cab Finishes, Conference	8.00 ea	30,000.00	240,000.00	Floor, Walls, Ceiling, Service/Freight Elevators Standard Cab, excludes Bronze Finishes	30,000.00	240,000.00	
		4 Passenger Elevator Cab Finishes, Hotel	14.00 ea	30,000.00	420,000.00	Floor, Walls, Ceiling, Service/Freight Elevators Standard Cab, excludes Bronze Finishes	30,000.00	420,000.00	
		142050 Elevator Cab Upgrades	2,247,521.00 sf	0.31	690,000.00		0.31	690,000.00	
		Facility Chutes							
		3 Waste Handling Equipment, Conference	1.00 ls	30,000.00	30,000.00	Allowance for trash compactor	30,000.00	30,000.00	
		4 Linen & Trash Chutes, Hotel	20.00 ltr	3,700.00	74,000.00		3,700.00	74,000.00	
		149100 Facility Chutes	2,247,521.00 sf	0.05	104,000.00		0.05	104,000.00	
		CONVERTING EQUIPMENT	2,247,521.00 SF	15.25	34,273,000.00		15.25	34,273,000.00	
		FIRE SUPPRESSION	2,247,521.00 SF	3.07	6,903,171.85		3.07	6,903,171.85	
		2 Fire Protection, AG Parking	315,625.00 sf	-	-	Included in turnkey parking structure	-	-	Included in turnkey parking structure
	220000	2 Fire Protection, BG Parking	288,869.58 sf	2.57	742,333.00		2.57	742,651.82	Includes Exhibit Drop Off soffit fire protection
		2 Fire Protection, Conference	637,774.49 sf	3.01	1,913,333.00	Includes Exhibit Drop Off soffit fire protection	3.01	1,913,701.21	Includes Exhibit Drop Off soffit fire protection
		2 Fire Protection, Hotel	963,466.83 sf	4.17	4,017,333.00	Includes Porte Cochere soffit fire protection	4.17	4,017,697.10	Includes Porte Cochere soffit fire protection
		4 Fire Protection, Hotel Balconies	7,232.00 sf	-	-	Included in Hotel pricing	-	-	Included in Hotel pricing
		3 Fire Protection, Conference Terrace/Balconies	42,350.00 sf	4.17	176,600.00		4.17	176,699.50	
		4 Fire Protection, Hotel Terrace	11,566.00 sf	4.17	48,562.00		4.17	48,562.22	
		211300 Fire-Suppression Sprinkler Systems	2,247,521.00 sf	3.07	6,903,171.85		3.07	6,903,171.85	
		210000 FIRE SUPPRESSION	2,247,521.00 SF	3.07	6,903,171.85		3.07	6,903,171.85	
		PLUMBING	2,247,521.00 SF	17.01	38,224,258.16		17.01	38,224,258.16	
		1 Drainage, Site on Structure	63,653.00 sf	1.00	63,653.00	Included in Turnkey Parking Structure	1.00	63,653.00	
	230010	2 Water & Drain Systems, AG Parking	315,625.00 sf	-	-		-	-	
		2 Water & Drain Systems, BG Parking	288,869.58 sf	2.00	577,939.16		2.00	577,939.16	
		3 Plumbing Systems, Conference	595,624.49 sf	6.04	3,596,460.00		6.04	3,596,363.92	
		4 Plumbing Systems, Hotel	1,005,351.93 sf	33.09	33,268,321.00		33.09	33,267,095.36	Rate per sf seems high
		2 Composite Crew & Cleanup, AG Parking	315,625.00 sf	0.32	102,346.00		0.32	100,936.00	
		2 Composite Crew & Cleanup, BG Parking	288,869.58 sf	0.32	93,762.00		0.32	92,470.27	
		3 Composite Crew & Cleanup, Conference	637,774.49 sf	0.32	206,839.00		0.32	204,087.84	
		4 Composite Crew & Cleanup, Hotel	1,005,351.93 sf	0.32	326,207.00		0.32	321,712.62	
		211300 Fire-Suppression Sprinkler Systems	2,247,521.00 sf	17.01	38,225,616.00		17.01	38,224,258.16	
		Rescue Air System				NIC			
4 Rescue Air System, Hotel	20.00 ltr	-	-		-	-			
226120 Rescue Air System	2,247,521.00 sf	-	-		-	-			
220000 PLUMBING	2,247,521.00 SF	17.01	38,225,616.00		17.01	38,224,258.16			
	230010	HVAC Heating, Ventilation & Air-Conditioning	2,247,521.00 SF	28.81	64,746,889.00		28.81	64,746,388.30	
		2 Ventilation/CO2 Systems, AG Parking	315,625.00 sf	-	-	Included in turnkey parking structure, open ventilation	-	-	
		2 Ventilation/CO2 Systems, BG Parking	288,869.58 sf	2.68	775,000.00		2.68	774,438.47	
		2 Central Plant, BG Parking	1.00 ls	6,600,000.00	6,600,000.00		6,600,000.00	6,600,000.00	Provided back up
		2 Module 15A, Chiller Heat Recovery	1.00 ls	-	-		-	-	
		2 Module 15A, Chiller Plant Optimization	1.00 ls	-	-		-	-	
		3 HVAC Systems, Conference Center	637,774.49 sf	100,000.00	100,000.00	Caylord Standard Module 15A, Item B.9, page 6 excluded, N/A	-	100,000.00	
		3 Module 14 smoke exhaust system, Conference	47.68 ls	47.68	30,407,000.00		47.68	30,409,087.68	Provided back up
			1.00 ls	-	-	Excluded	-	-	

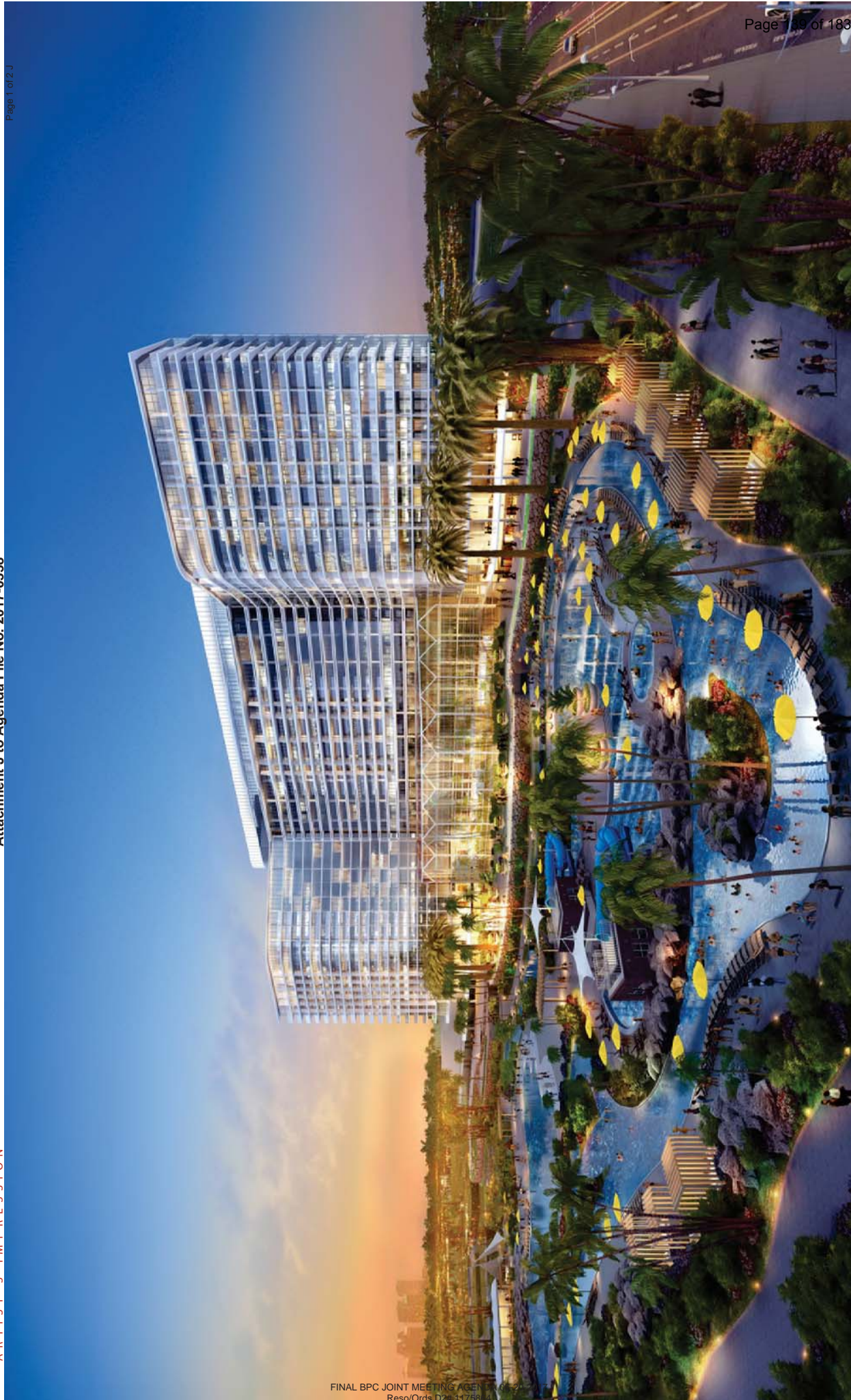
RIDA/Balfour Beatty Cost Breakdown							AECOM Analysis			
Division	Code	ID	Description	Quantity	Total Cos/Uni	Total Amount	Notes			
230000	260100	4	HVAC Systems, Hotel	1,005,351.93 sf	21.81	21,930,000	Added per Gaylord Standards Added per Gaylord Standards Added scope beyond code per Gaylord Standards per Module 14, page 15, item G only. Smoke control ducted exhaust of Ballrooms, Meeting Room and the Exhibit Hall excluded			
		4	Module 15A, Aides dampers for outside air/exhaust, Hotel	1,00 lf	650,000.00	650,000.00				
		4	Module 15A, Static pressure control of unit exhaust & OA, Hotel	1.00 lf	250,000.00	250,000.00				
		4	Module 14 smoke exhaust system upgrade, Hotel	1.00 lf	2,800,000.00	2,800,000.00				
		2	Composite Crew & Cleanup, AG Parking	315,425.00 sf	0.55	173,306	0.55	173,483.75		
		2	Composite Crew & Cleanup, BG Parking	288,869.58 sf	0.55	158,770	0.55	158,933.27		
		3	Composite Crew & Cleanup, Conference	637,774.49 sf	0.55	350,416	0.55	350,773.97		
		4	Composite Crew & Cleanup, Hotel	1,005,351.93 sf	0.55	552,377	0.55	552,943.56		
		230010 Heating, Ventilating & Air-Conditioning				2,247,521.00 sf	28.81	64,746,869	28.81	
		Alternate Energy Systems				-	-	-	-	
2 Solar Hot Water or Photovoltaic System, Parking				-	-	-	-			
3 Solar Hot Water or Photovoltaic System, Conference				-	-	-	-			
4 Solar Hot Water or Photovoltaic System, Hotel				-	-	-	-			
230030 Alternate Energy Systems				2,247,521.00 sf	-	-	-			
260000	260100	230000	HVAC	2,247,521.00 SF	28.81	64,746,869	28.81	64,746,388.30		
		ELECTRICAL				2,247,521.00 SF	23.30	52,369,854	23.30	
		Electrical								
		1	Electrical Systems, Site	1,161,384.00 sf	2.18	2,531,774	2.18	2,531,773.52	Includes temp. power & lighting. Excludes low voltage systems. Lightning protection is excluded.	
		2	Electrical Systems, AG Parking	315,425.00 sf	-	-	-	-		
		2	Electrical Systems, BG Parking	288,869.58 lf	8.13	2,350,000	8.13	2,349,322.69	Includes temp. power & lighting. Excludes low voltage systems. Lightning protection is excluded.	
		3	Electrical Systems, Conference	637,774.49 lf	38.70	24,681,873	38.70	24,681,872.76		
		4	Electrical Systems, Hotel	1,005,351.93 lf	21.50	21,615,066	21.50	21,615,066.50	Includes temp. power & lighting. Excludes low voltage systems. Lightning protection is excluded.	
		2	Composite Crew & Cleanup, AG Parking	315,425.00 sf	0.53	167,029	0.53	167,175.25		
		2	Composite Crew & Cleanup, BG Parking	288,869.58 lf	0.53	153,020	0.53	153,153.88		
3	Composite Crew & Cleanup, Conference	637,774.49 sf	0.53	337,724	0.53	338,020.48				
4	Composite Crew & Cleanup, Hotel	1,005,351.93 sf	0.53	532,369	0.53	532,836.52				
260100 Electrical				2,247,521.00 sf	23.30	52,369,854	23.30	52,369,221.59	high rate per sq ft	
Low Voltage										
310000	312000	1	Low Voltage (Security, TV, Telephone, Guestroom Automation, etc.), Site	1,161,384.00 sf	-	-	-	-		
		2	Low Voltage (Security, TV, Telephone, Guestroom Automation, etc.), AG	315,425.00 sf	-	-	-	-		
		2	Low Voltage (Security, TV, Telephone, Guestroom Automation, etc.), BG	288,869.58 sf	-	-	-	-		
		3	Low Voltage (Security, TV, Telephone, Guestroom Automation, etc.), Conference	637,774.49 sf	-	-	-	-		
		4	Low Voltage (Security, TV, Telephone, Guestroom Automation, etc.), Hotel	1,005,351.93 sf	-	-	-	-		
		26200 Low Voltage				2,247,521.00 sf	-	-	-	
		230000	HVAC	2,247,521.00 SF	23.30	52,369,854	23.30	52,369,221.59	23.30	
		EARTHWORK				2,247,521.00 SF	8.07	18,128,680	8.07	18,127,725.89
		Earth Moving								
		1	Install & Remove Temporary Roads	5,940.00 lf	216.00	1,196,640	216.00	1,196,640.00	216.00	1,196,640.00
1	Additional Mobilizations	1.00 lf	10,000.00	10,000	10,000.00	10,000.00	10,000.00	10,000.00		
1	Over-Excavate & Recompact	- cy	-	-	-	-	-	-		
1	Rough Grade	1,663,821.00 sf	1.35	2,246,158	1.35	2,246,158.35	1.35	2,246,158.35		
1	Excavate Pools	14,832.70 cy	12.25	181,701	12.25	181,700.58	12.25	181,700.58		
1	Final Grade	1,663,821.00 sf	0.13	216,297	0.13	216,296.73	0.13	216,296.73		
1	Ramp at Hotel 2nd Floor Drop-off	18,140.00 cy	-	-	-	-	-	-		
1	Backfill at Site Retaining Walls	7,537.04 cy	6.00	45,222	6.00	45,222.4	6.00	45,222.4		
1	Backfill at Pools	5,200.00 cy	31.200	31,200	31.200	31,200.00	31.200	31,200.00		
1	Base rock under pools (12" base rock)	2,475.67 cy	40.00	99,027	40.00	99,026.80	40.00	99,026.80		
1	SWPPP Install & Maintenance	30.00 mos	13,104.33	393,130	13,104.33	393,129.90	13,104.33	393,129.90		
1	Haz Mat Handling & Disposal	- ton	-	-	-	-	-	-		
312000 Earth Moving				2,247,521.00 sf	1.97	4,419,376	1.97	4,419,374.60		
312019	312319	Dewatering								
		1	Localized Temporary Dewatering Pumps as Needed, Site Allowance	1.00 lf	300,000.00	300,000	300,000.00	300,000.00	300,000.00	
		312319 Dewatering				2,247,521.00 sf	0.13	300,000	0.13	300,000.00
		Shoring	1.00 lf	-	-	-	-	-	-	
		314000 Shoring	2,247,521.00 sf	-	-	-	-	-	-	
		Pile Foundations								
		316200								

RIDA/Balfour Beatty Cost Breakdown									
Division	Code	Description	Quantity	Total Cos/Uni	Total Amount	Notes			
320000	321200	1 Peer Review of Pile Design	1.00 ls	10,000.00	10,000.00	Recommended Peer Review			
		1 Pile Test Program Mobilization	1.00 ls	100,000.00	100,000.00				
		1 Pile Test Program	1.00 ls	150,000.00	150,000.00				
		1 Production Mobilization	1.00 ls	100,000.00	100,000.00				
		1 Pile Foundations, Pools	11,679.53 lf	53.00	619,069	619,015.09			
		1 Chip Pile Foundations, Pools	334.22 ea	100.00	33,422	33,422.00			
		1 Pile Foundations, AG Parking	21,780.00 lf	-	-	-			
		1 Chip Pile Foundations, AG Parking	396.00 ea	100.00	39,600	39,600.00			
		1 Pile Foundations, BG Parking	73,920.00 lf	53.00	3,917,760	3,917,760.00			
		1 Chip Pile Foundations, BG Parking	1,344.00 ea	100.00	13,440	13,440.00			
		1 Pile Foundations, Conference	49,350.40 lf	53.00	2,615,571	2,615,571.20			
		1 Chip Pile Foundations, Conference	897.28 ea	100.00	89,728	89,728.00			
		1 Pile Foundations, Hotel	100,155.00 lf	53.00	5,308,215	5,308,215.00			
		1 Chip Pile Foundations, Hotel	1,821.00 ea	100.00	182,100	182,100.00			
		1 Pile Foundations, Hotel Tower Cranes	1,980.00 lf	53.00	104,940	104,940.00			
		1 Chip Pile Foundations, Hotel Tower Cranes	36.00 ea	100.00	3,600	3,600.00			
		1 Pile Cathodic Protection, Typical	1.00 lf	-	-	-			
		312000 Earth Moving	2,247,521.00 sf	5.97	13,409,305	13,409,351.29			
		320000	321200	310000 EARTHWORK	2,247,521.00 SF	8.07	18,128,680		
				EXTERIOR IMPROVEMENTS	2,247,521.00 SF	9.42	21,168,959.00		
				1 Site Flexible Paving	20,694.00 sf	4.25	87,567	87,567.00	
				1 Surface Parking, Ice Event Space	84,536.00 sf	5.50	464,948	464,948.00	
				1 Vehicular Paving, Service/Bus	60,810.00 sf	4.50	273,645	273,645.00	
1 Repair Asphalt Streets	1.00 ls			-	-	-	NIC, excluded		
1 Surveying	1.00 ls			25,000.00	25,000	25,000.00			
321200 Site Flexible Paving	2,247,521.00 sf			0.38	851,160	851,160.00			
1 Site Rigid Paving	1,914.00 tons			350.00	669,900	669,900.00			
1 Fieldstone Mass Builders around pools, Site	10,463.64 sf			80.00	837,091	837,091.20			
1 Flux Rock at Pool Island, Site	5,500.00 sf			65.00	357,500	357,500.00			
1 Retaining wall at South Side of Raised Hotel Drive Entrance	723.00 sf			60.00	43,380	43,380.00			
1 Stamped Concrete (Faux Rock) Retaining Wall, 3' High, Site	47,671.00 sf			60.00	2,860,260	2,860,260.00			
1 Pool Approach Paving, Wave Pool	4,813.00 sf			18.00	86,634	86,634.00			
1 Pool Approach Paving, Family Pool	6,081.00 sf			18.00	109,638	109,638.00			
1 Pool Approach Paving, Adult Pool	6,659.00 sf			18.00	123,102	123,102.00			
1 Pool Deck Surround, Family & Wave Pool	26,362.00 sf			18.00	474,516	474,516.00			
1 Site Paving, Pool Bar & Grill	10,117.00 sf			15.00	151,755	151,755.00			
1 Site Paving, Lazy River Deck	33,364.00 sf			15.00	500,460	500,460.00			
1 Site Paving, Premier Site Path	99,055.00 sf			15.00	1,485,825	1,485,825.00			
1 Site Paving, Premium Site Path	2,166.00 sf			18.00	38,948	38,948.00			
1 Site Paving, Cobblestone Path	1,904.00 sf			15.00	28,560	28,560.00			
1 Site Paving, Tunnel Entrance Paths	22,323.00 sf			10.00	223,230	223,230.00			
1 Site Paving, Interior Living Room Sub Slab	6,168.00 sf	10.00	61,680	61,680.00					
1 Site Paving, Exterior Dining	42,855.00 sf	18.00	771,030	771,030.00					
1 Site Paving, Porch Cochere	2,632.00 sf	18.00	47,376	47,376.00					
1 Site Paving, Exhibit Drop Off	12,675.00 sf	18.00	228,150	228,150.00					
1 Concrete Paving at Loading Dock	46,309.00 sf	12.00	555,708	555,708.00					
1 Site Paving, Bus Sidewalk/Curbs	29,755.00 sf	12.00	357,060	357,060.00					
1 Stamped Concrete at Drop-offs	30,917.00 sf	18.00	556,596	556,596.00					
1 Site Paving, Border around Turf Event Lawns	2,192.00 lf	20.00	43,840	43,840.00					
1 Curb & Gutter	12,225.00 lf	30.00	366,750	366,750.00					
1 Truncated Domes	460.00 sf	55.00	24,750	24,750.00					
1 Street Trees & Irrigation	- ea	-	-	-	NIC, excluded				
1 Repair Asphalt Streets	- ls	-	-	-	NIC, excluded				
1 Street Lights	- ea	-	-	-	NIC, excluded				
1 Signalization	- ls	-	-	-	NIC, excluded				
1 Surveying	- ls	-	-	-					
1 Composite Crew & Cleanup, AG Parking	315,425.00 sf	0.18	56,673	56,673.00					
1 Composite Crew & Cleanup, BG Parking	288,969.58 sf	0.18	51,919	51,919.00					
1 Composite Crew & Cleanup, Conference	637,774.49 sf	0.18	114,590	114,590.00					
1 Composite Crew & Cleanup, Hotel	1,005,851.50 sf	0.18	180,963	180,963.35					
312000 Earth Moving	2,247,521.00 sf	5.09	11,447,989	11,448,337.98					
323400	323000	1 Fabricated Bridges	2.00 ea	150,000.00	300,000.00				
		1 Bridge, Lazy River 70' long	2.00 ea	75,000.00	150,000.00				
		1 Bridge,agoon 30' long	2.00 ea	75,000.00	150,000.00				
		321200 Site Flexible Paving	2,247,521.00 sf	0.20	450,000	450,000.00			
		1 Landscape & Irrigation	474,646.00 sf	10.32	4,898,346.72	4,898,346.72			
321723	323000	1 Landscaping	77,009.00 sf	16.04	1,235,224.36	1,235,224.36			
		1 Turf at Event Lawns	26,469.00 sf	20.25	535,997.25	535,997.25			
		3 Roof Gardens, Conference	1.00 ls	-	-	-			
		1 Street Trees & Irrigation	474,646.00 sf	3.23	1,531,209	1,531,209.58			
		1 Irrigation	2,247,521.00 sf	3.65	8,202,674.91	8,202,674.91	Includes booster pumps		
321723	323000	323000 Landscape & Irrigation	1,841.100 sf	100.00	184,100.00	184,100.00			
		1 Pavement & Markings	1,841.100 sf	100.00	184,100.00	184,100.00			
321723	323000	2 Car Stall Striping & Wheel Stops	1,841.100 sf	100.00	184,100.00	184,100.00			
		1 Surveying	1.00 lf	-	-	-			



RIDA/Balfour Beatty Cost Breakdown							AECOM Analysis		
Division	Code	ID	Description	Quantity	Total Cost/Unit	Total Amount	Notes	Total Cost/Unit	Total Amount
322000			2 Direction Arrows & Signage	7.00	5,000.00	35,000		5,000.00	35,000.00
			321723 Pavement Markings	2,247,521.00	0.10	219,100		0.10	219,100.00
			Offsite Improvements	-	-	-	NIC. Assume existing to remain	-	-
			1 Street Lights	-	-	-	NIC. assume none required.	-	-
320000			1 Signalization	2,247,521.00	-	-		-	-
			321723 Pavement Markings	2,247,521.00	-	-		-	-
			320000 EXTERIOR IMPROVEMENTS	2,247,521.00	9.42	21,168,959		9.42	21,171,262.89
			UTILITIES	2,247,521.00	1.65	3,709,206.00	Utility consultants NIC. by Owner	1.65	3,709,206.00
330000	330001		Underground Utilities						
			1 Site Domestic Water	2,667.00	9.00	24,003.00	Allowance	9.00	24,003.00
			1 Site Sanitary Sewer	2,668.00	11.00	29,348.00	Allowance	11.00	29,348.00
			1 Site Fire Line Primary (Fire loop)	4,044.00	14.00	56,616.00	Allowance	14.00	56,616.00
			1 Site Fire Line Secondary	1,682.00	12.00	20,184.00	Allowance	12.00	20,184.00
			1 Site Natural Gas	639.00	10.00	6,390.00	Allowance	10.00	6,390.00
			1 Site Storm Sewer	2,668.00	10.00	26,680.00	Allowance	10.00	26,680.00
			1 Site Storm Drain	3,179.00	3.00	9,537.00	Allowance	3.00	9,537.00
			1 Linear Drain Basin (gravel + perf pipe)	1,179.00	22.00	25,938.00	Allowance	22.00	25,938.00
			Underdraining at Turf Event Lawns	77,009.00	2.00	154,018.00	Allowance	2.00	154,018.00
			Dry Utilities (Electrical)	1.00	480,918.00	480,918.00		480,918.00	480,918.00
			Cathodic Protection	1.00	200,000.00	200,000.00		200,000.00	200,000.00
			SDGE Electrical & Gas Permanent Service	-	-	-	NIC. by Owner	-	-
			SDGE Electrical Temporary Service	-	-	-	NIC. by Owner	-	-
			Relocation of Existing Utilities	-	-	-	NIC. excluded	-	-
330000			Surveying	1.00	25,000.00	25,000.00		25,000.00	25,000.00
			321200 Site Paveable Paving	2,247,521.00	1.65	3,709,206.00		1.65	3,709,206.00
			330000 UTILITIES	2,247,521.00	1.65	3,709,206.00		1.65	3,709,206.00
			SUBTOTAL			658,405,982			658,410,839.39
950000	950020		INSURANCE, BONDS, TAXES	2,247,521.00	3.46	7,779,249		3.46	7,779,249.05
			OCIP/CCIP						
			OCIP Difference in Conditions	0.50%	3,292,030	3,292,030		3,292,030	3,292,030
			OCIP Anticipated Subcontractor Insurance Pickup	-0.75%	(4,939,045)	(4,939,045)	Anticipated buyout savings	(4,939,045)	(4,939,045)
			950020 OCIP/CCIP	2,247,521.00	(0.73)	(1,646,015)		(0.73)	(1,646,014.96)
			Liability Insurance						
			Liability Insurance	0.00%	-	-	Excluded OCIP	-	-
			950022 Liability Insurance	2,247,521.00	-	-		-	-
			Builders Risk Insurance						
			950025 Builders Risk Insurance	0.00%	-	-	NIC. by Owner	-	-
			Sub Guard Insurance						
			950035 Sub Guard Insurance	1.50%	9,425,264.00	9,425,264	Excluded OCIP	9,425,264.00	9,425,264.00
			Prime Contract Bond						
			950045 Prime Contract Bond	0.00%	-	-	NIC	-	-
960000	960005		INSURANCE, BONDS, TAXES	2,247,521.00	3.46	7,779,249		3.46	7,779,249.05
			CONTINGENCIES	2,247,521.00	14.65	32,920,300		14.65	32,920,299.55
			Design Contingency						
			960005 Design Contingency	2.50%	658,405,982.04	16,460,150		658,405,982.04	16,460,150
			960005 Design Contingency	2,247,521.00	7.32	16,460,150		7.32	16,460,150
			Construction Contingency						
			960015 Construction Contingency	2.50%	16,460,150.00	16,460,150		16,460,150.00	16,460,150
			960015 Construction Contingency	2,247,521.00	7.32	16,460,150		7.32	16,460,150
			960000 CONTINGENCIES	2,247,521.00	14.65	32,920,300		14.65	32,920,299.55
			SUB TOTAL	2,247,521.00	18.11	699,105,150		18.11	699,110,387.99
			CONTRACTOR FEE		18.11	27,614,668		18.11	27,614,860.33
			TOTAL			726,720,199			726,725,248.31









CHULA VISTA HOTEL AND CONVENTION CENTER - Chula Vista, CA  
 Concept Package - OCTOBER 13, 2016      HKS No. 18427.000

HOSPITALITY  
GROUP

SHK

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**AMENDED AND RESTATED  
CHULA VISTA BAYFRONT MASTER PLAN FINANCING AGREEMENT**

**Dated \_\_\_\_\_, 2017**

**Between**

**City of Chula Vista**

**and**

**San Diego Unified Port District**

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**AMENDED AND RESTATED  
CHULA VISTA BAYFRONT MASTER PLAN FINANCING AGREEMENT**

This AMENDED AND RESTATED CHULA VISTA BAYFRONT MASTER PLAN FINANCING AGREEMENT (hereinafter referred to as this "Agreement"), dated \_\_\_\_\_, 2017 (the "Effective Date"), is between the CITY OF CHULA VISTA, a charter city and municipal corporation (the "City"), and the SAN DIEGO UNIFIED PORT DISTRICT, a district formed pursuant to California Harbors and Navigation Code APPENDIX 1, Section 1 *et seq.*, and a public corporation (the "District"). This Agreement amends and restates that certain Chula Vista Bayfront Master Plan Financing Agreement dated May 8, 2012 (the "Original Agreement") by and between the same parties. The City and the District are from time to time hereinafter referred to individually as a "Party" and collectively as the "Parties."

**RECITALS**

**A. Development of Chula Vista Bayfront Master Plan.** In 2002, District, the City and the Redevelopment Agency of the City of Chula Vista, a redevelopment agency formed pursuant to California Health and Safety Code §§ 33000 *et seq.* (the "Agency") began work to create a master plan for development of the approximately 535-acre Chula Vista Bayfront (the "Chula Vista Bayfront") located on the southeastern edge of San Diego Bay in the City of Chula Vista. The purpose of the master plan was to reconfigure the 497 acres of land and 59 acres of water which comprise the Chula Vista Bayfront by connecting the land and water acres in a way that will promote public access to, and engagement with, the water while enhancing the quality and protection of key habitat areas, with the ultimate goal of creating a world-class bayfront through strong planning and design, economic feasibility and community outreach.

**B. Final Environmental Impact Report.** On May 18, 2010, the District, as Lead Agency of the project, as such term is defined in California Public Resources Code § 21067, certified a Final Environmental Impact Report for the Chula Vista Bayfront Master Plan and Port Master Plan Amendment (UPD # 83356-EIR-658; SCH # 2005081077) (the "FEIR"). City and Agency are Responsible Agencies as defined in California Public Resources Code § 21069. The project described in the FEIR is known as the Chula Vista Bayfront Master Plan ("CVBMP"). The area encompassed by the CVBMP is hereinafter referred to as the "CVBMP Project Area." A map showing the CVBMP Project Area and its constituent parcels is attached hereto as Exhibit A. This Agreement is contemplated by the CVBMP as analyzed in the FEIR.

**C. Land Uses.** Key components of the CVBMP include: a signature park, open space areas and cultural use; improved visual corridors to San Diego Bay; a resort hotel and convention center ("RHCC") and other hotels; residential and mixed-use office/commercial recreation uses; waterfront retail uses and public gathering spaces around the harbor; a new commercial harbor and improved navigation channel; a public promenade and bike trail through the entire bayfront; and large buffer zones to protect adjacent sensitive resources.

**D. Development of District Property in CVBMP Project Area.** Development of all of the real property located in the CVBMP Project Area indicated on Exhibit B attached hereto ("District Property") shall be subject to the CVBMP.

**E. Residential Use.** The FEIR designates a portion of the District Property commonly known as Parcels HP-5, H-13 and H-14 for residential use, such residential use to consist of up to 1,500 multi-family units, and a portion of the District Property commonly known as Parcel H-15 for a mix of office and hotel uses. The foregoing parcels, Parcels HP-5, H-13, H-14 and H-15, are hereinafter referred to as the "Residential Property." Improvements to the Residential Property in accordance with the FEIR are hereinafter referred to as the "Residential Property Improvements." In order to implement the residential use component of the Residential Property Improvements, it was necessary that the District exchange the Residential Property, which as land owned by the District is subject to the Public Trust Doctrine which precludes residential use, for certain real property owned by North C.V. Waterfront L.P., a California limited partnership ("Owner"), comprised of Parcels S-1, S-2, S-3, SP-1, SP-2 and SP-3 (hereinafter referred to as the "Owner Property").

**F. Land Exchange.** The California State Lands Commission ("SLC") is authorized by Division 6 of the California Public Resources Code, including § 6307, to exchange interests in real property subject to the Public Trust Doctrine for interests in other non-trust lands of equal or greater value. Pursuant to this authority the District applied to SLC for approval to exchange the Residential Property for the Owner Property, subject to receipt of evidence to the satisfaction of District and SLC that the Owner Property is of equal or greater value than the Residential Property. The concurrent transfer of the Residential Property and Owner Property to Owner and SLC, respectively, is hereinafter referred to as the "Exchange." By reason of the completion of such Exchange pursuant to the Exchange Agreement described below, the Residential Property has been released from the use restrictions of the Public Trust Doctrine and the Owner Property has become subject to such restrictions. As part of the Exchange, SLC granted the District a 49 year lease for the Owner Property pending SLC and District obtaining necessary state legislation to authorize SLC to transfer the title and interests in the Owner Property to District.

**G. Exchange Agreement.** In order to document the terms and provisions applicable to the Exchange, District and Owner entered into that certain Exchange Agreement and Escrow Instructions, dated as of February 2, 2010, as amended and restated, pursuant to that certain Amended and Restated Exchange Agreement dated as of May 6, 2014 (as amended from time to time pursuant to its terms, the "Exchange Agreement"). Close of the escrow created by the Exchange Agreement was conditioned upon and subject to, among other things, various actions by the District, City, SLC, the California Coastal Commission ("CCC") and the execution and effectiveness of the Original Agreement. The exchange contemplated by the Exchange Agreement occurred on February 18, 2016 ("Exchange Close of Escrow").

**H. Unit Contribution.** In furtherance of the Exchange Agreement, the Participation Agreement dated as of December 8, 2015 by and between Owner and District requires Owner to pay an amount equal to one-half of one percent (0.5%) of the gross sales price upon the close of escrow for the initial sale of each market rate residential condominium unit (excluding broker's commissions and costs of sale) developed on the Residential Property (other than residential units designated as affordable), such contribution being hereinafter referred to as the "Unit Contribution," such Unit Contribution to be paid to a joint powers authority (to be established) and applied in accordance with the provisions of that certain Chula Vista Bayfront Master Plan Settlement Agreement, dated as of May 4, 2010 (as amended from time to time pursuant to its terms, the "Settlement Agreement"), entered into by the District, City and Agency with the member entities of the Bayfront Coalition identified therein



**I. Resort Hotel and Convention Center.** The CVBMP contemplates the development of a resort hotel and convention center (the “RHCC Project”), further described in Section 5, to serve as the anchor project of the CVBMP and to be located on the site described in the FEIR and commonly known as Parcel H-3. The Parties anticipate that the RHCC Project will generate substantial benefits to the local and regional community in the form of increased tax and lease revenues, permanent jobs, and the provision of significant public amenities and will be the development catalyst for the CVBMP Project Area. The RHCC Project is also expected to generate substantial direct and indirect benefits to the San Diego region, including permanent and temporary jobs, tax revenues and public infrastructure.

**J. Public Improvements Required for CVBMP.** Development of the CVBMP Project Area, which is currently largely vacant land lacking in required infrastructure improvements, will require the construction of substantial public improvements early in the development and construction process (“Phase 1A”). Such public improvements include, without limitation, those listed on Exhibit C-1 attached hereto related to development of the RHCC Project and other Phase 1A development (collectively, the “RHCC Public Improvements”), and other public improvements required as part of the CVBMP Project Area, not for the RHCC Project, are generally and identified on Exhibit C-2 attached hereto.

**K. RIDA Selection.** On May 6, 2014, the District Board of Port Commissioners adopted a resolution authorizing the issuance of a Request for Qualifications (“RFQ”) for a resort hotel and convention center in the CVBMP Project Area. After considerable local, regional, national and international marketing efforts by District staff, City staff and District’s consultant Jones Lang LaSalle, RFQ 14-24 (District Clerk No. 62033) was issued on June 30, 2014. The responses to the RFQ were due on September 8, 2014. A response was received from RIDA Development Corporation (“RIDA”), with ARES Management, LLC as the financial partner, WELBRO Building Corporation as the general contractor and three well qualified architectural firms, as architects. On October 14, 2014, the District Board of Port Commissioners adopted a resolution selecting RIDA as the successful respondent to the RFQ.

**NOW, THEREFORE,** in consideration of the above promises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**1. Definitions.** Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Agreement have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

**AAA** means the American Automobile Association.

**Additional Occupancy-Based Revenues** means those revenues received by the District, the City or the JEPA more fully described in Section 4.2.2(d) hereof.

**Agency** means the Successor Agency to the Chula Vista Redevelopment Agency a legal entity created by the State of California that succeeded the Chula Vista Redevelopment Agency and which was vested with and has all the right and obligations of the former “Chula Vista Redevelopment Agency”.

**Agreement** means this Amended and Restated Chula Vista Bayfront Master Plan Financing Agreement, as modified, amended or supplemented from time to time pursuant to its terms.

**Authorized Representative of the City** means the City Manager of the City or the designee of the City Manager of the City.

**Authorized Representative of the District** means the President/CEO of the District, which is the executive director of the District as such term is used in the Port District Act, or the designee of the President/CEO of the District.

**CCC** means the California Coastal Commission or any successor thereto.

**CEQA** means the California Environmental Quality Act.

**City** means the City of Chula Vista, a charter city and municipal corporation.

**Calendar** means the dates for submittal and approval by the Parties of the Funding Sources Submittals under Section 4.1.2 of this Agreement.

**Convention Center Lease** means the lease of the Convention Center contemplated by Section 5.5 of this Agreement.

**Convention Center** means the development anticipated to consist of up to 415,000 net square feet of convention facilities to be located on the RHCC Development Site comprising a portion of the RHCC Project more fully described in the FEIR.

**CVBFFA** means the Chula Vista Bayfront Facilities Financing Authority, created by the Joint Exercise of Powers Agreement dated as of May 1, 2014, a joint exercise of powers entity having as members the City and the District pursuant to Section 6502 *et seq* of the California Government Code.

**CVBMP** means the Chula Vista Bayfront Master Plan described in the recitals hereof.

**CVBMP Ground Leases** means the future long-term ground leases, excluding the RHCC Ground Lease and Other Ground Leases, entered into by the District contemplated by Section 5.4 of this Agreement.

**CVBMP Master Calendar** means the calendar for significant actions and agreements required for the implementation of the financing and other undertakings contemplated pursuant to this Agreement, as amended from time to time pursuant to the provisions of this Agreement.

**CVBMP Project** means the development of the Chula Vista Bayfront in accordance with the CVBMP.

**CVBMP Project Area** means the area encompassed by the CVBMP.

**CVBMP Public Improvements** means those infrastructure improvements needed to foster development of the CVBMP Project Area, including, without limitation, the infrastructure improvements summarized on Exhibit C-2 attached hereto, which are more precisely described in Document 58519 (Chula Vista Bayfront Master Plan Opinion of Probable Cost (Class iii Estimate)

Final as of October 2009) on file in the office of the District Clerk, as updated from time to time as agreed to by the Parties, which do not include the items that are needed for the RHCC Public Improvements that are set forth on Exhibit C-1 attached hereto.

**Developer** means RIDA Chula Vista, LLC, a Delaware limited liability company, or other developer or developers selected by the District to ground lease and develop the RHCC Development Site.

**Discretionary Actions** shall have the meaning assigned to such term in Section 2.2 of this Agreement.

**District** means the San Diego Unified Port District, a district formed pursuant to California Harbors and Navigation Code Appendix A 1, §§ 1 *et seq.* and a public corporation.

**District Property** means the real property located in the CVBMP Project Area identified on Exhibit B attached hereto.

**Effective Date** means the date this Agreement shall become effective as provided in Section 15.11 hereof.

**EIFD** means an enhanced infrastructure financing district sponsored by the City for that portion of the CVBMP Project Area known as the Sweetwater and Harbor districts (as identified in the FEIR) created pursuant to Chapter 2.99 (commencing with Section 53398.50) of Part 1, Division 2, Title 5 of the California Government Code or similar law pursuant to which incremental property tax revenue derived from such portion of the CVBMP Project Area may be applied to fund costs of RHCC Public Improvements and RHCC Project Public Investment to the extent eligible for funding thereunder.

**EIFD Revenues** means incremental property tax revenue derived from the EIFD and legally available to fund costs of RHCC Public Improvements and RHCC Project Public Investment.

**Exchange Agreement** means that certain Exchange Agreements specified in Recital G.

**Excess Costs** shall have the meaning specified in Section 6 of this Agreement.

**Exchange** means the concurrent transfer of the Residential Property to the Owner and the Owner Property to the SLC contemplated by the Exchange Agreement.

**FEIR** means the Final Environmental Impact Report for the Chula Vista Bayfront Master Plan and Port Master Plan Amendment certified by the District on May 18, 2010 as further defined in Recital B.

**Financing Revenues** means the revenues described in Section 4.2 to be applied by the District and City to pay costs of the RHCC Public Improvements and the RHCC Project Public Investment and other costs pursuant to a Plan of Finance.

**Financing Sources Approval** shall have the meaning described in Section 4.1.2.

**Financing Sources Submittal** means the submittals of the respective Parties described in Section 4.1.2 regarding the availability of individual sources of Financing Revenues.



**Fire Station** means the fire station serving the CVBMP Project Area which will be required in connection with the development of the CVBMP Project Area.

**Force Majeure Event** means any of the following events which prevent a Party from performing any obligation or achieving any milestone described in the CVBMP Master Calendar, described in this Financing Agreement or in a Plan of Finance: (i) delays in the entitlement process arising from the filing and processing of legal or administrative appeals of entitlement approvals; (ii) unanticipated processing delays by the staffs or governing bodies of the SLC, the CCC and/or the RWQCB; (iii) litigation of entitlement approvals and other governmental actions necessary for the financing, construction and implementation of the CVBMP Public Improvements and RHCC Public Improvements and/or of the Residential Property Improvements; (iv) any act of God, strike, lockout or other industrial disturbance during the construction and development of the RHCC Public Improvements, the CVBMP Public Improvements and/or of the Residential Property Improvements; (v) act of public enemy, blockade, war, insurrection, civil disturbance, explosion or riot; epidemic; (vi) landslide, earthquake, fire, storm, flood, or washout; (vii) governmental restraint, action or inaction, either federal, state, county, civil or military, including the adoption of any new law materially affecting either the ability of the Parties to proceed with implementation of the CVBMP or substantially increasing the costs of proceeding with implementation of the CVBMP (but not including any City or District laws, ordinances or regulations not mandated by federal, state or county laws or regulations); (viii) any initiative or referendum (including any such action related to actions of any of the Parties hereunder); (ix) failure to obtain any necessary federal, state or county governmental approval, and (x) failure of Owner or Developer to timely enter into a requested agreement or take a requested action.

**Ground Lease Revenues** means the collective ground lease payments made under the RHCC Ground Lease and Other Ground Leases, howsoever identified, including base rental, percentage rent and other rent components or amounts paid under some other agreement other than a ground lease. District shall identify in a Plan of Finance those Ground Lease Revenues, if any, that are subject to the prior pledge securing bonds issued by the District pursuant to the Indenture, dated as of October 1, 2004, as supplemented or amended, between the District and U.S. Bank National Association, as trustee or are otherwise unavailable for purposes of this Agreement.

**JEPA** means the CVBFFA, or other entity or financing structure authorized by applicable law agreed to by the Parties to provide for or facilitate the financing of the RHCC Public Improvements and the RHCC Public Investment.

**JEPA Obligations** is defined in Section 4.2.1 of this Agreement.

**Lease Payments** means the rental payments made by the City pursuant to a Convention Center Lease (exclusive of any Developer component described in Section 5) or lease of other public facilities, such rental payments to be in an amount up to the fair-market rental value of the Convention Center and not greater than an amount equal to (i) the revenues generated by the TOT generated by the RHCC, but not any other hotel development within the CVBMP Project Area and the existing RV Park located therein and the replacement RV Park to be constructed; (ii) all Sales Tax derived from the RHCC Project, PMSA Revenues and Additional Occupancy-Based Revenues received by the City, if any, exclusive of any Developer rent payable pursuant to any Developer sublease of the Convention Center; and (iii) any other City revenues described in a Plan of Finance, as further described in a Plan of Finance, subject to the limits described in Section 5.5.

**Management Agreement** means an agreement with the Developer pursuant to which the Developer assumes responsibility for the operations, management and maintenance obligations relating to the Convention Center.

**O&M Costs** means all costs of operation and maintenance incurred by the District and City, respectively, to provide administrative support, public safety, environmental services, and other direct and indirect operations and maintenance services resulting from the development of the CVBMP Project Area and serving the CVBMP Project Area, including, without limitation, administration of the RHCC Ground Lease, Other Ground Leases and the CVBMP Ground Leases, as more fully addressed in a Plan of Finance.

**Other Ground Leases** means those existing ground leases, as may be renewed or replaced, for the properties set forth on Exhibit F attached hereto.

**Owner Property** means Parcels S-1, S-2, S-3, SP-1, SP-2 and SP-3.

**Owner** means North C.V. Waterfront L.P., a California limited partnership, party to the Exchange Agreement.

**Parcel H-3** shall have the meaning specified in Recital I of this Agreement.

**Park Agreement** means the agreement between the District and the City contemplated pursuant to Section 4.2.2(g) of this Agreement.

**Parties** means the City and the District.

**Party** means the City or the District, as applicable.

**Plan of Finance** shall mean one or more financings plans to be approved and entered into by the District and City setting forth, among other things, the means by which the Financing Revenues described in Section 4 shall be applied to pay the cost of the RHCC Public Improvements and the RHCC Project Public Investment. The City and District may enter into one or more plans of finance for the build-out of the CVBMP Project areas separate from the RHCC Development Site.

**PMSA** means that certain Agreement No. 88-2012 between the District and the City providing for Police, Fire and Emergency Medical Services.

**PMSA Revenues** means amounts payable by the District to the City pursuant to the PMSA, in an annual amount equal to the reimbursement received from the District in fiscal year 2016, plus three percent (3%) per annum increase each fiscal year thereafter.

**Port District Act** means the California Harbors and Navigation Code APPENDIX 1, Section 1 *et seq.* as amended from time to time.

**Port Land Exchange Payment** means that certain one-time payment in the amount of \$3,000,000 received by the District at the Exchange Close of Escrow pursuant to the Exchange Agreement.

**Proposition G** means Chapter 2.59 of the Chula Vista Municipal Code, approved by the voters of the City in June 2010.

**Public Trust Doctrine** means the concept that the property of the District is held by the District as trustee of a public trust for the benefit of the people.

**Reimbursement Agreement** means an agreement with a Subdivider and the City entered into in accordance with the provisions set forth in Section 6 of this Agreement.

**Reimbursement Obligation** shall have the meaning specified in Section 6 of this Agreement.

**Residential Property Improvements** means improvements to the Residential Property contemplated by Recital E of this Agreement.

**Residential Property** means Parcels HP-5, H-13 and H-14. In addition, although the Parties acknowledge that Parcel H-15 has not been designated for residential use in the FEIR, as more fully explained in Recital E to this Agreement, for purposes of this Agreement and certain other agreements entered into in connection with the CVBMP, Parcel H-15 has been included in the defined term Residential Property.

**Revenue Bonds** means tax-exempt and/or taxable revenue bonds anticipated to be issued in accordance with a Plan of Finance secured by and payable from the sources of funds described in this Agreement as more fully described in Section 4.3.

**RHCC** means the resort hotel and convention center contemplated by Recital C of this Agreement.

**RHCC Development Site** means the site selected for the RHCC Project.

**RHCC Ground Lease** means the long-term ground lease/sublease between the District and the Developer contemplated pursuant to Section 5.1 of this Agreement.

**RHCC Hotel** means a resort hotel meeting or exceeding the service quality standards of a four diamond, AAA standard hotel, to be located on the RHCC Development Site adjacent to the Convention Center.

**RHCC Project** means the Convention Center and RHCC Hotel contemplated by Recital I of this Agreement.

**RHCC Project Public Investment** means amounts agreed by the Parties to be contributed to the financing of the RHCC Project over and above amounts contributed for the RHCC Public Improvements, for the Convention Center or otherwise, as may be determined from time to time as part of a Finance Plan.

**RHCC Public Improvements** means those CVBMP Public Improvements to be constructed in connection with development of the RHCC Project, consisting generally of those Phase IA improvements described in Exhibit C-1 attached hereto and as may be more fully described in a Plan of Finance but specifically excluding the Convention Center.

**RWQCB** means the California Regional Water Quality Control Board.

**Sales Tax** means that portion of sales tax levied pursuant to the Bradley-Burns Uniform Local Use and Sales Tax Law (California Revenue and Taxation Code Section 7000, *et seq.*) and allocated to the City pursuant to applicable law attributable to the RHCC Project, exclusive of any amount so levied and allocated to the City pursuant to voter approval by the electors of the City.

**SDGE Relocation Fees** means fees received by the District from San Diego Gas & Electric pursuant to a Right of Entry Agreement between the District and San Diego Gas and Electric, filed in the office of the District Clerk on September 24, 2015 as Document No. 63983, in the amount of \$1,653,750.

**Settlement Agreement** means the Chula Vista Bayfront Master Plan Settlement Agreement, entered into as of May 4, 2010, by and among the Bayfront Coalition Member Organizations identified therein, the District, the City and the Agency, as amended from time to time pursuant to its terms.

**Sewer Facility Contribution** means the one-time contribution by the City to fund specific sewer facility improvements comprising part of the RHCC Public Improvements described in Exhibit E-1 attached hereto and as may be more fully described in a Plan of Finance.

**SLC** means the California State Lands Commission.

**Subdivider** means a developer or builder in the CVBMP Project Area (other than the Owner) which is required by the City to oversize or supplement the size, capacity, number or length of an improvement for the benefit of property(ies) in addition to the property owned or leased by such Subdivider.

**TOT** means transient occupancy tax attributable to the RHCC Project and the existing RV Park in the CVBMP Project Area and the replacement RV Park to be constructed; provided that TOT generated from other portions of the CVBMP Project Area may be included with respect to development of subsequent phases of the CVBMP Project Area to the extent described in Section 4.2.2(a).

## **2. Findings, Purpose, Acknowledgements of the Parties, Reservation of Discretion.**

**2.1 Findings, Purpose and Intent.** The Parties hereby find and determine that the recitals set forth above are true and correct. The purpose and intent of this Agreement is to provide for the obligations of each Party with respect to implementation of the financing, development and construction to support the build-out of the CVBMP Project Area in accordance with the FEIR and such other and further actions of the Parties as may be necessary and appropriate for the build-out of the CVBMP Project Area, including without limitation, the buildout of the RHCC Public Improvements related to the RHCC Project, subject in all cases to Section 2.2 and 2.3 of this Agreement. It is also the intent of the Parties that the requirements of the California Environmental Quality Act ("CEQA"), as certified in the FEIR, be fully complied with in the implementation of the matters set forth in this Agreement. The Parties intend that the planning, development and construction of the CVBMP Project Area be a cooperative, mutual endeavor in which the Parties actively participate and work together, in good faith and with due diligence.

**2.2 Reservation of Discretion Regarding Actions Subject to CEQA and Other Applicable Laws.** The Parties to this Agreement understand, acknowledge and agree that,



notwithstanding any other terms and conditions of this Agreement, (i) certain actions (collectively, "Discretionary Actions") incidental to matters described in this Agreement or required by this Agreement or a Plan of Finance may require the exercise of discretion by one or more of the Parties which may require review under and compliance with CEQA, other laws pertaining to the City's or District's commitment of the revenue sources described herein (including, without limitation, the Constitution of the State of California, the City Charter, the Port District Act, respectively, and other laws relating to the formation or implementation of the EIFD and (ii) such Discretionary Actions shall require CEQA review, or review under such other laws prior to the occurrence of said Discretionary Action and cannot lawfully be committed to by contract prior to compliance with CEQA and cases interpreting CEQA or such other laws, respectively. The Parties acknowledge that each of the matters set forth in this Agreement, are subject to future Discretionary Actions and other actions constituting conditions precedent; provided, however, this Agreement does not commit the Parties to a definite course of action, including, but not limited to, approval or commencement of a lease, permit or other agreement prior to CEQA review and review under such other laws being conducted. Rather, this Agreement sets forth the Parties' intent to further explore, design, and evaluate the CVBMP Project and RHCC Project. The FEIR has been certified for the CVBMP and the Parties don't anticipate the need for supplemental CEQA review. Nothing in this Agreement will be construed as circumscribing or limiting the District's or City's exercise of discretion with respect to all and any future Discretionary Actions in connection with the CVBMP or this Agreement, including without limitation, to the adoption of any and all feasible mitigation measures, alternatives to the CVBMP Project or RHCC Project, including a no project alternative, a statement of overriding consideration, (if applicable and subsequent CEQA review is required), approval of the CVBMP Project, RHCC Project, land use entitlements, the exercise of eminent domain, the implementation of code enforcement, commitment of Financing Revenues, entry into any leases or other agreements, and the making of findings and determinations required by law with respect to a Discretionary Action. Any and all Discretionary Actions may be exercised in the sole and absolute discretion of the Parties and the Parties assume the risk that a Discretionary Action may not be taken. The Parties do not represent by this Agreement or otherwise their legal capacity to provide the Financing Revenues or other undertakings contemplated herein, such matters to be the subject of future actions and agreements, including certain Discretionary Actions. Accordingly, each of District and City reserve their discretion to approve or disapprove such Discretionary Actions. Such reservation of discretion will apply to all future contemplated legislative and quasi-judicial actions, including, without limitation, approval of land use entitlements, CEQA compliance, EIFD formation, the exercise of eminent domain, the implementation of code enforcement, commitment of Financing Revenues and approval of any controls or other agreements related thereto, development of a Plan of Finance, entry into the Convention Center Lease or other leases, and the making of findings and determinations required by law with respect to a Discretionary Action, and the failure to take any such future Discretionary Action will not constitute a breach of such Party's obligations under this Agreement. The foregoing notwithstanding, nothing in this Section will be interpreted to impair or limit any Party's obligation to perform any action on its part to be performed under this Agreement with respect to which the requirements of CEQA or such other laws were satisfied prior to the Effective Date or which become satisfied after the Effective Date.

## **2.3 Acknowledgements of the Parties.**

**2.3.1** Due to the importance of developing residential uses on the Residential Property to accomplishing goals of the CVBMP identified in the FEIR, each of the Parties acknowledges that: (i) the District would not proceed with the undertaking of its obligations herein without the assurances from City contained in this Agreement that certain revenue streams

under the control of the City as set forth in Section 4.2.2 (together with certain revenue streams under control of District as set forth in Section 4.2.1 below, along with the contemplated Fire Station and Sewer Facility Contribution) will be available to pay for public infrastructure and long-term operations and maintenance for the CVBMP Project Area, the assurances from City that the Residential Property Improvements will be entitled and required to be developed and constructed by Owner in an expeditious manner, and other City undertakings hereunder, in each case subject to the provisions of this Agreement, including the conditions precedent set forth in this Agreement; and (ii) the City would not proceed with the undertaking of its obligations herein without the assurances of the District with respect to the development of the RHCC Project, the District commitment of Ground Lease Revenues, and other District undertakings hereunder, in each case subject to the provisions of this Agreement, including the conditions precedent set forth in this Agreement.

**2.3.2** Each of the Parties hereby further acknowledges that: (i) the ability of each Party to apply Financing Revenues under its control to the cost of RHCC Public Improvements, and the RHCC Project Public Investment, a Financing Sources Submittal and a Plan of Finance or otherwise under this Agreement are subject to all applicable laws and nothing in this Agreement shall be construed as a representation of any Party regarding the availability (legal or otherwise) of such Financing Revenues for the contemplated purpose; (ii) actions contemplated in a Plan of Finance described in Section 4 to be undertaken in connection with tax-exempt financing or other financing entitled to federal tax benefits are subject to compliance with the applicable federal requirements in effect at the time such financing is entered into; (iii) other actions contemplated by this Agreement may also require modification in order to comply with applicable federal requirements related to tax-exempt financing or other financing entitled to federal tax benefits; (iv) depending on the facts and circumstances, tax-exempt financing or other financing entitled to federal tax benefits may be unavailable for some or all RHCC Public Improvements, RHCC Project Public Investment or other CVBMP Project costs; (v) all actions contemplated to be taken subsequent to the Effective Date are subject to modification to comply with all applicable laws at the time such actions are undertaken; and (vi) actions contemplated by a Plan of Finance or a Financing Sources Submittal may be subject to certain Discretionary Actions.

**2.3.3** The Parties agree to cooperate in good faith to identify ways to minimize the publicly-funded cost of the RHCC Public Improvements, CVBMP Public Improvements and any other improvements to be funded from Financing Revenues, and to identify other sources of funding of the RHCC Public Improvements, CVBMP Public Improvements and any other improvements contemplated to be funded from Financing Revenues (including, without limitation, private sector, federal and other governmental sources) so as to minimize the required investment of Financing Revenues hereunder, provided in no event shall any Party be obligated to consider application of any of its general revenues or special revenues not specifically contemplated hereunder for such purpose.

**2.3.4** Each of the Parties hereby further acknowledges that there may be costs associated with the construction or acquisition of the RHCC Public Improvements, CVBMP Public Improvements and any other improvements to be funded from Financing Revenues which relate to certain costs of site preparation and/or site remediation not anticipated as of the Effective Date of this Agreement. The Parties agree that a Plan of Finance shall address this issue.

**2.4 Termination of Original Agreement.** Except as set forth in Section 3, the Original Agreement is hereby superseded and terminated as of the Effective Date and of no further force and effect.



**3. CVBMP Master Calendar.** A master calendar for significant actions and agreements currently known to the Parties required for the entitlement, design, financing, construction and implementation of the CVBMP was attached as an exhibit to the Original Agreement ("CVBMP Master Calendar"). The Parties agree, notwithstanding any master calendar maintained by the Parties for any other purpose, the CVBMP Master Calendar shall not be maintained by the Parties for purposes of this Agreement, however, subject to the Exchange Agreement, a calendar related to the implementation of a Plan of Finance and other undertakings of the Parties pursuant to this Agreement shall be developed and maintained as part of a Plan of Finance. To the extent required by the Exchange Agreement, Section 3 of the Original Agreement (and related provisions applicable to such section) is not terminated or modified in any way by reason of this Agreement.

**4. Development of Plan of Finance; Acknowledgement of Factors Potentially Impacting Plan of Finance.** The Parties will cooperate in good faith and use their respective best efforts to develop a binding Plan of Finance which (a) utilizes all of the Financing Revenues described in Section 4.2 to support financing of the construction of the RHCC Public Improvements and the financing of the RHCC Project Public Investment and such other elements of the CVBMP Public Improvements as may be addressed in a Plan of Finance, (b) identifies the specific legal mechanisms by which such utilization will be accomplished, (c) identifies O & M Costs of the parties related to the RHCC Project and, to the extent applicable, the CVBMP Project more generally, and allocates financial responsibility for such O & M Costs among the parties, and (d) identifies a calendar for the timely implementation of a Plan of Finance in light of the anticipated dates by which funds are needed to accomplish the RHCC Project.

The Parties currently anticipate that such Plan of Finance will involve as issuer the CVBFFA, but acknowledge that such Plan of Finance may involve amendments to the CVBFFA or the creation of an entity other than a joint powers authority and/or another type of financing structure authorized by applicable law. The Parties anticipate that: (i) the Parties will cause the execution and delivery of obligations, which may include the issuance of Revenue Bonds by the JEPA and/or other obligations to provide loan proceeds, the repayment of which will be secured by and payable from the Financing Revenues; and (ii) the District on one hand and the City on the other hand will have equal roles in the governance of the JEPA absent agreement by both Parties to a different governance arrangement.

The Parties acknowledge that the timing and structure of the issuance of Revenue Bonds and the commitment of the Parties' respective funding sources to the payment of cost of CVBMP Public Improvements, RHCC Public Improvements or other RHCC Project Public Investment, and/or the payment of debt service with respect to Revenue Bonds and other obligations is subject to a number of legal requirements, some of which are Discretionary Actions, and other variables.

The Parties agree to proceed in good faith to approve a Plan of Finance prior to execution of the RHCC Ground Lease. The Parties also agree to proceed in good faith to approve any future plan(s) of finance related to any other CVBMP Public Improvements, not included in a Plan of Finance, which are contemplated by this Agreement.

#### **4.1 Anticipated Sources of Funds; Plan of Finance.**

**4.1.1** Subject to the further provisions of this Agreement, the Parties agree that a Plan of Finance will address the manner in which Financing Revenues will be used directly or indirectly to pay debt service on the Revenue Bonds or otherwise pay the cost of RHCC

Public Improvements or other RHCC Project Public Investment and shall also address the manner in which Financing Revenues not needed for such purposes shall be applied to or by the Parties.

**4.1.2** Evidence of availability of the funding sources described in Section 4.2 is referred to herein as a “Financing Sources Submittal” and the Parties shall agree on the dates by which each such submittal shall be made and approved by the other Party (the “Calendar”) so that a Plan of Finance may be developed and approved prior to the execution of the RHCC Ground Lease. As and to the extent applicable, the District and the City will approve the Financing Sources Submittal of the other Party (the “Financing Sources Approval”) prior to the execution of the RHCC Ground Lease. However, each of the Parties acknowledges that each of the Financing Sources Submittals may be subject to Discretionary Actions.

**4.1.3** To the extent described in a Plan of Finance, such amounts comprising Financing Revenues may be used to pay the CVBFFA, JEPA, or its designee: (a) debt service on JEPA Obligations ; and (b) other amounts pledged to the CVBFFA or JEPA to support payment on the Revenue Bonds. A Plan of Finance may identify other financing arrangements including Developer financing pursuant to which Financing Revenues may be applied to the cost of public improvements related to the RHCC Project or other RHCC Project Public Investment. Following approval of a Plan of Finance, the Parties will cooperate in good faith to implement a Plan of Finance.

## **4.2 Sources of Funds.**

### **4.2.1 District Sources of Revenue:**

**Ground Lease Revenues.** Ground lease payments under the RHCC Ground Lease and Other Ground Leases, which are a portion of the Ground Lease Revenues will be (i) pledged by the District to support debt service payments on obligations to be issued by the JEPA (hereinafter referred to as the “JEPA Obligations”) and sold to the JEPA, an underwriter, the Developer or others, or (ii) directly pledged to the JEPA, a trustee, the Developer or others to support debt service payments on Revenue Bonds, as determined by the District in its reasonable discretion in accordance with a Plan of Finance. The Parties acknowledge the Ground Lease Revenues may support separate JEPA Obligations. The District will submit evidence of the availability of the Ground Lease Revenues and of the method by which the JEPA Obligations is expected to support payment of debt service on the Revenue Bonds in accordance with the Financing Sources Submittal described in Section 4.1.2.

(a) **Port Land Exchange Payment.** The District is expected to contribute the Port Land Exchange Payment to the cost of RHCC Public Improvements or the CVBMP Public Improvements in accordance with a Plan of Finance.

(b) **SDGE Relocation Fee.** The District is expected to contribute the SDGE Relocation Fee to fund eligible elements of the RHCC Public Improvements or the CVBMP Public Improvements in accordance with a Plan of Finance.

### **4.2.2 City Sources of Revenue.**

(a) **TOT Revenues; Sales Tax Revenues.** The City is expected to provide an amount equivalent to the TOT and the Sales Tax generated from the RHCC Project and RV Parks, to support debt service payments on the Revenue Bonds. It is anticipated that such

amount will be provided in the form of Lease Payments or other arrangement the provision of which does not constitute a debt of the City within any constitutional debt limitation applicable to the City. The City will submit evidence of the availability of the Lease Payments (including the items described in Section 5.5) or other arrangement and of the method by which such payments will support payment of debt service on the Revenue Bonds in accordance with the Calendar described in Section 4.1.2.

(b) **Enhanced Infrastructure Financing District Revenues.**

The City agrees to consider in good faith sponsorship of the formation of an EIFD for the purpose of applying the incremental tax revenues payable to the EIFD under applicable law to the payment of the cost of RHCC Public Improvements or other RHCC Project Public Investment to the extent permitted by law. The Parties acknowledge that an EIFD, if formed, will be a separate legal entity from the City, and may not be controlled by the City. The City will consider causing the EIFD Revenues to include incremental tax revenues payable to the City, with respect to the City's share of the basic 1% ad valorem tax levy and property taxes paid in-lieu of motor vehicle license fees, and the County of San Diego and other taxing entities to the extent such other entities agree with respect thereto. The District agrees to pursue in good faith the participation of the County of San Diego in the formation of an EIFD. The Parties acknowledge that EIFD Revenues may be pledged to bonds of the EIFD on a separate, stand-alone basis as part of a Plan of Finance. The City will submit evidence of the availability of the EIFD Revenues, and of the method by which the EIFD Revenues will support payment of debt service on the Revenue Bonds or bonds of the EIFD, in accordance with the Calendar described in Section 4.1.2. The manner of the City's commitment under this Section is subject to Discretionary Actions and may be limited by applicable law as may be set forth in the Financing Sources Submittal. Nothing in this Section requires the City to form an EIFD if it determines it will be the only participant. Even if an EIFD is not formed, the City will treat as Financing Revenues available for application in accordance with a Plan of Finance an amount equivalent to the net amounts that would have been generated for use by an EIFD within the CVBMP Project by the RHCC Project should an EIFD have been formed including tax revenues of the City and no other taxing entities. The City will submit evidence of the availability of the EIFD Revenues or other arrangement and of the method by which such revenues will support payment of debt service on the Revenue Bonds in accordance with the Calendar described in Section 4.1.2.

(c) **PMSA Revenues.** The City and the District expect to cause PMSA Revenues to be contributed to pay costs of financing the RHCC Public Improvements and/or the RHCC Project Public Investment whether as part of the Lease Payments or other payments described in Section 4 or otherwise. The City will submit evidence of the availability of the PMSA Revenues and of the method by which the PMSA Revenues will support payment of debt service on the Revenue Bonds in accordance with the Calendar described in Section 4.1.2.

(d) **Additional Occupancy-Based Revenues.** The Parties acknowledge a mutual desire to explore the creation of a vehicle by which Additional Occupancy-Based Revenues in an amount up to one-half of the currently projected revenue generated from the TOT revenues described in Section 4.2.2(a) above may be applied to the cost of the RHCC Public Improvements and/or the RHCC Project Public Investment. The Parties agree that the mechanism by which such revenues may be generated may include a public financing mechanism such as that provided under the Mello-Roos Community Facilities Act of 1982, as amended (California Government Code Section 53311 *et seq.*), applicable state or charter city assessment laws, District charges or surcharges related to the RHCC Ground Lease or other Developer-sponsored or imposed charges or surcharges with respect to hotel guests or RHCC Project users. The Parties agree to



consider in good faith the creation of such financing sources, subject to Discretionary Actions, and subject to existing law. To the extent any such Additional Occupancy-Based Revenues are created, the Parties agree to apply such revenues to the cost of RHCC Public Improvements and/or the RHCC Project Public Investment including to support payments with respect to Revenue Bonds.

(e) **Sewer Facility Contribution.** The City is expected to make the Sewer Facility Contribution available to fund the elements of the RHCC Public Improvements described in Exhibit E-1 attached hereto. The City will submit evidence of the availability of the Sewer Facility Contribution and of the method by which the Sewer Facility Contribution will support construction of the eligible RHCC Public Improvements in accordance with the Calendar described in Section 4.1.2. Other sewer facilities required as part of the CVBMP Project Area, not for the RHCC Project, are generally identified on Exhibit E-2 attached hereto.

(f) **Development Impact Fees.** The Parties acknowledge that all future tenants of District in the CVBMP Project Area will be required to comply with all requirements of the City relating to development impact fees assessed by the City, including, without limitation, a Public Facilities Development Impact Fee, a Transportation Development Impact Fee described in paragraph (h) below, and a Parkland Acquisition and Development Fee ("PAD Fees") described in paragraph (g) below, in each instance, as applicable, and subject to applicable law, as well as any future development impact fees as shall be authorized by City ordinance. Each of the Parties further acknowledges that the levy, maintenance, adjustment and expenditure of such development impact fees is regulated by State law.

(g) **Park Areas; Joint Use and Improvement Fees.** The District and City will cooperate in good faith and use their respective best efforts to negotiate an agreement (hereinafter referred to as the "Park Agreement") which grants the City a nonexclusive, joint-use right or other interest in the areas designated for public park use within the CVBMP Project Area (such areas being hereinafter referred to as the "Park Areas"). The Parties agree that such Park Agreement will provide that all maintenance obligations related to the Park shall be the sole responsibility of the District and will include the following terms: (i) a term of sixty-six (66) years; (ii) as and when City collects PAD Fees, or such other park related impact fees as may be adopted in the future, from developments in the CVBMP Project Area, the City will separately account for and pay the Acquisition Component of the PAD Fees to the District as rent under the Park Agreement; (iii) upon receipt by District, all rent or other payment comprised of the Acquisition Component of PAD Fees will be deposited into an interest bearing, restricted reserve controlled by the District to be used for any lawful purpose under California Government Code § 66477 or other applicable California Government Code provisions and upon the earlier of the end of the term of the Park Agreement or the date on which the Revenue Bonds, as they may be re-issued or refinanced from time to time, are paid in full and retired, any funds remaining in such restricted reserve will be returned to the City. The parties will approve the Park Agreement in accordance with a Plan of Finance. Should the City replace the PAD Fees with a similar fee mechanism in the future, City will contribute an amount equivalent to the amounts that would have been generated by the existing PAD Fees within the CVBMP Project as rent under the Park Agreement.

(h) **Transportation Development Impact Fees.** The City has enacted a separate Transportation Development Impact Fee ("TDIF") covering at least the CVBMP Project Area to fund transportation improvements, and such TDIF will be applied to the cost of transportation improvements to be identified in the proceedings enacting the TDIF.

**4.2.3 RIDA Support Payments.** The Parties shall agree to support the JEPA Obligations in such time and amounts as set forth in the agreed upon a Plan of Finance.

### **4.3 Revenue Bonds.**

**4.3.1 Issuance of Revenue Bonds.** As of the Effective Date, the Parties anticipate that the financing of the cost of the RHCC Public Improvements and other RHCC Project Public Investment will be provided through a combination of timely contributions of the Financing Revenues described in Section 4.2 to the payment of such costs, the issuance of Revenue Bonds to finance such amounts including, if applicable, periodic payments to the Developer or Developer designee, subject in all respects to a Plan of Finance. The Revenue Bonds may take a variety of forms, including variable rate obligations, senior/subordinate obligations, Developer-financed obligations or other arrangements to be described in a Plan of Finance. The Revenue Bonds may be issued as taxable bonds or tax-exempt bonds in such combinations as may be described in a Plan of Finance. The Parties will cooperate in good faith and use their best efforts to cause the JEPA to issue Revenue Bonds in amounts sufficient, together with other Financing Revenues, to finance the RHCC Public Improvements and the RHCC Project Public Investment. The Parties acknowledge that issuance of Revenue Bonds will be subject in all respects to a Plan of Finance and other provisions of this Agreement.

**4.3.2 Security and Sources of Payment for Revenue Bonds.** The Revenue Bonds are expected to be secured by the Financing Revenues described in Sections 4.2.1 and 4.2.2 in substantially the manner described in the Financing Sources Approval as set forth in Section 4.1.2 above and a Plan of Finance described in Section 4. Any contribution of revenues not specifically contemplated in this Agreement by either Party, whether to address gaps in funding identified by the Developer or otherwise, and any discussions or negotiations with respect to such matters, are expressly outside the scope of this Agreement. However, the Parties may agree to sources of revenue not identified in this Agreement if agreed to in a Plan of Finance.

**4.3.3 Issuance of Revenue Bonds; CVBMP Public Improvements.** The Parties anticipate that the financing of the cost of the CVBMP Public Improvements may be provided through the issuance of Revenue Bonds, subject in all respects to a Plan of Finance.

### **4.4 Anticipated Application of Revenue Bond Proceeds; Flow of Funds; Release of Financing Revenues.**

**4.4.1 Application of Revenue Bond Proceeds.** The Parties anticipate that proceeds from the Revenue Bonds issued by the JEPA will be used to finance the costs of construction and related costs for the RHCC Public Improvements and RHCC Project Public Investment, either directly (by using Revenue Bond proceeds to pay such costs) or indirectly (by using the Revenue Bond proceeds to purchase obligations of the City or District, the proceeds of which are used to pay such costs), or both.

**4.4.2 Operations and Maintenance Costs ("O&M Costs").** Subject to a Plan of Finance, the manner of payment, reimbursement and funding of District and City O&M Costs will be addressed in a Plan of Finance

**4.4.3 Release of Financing Revenues.** The Parties contemplate, subject to compliance with any financial covenants associated with the Revenue Bonds or other elements of

a Plan of Finance, amounts held by the JEPA in excess of amounts necessary to comply with such covenants shall be returned by the JEPA to the Parties, such return to be made on such basis as shall be set forth in a Plan of Finance.

**5. Resort Hotel and Convention Center Project Leasing and Operations; Opportunity for Cultural/Retail Use on Parcel H-23.**

**5.1 Lease of Resort Hotel and Convention Center Development Site.** The Parties anticipate that the Developer will lease the RHCC Development Site from the District pursuant to the terms of a long-term ground lease (the "RHCC Ground Lease").

**5.2 Resort Hotel and Convention Center Project.** The Parties anticipate that the RHCC Project will consist of an integrated project, comprised of a hotel (such hotel being hereinafter referred to as the "RHCC Hotel") meeting or exceeding the service quality standards of a four diamond, AAA standard, with up to 2,000 rooms (provided that the Parties acknowledge that any proposal to construct more than 1,600 rooms shall require evaluation of (i) impact areas to determine if additional analysis is needed and (ii) additional mitigation measures to reduce significant impacts, if any, associated with the increase in rooms above 1,600), and a Convention Center, and potential parking structure in the sole discretion of the District, each located adjacent to one another on the RHCC Development Site. The RHCC Ground Lease may consist of a ground lease of the RHCC site from the District or other leasing arrangement described in Section 5.5. below, or otherwise, all as may be identified in a Plan of Finance. Rent under the Convention Center Lease may consist of Lease Payments and amounts payable by the Developer under a sublease of the Convention Center, as determined by the District and the City.

**5.3 Review of Developer Proposal(s).** With respect to the District's processing of its transaction with Developer the District will: (i) utilize its usual and customary public process with respect to the design of the RHCC Project; and (ii) share with the City all financial terms of the RHCC Ground Lease to be entered into with the Developer or Developer(s), such financial information to be shared on a confidential basis, prior to submission of such proposed option to lease to the governing body of the District for approval and prior to submission of such terms to the governing body of the City, relative to their commitment of the Financing Revenues identified in Section 4.2 of this Agreement.

Each of the Parties acknowledges that it is such Party's expectation that approval of the any agreements by the governing body of the District and commitment of the Financing Revenues of City and District funds referred to above by the governing body of the City and District will occur substantially contemporaneously, taking into account differences in regularly scheduled meeting dates for the governing body of each of the Parties.

**5.4 Future District Projects within Chula Vista Bayfront Master Plan.** The Parties anticipate that various other developers, selected by District through RFQ/RFP processes and other methods, will lease other parcels of the District Property other than the RHCC Development Site pursuant to the terms of other future long-term ground leases and those revenues may be contributed, by the District, to development of subsequent phases of the CVBMP Project Area pursuant to a Plan of Finance.

**5.5 Lease of Convention Center.** The Parties anticipate that financing of all or part of the Convention Center as part of the RHCC Project Public Investment may involve a lease of



all or a portion of the Convention Center or other public asset by the City from the District or other lessor pursuant to the terms of a long-term lease (such lease being hereinafter referred to as the "Convention Center Lease"). If such financing method is utilized, the term of the Convention Center Lease will equal or exceed the maturity date of the Revenue Bonds and lease payments made pursuant to such Convention Center Lease will not be greater than the Lease Payments. The City and the District will submit evidence of the Convention Center Lease and the City will submit evidence of the availability of the Lease Payments and of the method by which the Lease Payments will support payment of debt service on the Revenue Bonds prior to the execution of the RHCC Ground Lease and such submittal will comprise a part of the Financing Sources Submittal required under Section 4.1.2.

**5.6 Management Agreement.** If a Convention Center Lease is utilized as part of a Plan of Finance, the Parties anticipate that the Developer will be responsible for all construction, operation, management, and maintenance obligations related to the Convention Center pursuant to a management agreement (a "Management Agreement") or sublease in a form approved by the City and the District, and as and to the extent, applicable, the JEPA. As between the Developer and the City, the Developer will assume all risks and obligations associated with constructing, operating, maintaining and managing the Convention Center. The Parties do not intend for a Management Agreement to restrict Developer's leasing or operation of the Convention Center, provided that all provisions of applicable anti-discrimination laws are satisfied and other applicable City, District or JEPA requirements are met. The parties will approve a Management Agreement at the times and in accordance with a Plan of Finance.

**5.7 Opportunity for Cultural/Retail Use on Parcel H-23.** Each of the Parties acknowledges that the project described in the FEIR provides for up to 200,000 square feet of cultural/retail use on Parcel H-23 in accordance with the Public Trust Doctrine and the Port District Act and each of the Parties agrees to preserve the opportunity to develop such cultural/retail use on Parcel H-23 notwithstanding other uses on Parcel H-23, including, without limitation, the development of a hotel or hotels on Parcel H-23.

**6. Reimbursement Agreement for Oversizing.** Separate from the RHCC Project, in the event that City requires Owner, Developer or other developer or builder (hereinafter referred to as a "Subdivider") in the CVBMP Project Area to oversize or supplement the size, capacity, number or length of an improvement for the benefit of property(ies) in addition to the property owned by the Subdivider, City agrees that City may enter into an agreement (hereinafter referred to as a "Reimbursement Agreement") with the Subdivider whereby the City agrees to reimburse the Subdivider from fees paid by subsequent developers for the portion of the cost of those improvements, including to the extent permitted by law an amount attributable to interest, in excess of the construction required solely to serve the property of the Subdivider (such costs being hereinafter referred to as "Excess Costs") by collecting from other persons or entities making use of such improvements for the benefit of real property not within the property owned, or formerly owned, by the Subdivider, an allocable portion of Excess Costs (such allocable portion of the Excess Costs being hereinafter referred to as a "Reimbursement Obligation") pursuant to applicable provisions of the Chula Vista Municipal Code. The Parties agree that any tenant of District Property in the CVBMP Project Area will be required to honor such Reimbursement Obligations pursuant to any Reimbursement Agreements entered into by City.



## **7. Miscellaneous RHCC Project Obligations.**

**7.1 Fire Station.** Each of the Parties acknowledges that a fire station serving the CVBMP Project Area (the “Fire Station”) will be required in connection with the development of the CVBMP Project Area and that, as between the Parties, provision of the Fire Station will be the responsibility of the City. The City will submit evidence of the method and means by which it will cause the Fire Station to be constructed in the Financing Source Submittal.

**7.2 Transit Plan.** Each of the Parties acknowledges that the FEIR identifies the potential for a shuttle service that would link various destinations within the western portion of the City, including the CVBMP Project Area (the “Transit Plan”) and that, as between the Parties, funding for the Transit Plan will be the responsibility of the City. Each of the Parties acknowledges that it will cooperate to develop a Transit Plan consistent with the FEIR, including, without limitation, identification of funding sources for capital costs and operational costs and identification of operational responsibilities and further acknowledges that O&M Costs payable by the City are anticipated to include operational costs of shuttle services contemplated by the FEIR and provided within the CVBMP Project Area until such time as such operational costs are borne by other applicable transportation providers.

### **7.3 [Intentionally left blank]**

## **7.4 Reimbursements for Remediation and Other Costs.**

**7.4.1 Remediation Costs.** Each of the Parties acknowledges that some elements of the cost of RHCC Public Improvements and/or the Convention Center may involve costs of environmental remediation which costs may be the responsibility of third parties pursuant to applicable law or administrative order or other determination or agreement. Nothing in this Agreement is intended to diminish any such responsibility or impose such cost on any Party hereto solely by reason of its participation in this Agreement, it being intended that such costs will be borne by the responsible party in accordance with such law, order, other determination or agreement.

**7.4.2 Other Costs.** Each of the Parties acknowledges that if a Party advances funds to pay specific costs for a portion of the RHCC Public Improvements (e.g., if, for example, the District advances funds required to pay specific costs for a portion of the RHCC Public Improvements required to be completed prior to securing financing), reimbursement for such advances of funds may be provided for in a Plan of Finance on such basis as may be set forth in a Plan of Finance.

**7.4.3 Pacifica Insurance Commitment.** The Parties agree that there shall be paid from the Financing Revenues to the extent permitted by law, an amount not to exceed \$300,000 in total for a period not to exceed ten years from the close of escrow on the Exchange Parcel, to address insurance costs associated with certain soil conditions which Owner may encounter during its development of the Residential Property as follows: (a) \$200,000 to be used solely for any deductibles for the referenced insurance policy and (b) \$100,000 for the following three items only: (1) any environmental cleanup not covered by the insurance policy but required pursuant to the Regional Water Quality Control Board approved cleanup levels as detailed in the Final Cleanup and Abatement Completion Report, Soil Remediation, Exchange Parcel – Former South Campus, Chula Vista, California, prepared by Haley & Aldrich, Inc. and dated February 2015; (2) to pay for costs set forth in (1) above but only in the event that the insurance company goes out of business; or (3) to pay

for costs set forth in (1) above but only in the event the environmental cleanup exceeds the total amount covered by the insurance policy.

**7.5 Application of Unit Contribution.** The Parties agree that the Unit Contribution will be used in conformance with the terms of the Settlement Agreement.

**8. Modifications or Amendments; Waivers.** No modification, amendment, change, waiver, discharge or termination of this Agreement will be valid unless it is in writing and signed by each of the Parties hereto.

**9. Additional Agreements, Actions; Further Assurances.** Each of the Parties will cooperate with and provide reasonable assistance to the other to the extent necessary to implement and achieve the purposes and objectives of this Agreement.

**10. Authorized Representatives.** The Authorized Representative of the City is hereby designated to be the single point-of-contact with respect to such Party's obligations under this Agreement. The Authorized Representative of the District is hereby designated to be the single point-of-contact with respect to such Party's obligations under this Agreement.

**11. Dispute Resolution; Attorneys' Fees and Costs.**

**11.1 Dispute Resolution.** In the event of a dispute or disagreement between the Parties relating to the terms, conditions, interpretation, performance, default or any other aspect of this Agreement, each of the Parties will use its best efforts to resolve the dispute informally.

**11.2 Attorneys' Fees and Costs.** If any Party commences a lawsuit for the interpretation, reformation, enforcement or rescission of this Agreement, each Party shall bear its own costs resulting from such lawsuit.

**12. Conditions Precedent to Performance of the Parties.** Each of the Parties hereby acknowledges that (i) development of a Plan of Finance contemplated by Section 4 of this Agreement, including, without limitation, (x) identification of the Financing Revenues and the terms affecting application of those Financing Revenues to the purposes described in this Agreement, (y) identification of the issuer, or issuers, of the Revenue Bonds contemplated by this Agreement, and (z) the development of the Calendar which identifies a critical path under which sources of funds identified in Section 4 of this Agreement are committed and which takes into account performance of the Developer and Owner, and (ii) development of a RHCC Ground Lease acceptable to the District are conditions precedent to the performance of each Party's obligations under this Agreement.

Each of the Parties hereby further acknowledges that (i) satisfaction of each of the foregoing conditions precedent may result in identification of further conditions precedent to eventual performance (e.g., issuance of JEPA Revenue Bonds, Developer performance parameters), which shall also constitute conditions precedent to performance hereunder and (ii) the sole remedy of any party for failure of any condition precedent shall be termination of this Agreement.

**13. Termination; Consequences of Termination; Subsequent Action.** Unless the Parties mutually agree otherwise, this Agreement will terminate upon the earlier of: (i) failure of the City or District to provide the Financing Sources Submittal or Financing Sources Approval or of the Parties to approve a Plan of Finance, within the times set forth in this Agreement or, if applicable, the

CVBMP Master Calendar; (ii) the date that the Revenue Bonds, as they may be re-issued or refinanced from time to time or other binding financing commitments arising from a Plan of Finance, are paid in full and retired; (iii) the date the Parties execute a further agreement regarding the Revenue Bonds or other binding financing commitments arising from a Plan of Finance, provided such agreement expressly supersedes this Agreement; (iv) ten years from the Effective Date or such other date as shall be agreed to by the Authorized Representative of each Party if on such date neither an RHCC Ground Lease is in effect nor any Revenue Bonds shall have been issued; or (v) the date the Parties shall agree that this Agreement shall be terminated. Any such termination will not affect other legally binding obligations which may have been entered into by the Parties pursuant to other binding contracts with respect to the same or similar subject matter.

Each of the Parties hereby acknowledges that upon the termination of this Agreement, no Party to this Agreement shall incur any further financial liability to any other Party as a result of such termination nor will any Party be entitled to receive monetary damages as a result of the failure of any Party to perform its obligations under this Agreement.

In the event of termination of this Agreement pursuant to clause (iv) of this Section 13, the Parties will conduct a public outreach process to assist the Parties in formulating a revised land use plan for submission to the governing body of each of the Parties, which revised land use plan will be formulated and submitted in accordance with applicable law, including, without limitation, environmental and coastal analysis.

**14. Proposition G.** The Parties acknowledge that the obligations of the City hereunder shall be subject in all respects to the terms of Proposition G, to the full extent permitted by law. In no event shall the City be required to take any action under this Agreement which violates Proposition G.

**15. General Provisions.**

**15.1 Prompt Performance.** Time is of the essence with respect to the performance of each obligation, covenant and condition set forth in this Agreement.

**15.2 Further Assurances.** The Parties hereto agree to cooperate with each other and execute any documents reasonably necessary to carry out the intent and purpose of this Agreement.

**15.3 Entire Agreement; Subsequent Agreements.** This Agreement contains the entire agreement between the Parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into and superseded by this Agreement. To the extent the Parties enter into any agreement subsequent to this Agreement relating to the subject matter of this Agreement and there is a conflict between a provision set forth in this Agreement and in such subsequent agreement, the provision in such subsequent agreement shall control.

**15.4 Captions.** Captions in this Agreement are inserted for convenience of reference only and will not affect the construction or interpretation of this Agreement.

**15.5 Successors.** All terms of this Agreement will be binding upon, inure to the benefit of and be enforceable by, the Parties hereto and their respective successors and assigns.

**15.6 Notices.** Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder will be in writing and will be deemed to have been delivered upon (i) personal delivery to City or District or (ii) as of the second business day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to District, to: President/CEO  
San Diego Unified Port District  
P.O. Box 120488  
San Diego, California 92112-0488

with a copy to: Port Attorney  
San Diego Unified Port District  
P.O. Box 120488  
San Diego, California 92112-0488

If to City, to: City of Chula Vista  
Attention: City Manager  
276 Fourth Avenue  
Chula Vista, California 91910

with a copy to: City Attorney  
City of Chula Vista  
276 Fourth Avenue  
Chula Vista, California 91910

or to such other address or to such other person as any Party will designate to the others for such purpose in the manner hereinabove set forth. Notices may also be provided by electronic means, receipt of which shall be confirmed by the Party delivering the Notice.

**15.7 Limitation of Rights; Third Party Rights.** Nothing in this Agreement, express or implied, is intended to confer upon any person other than the Parties any rights or remedies under or by reason of this Agreement. Without limiting the preceding sentence, in no event will the City or District incur any liability hereunder to any third party, including, without limitation, any potential developer, the Developer, the Owner or any Subdivider.

**15.8 Severability of Invalid Provisions.** If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provisions or provisions shall be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. .

**15.9 Execution Authorized.** Each Party hereto hereby warrants and represents to each of the other Parties hereto that it has legal authority to enter into this Agreement and that all resolutions or other actions necessary to enable it to enter into this Agreement have been taken.

**15.10 Governing Law.** This Agreement will be construed and enforced in accordance with the laws of the State of California.

**15.11 Effective Date.** This Agreement will be effective upon approval and execution by both the District and the City. The date so determined is indicated on Page 1 of this Agreement and is referred to herein as the “Effective Date.”

**15.12 Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be deemed an original, and of which together will constitute one instrument.

[Remainder of Page Intentionally Left Blank]



IN WITNESS WHEREOF, this Agreement has been executed by the Parties hereto and shall take effect on the Effective Date.

**CITY:**

CITY OF CHULA VISTA,  
a municipal corporation

By: Mary Casillas Salas  
Mary Casillas-Salas, Mayor

Attest:

Donna R. Norris  
Donna Norris, City Clerk

Approved as to form:

Glen R. Googins  
Glen R. Googins, City Attorney

**DISTRICT:**

SAN DIEGO UNIFIED PORT DISTRICT, a  
public corporation

By: \_\_\_\_\_

Approved as to form and legality:

GENERAL COUNSEL

\_\_\_\_\_  
By: Assistant/Deputy

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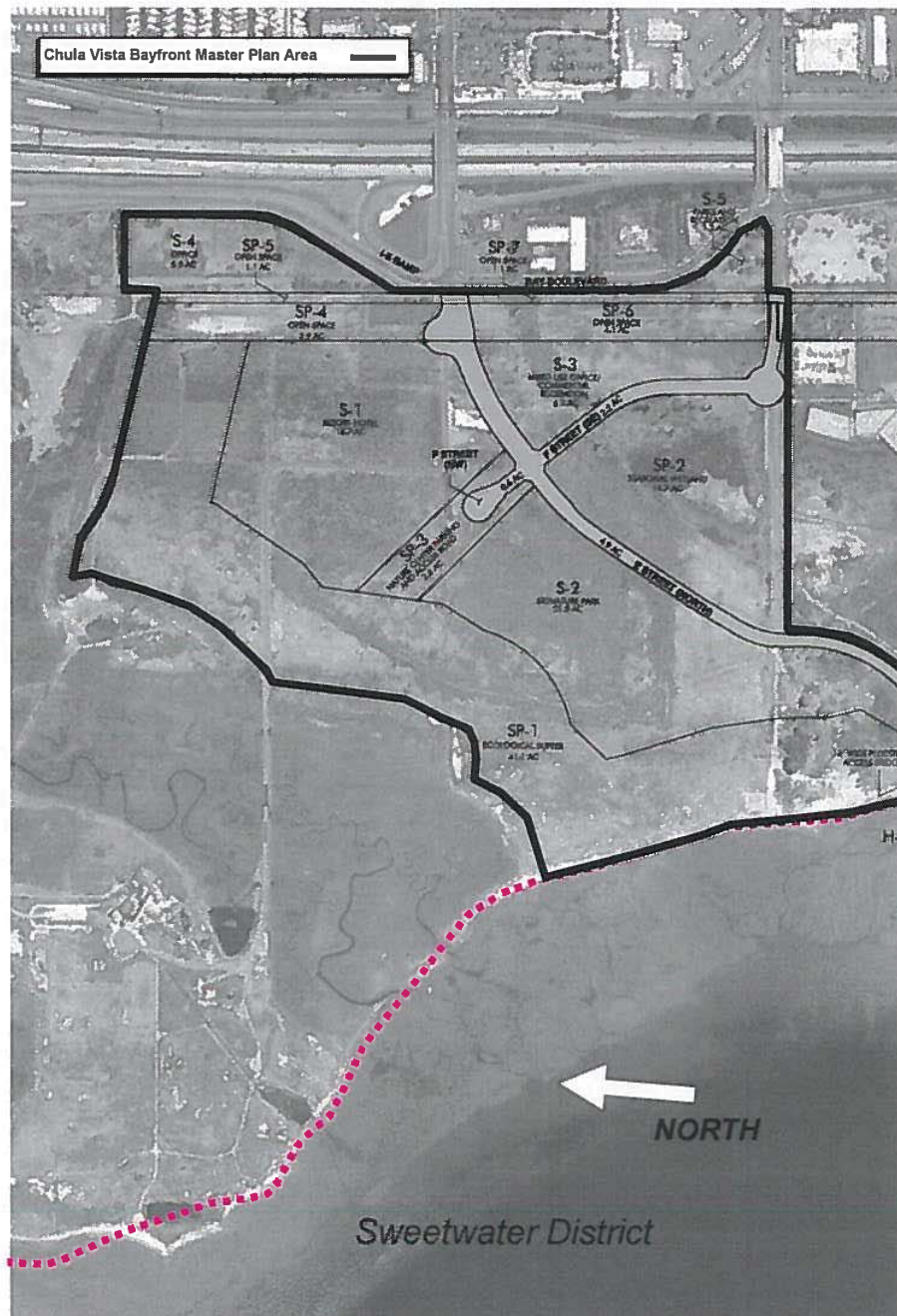


## EXHIBIT A

### CVBMP Project Area

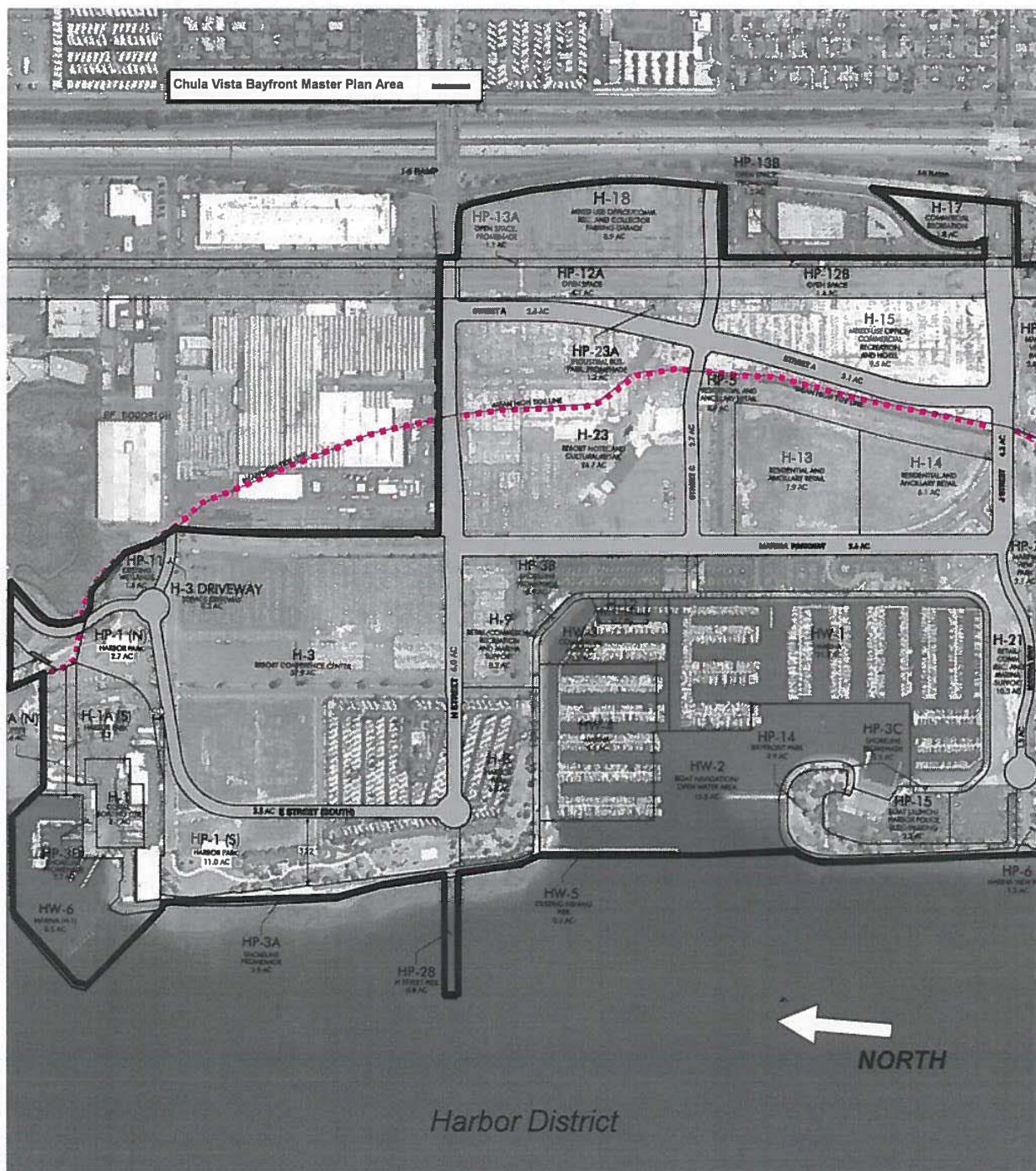


## EXHIBIT A CVBMP Project Area – Sweetwater District

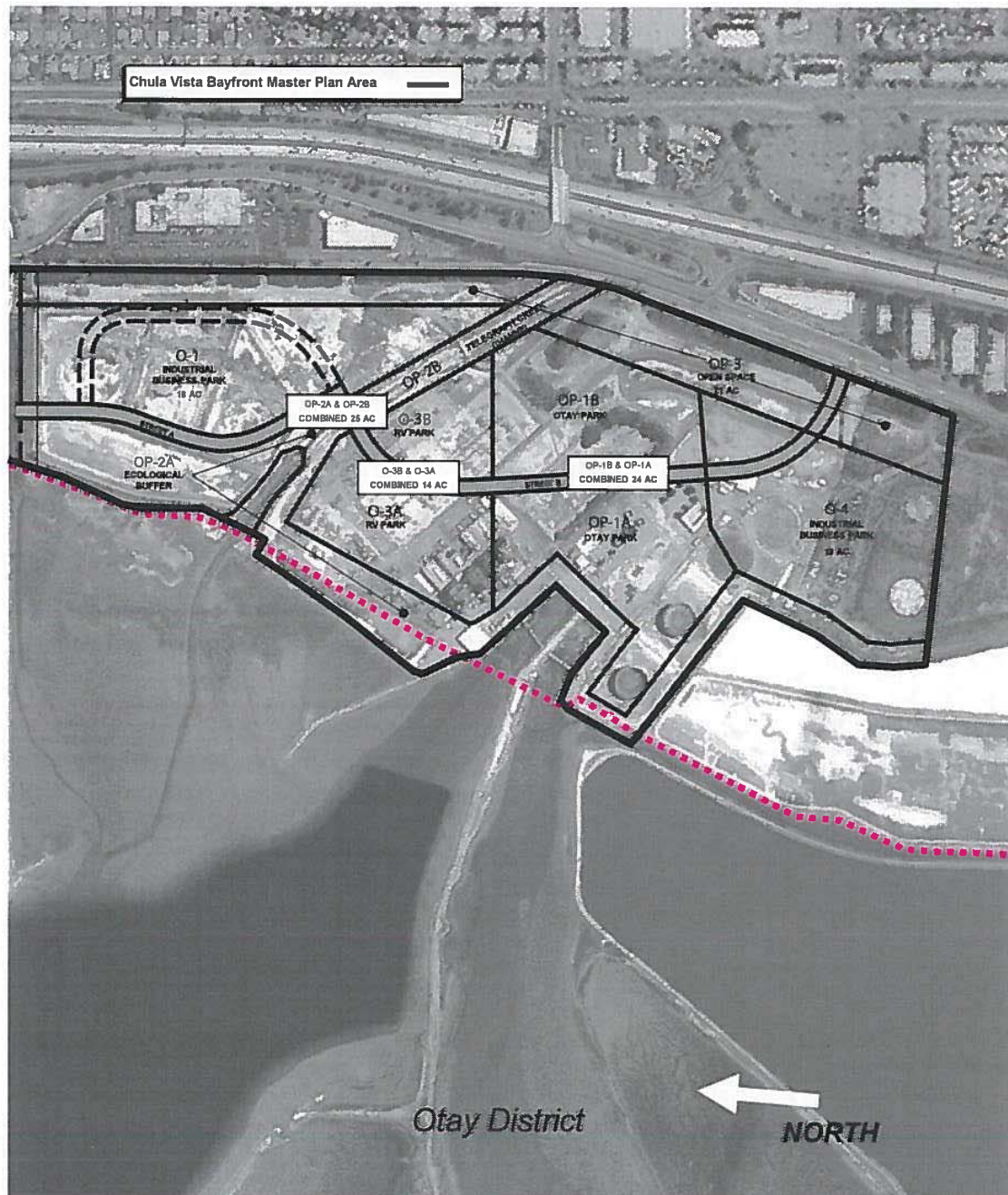




# EXHIBIT A CVBMP Project Area – Harbor District

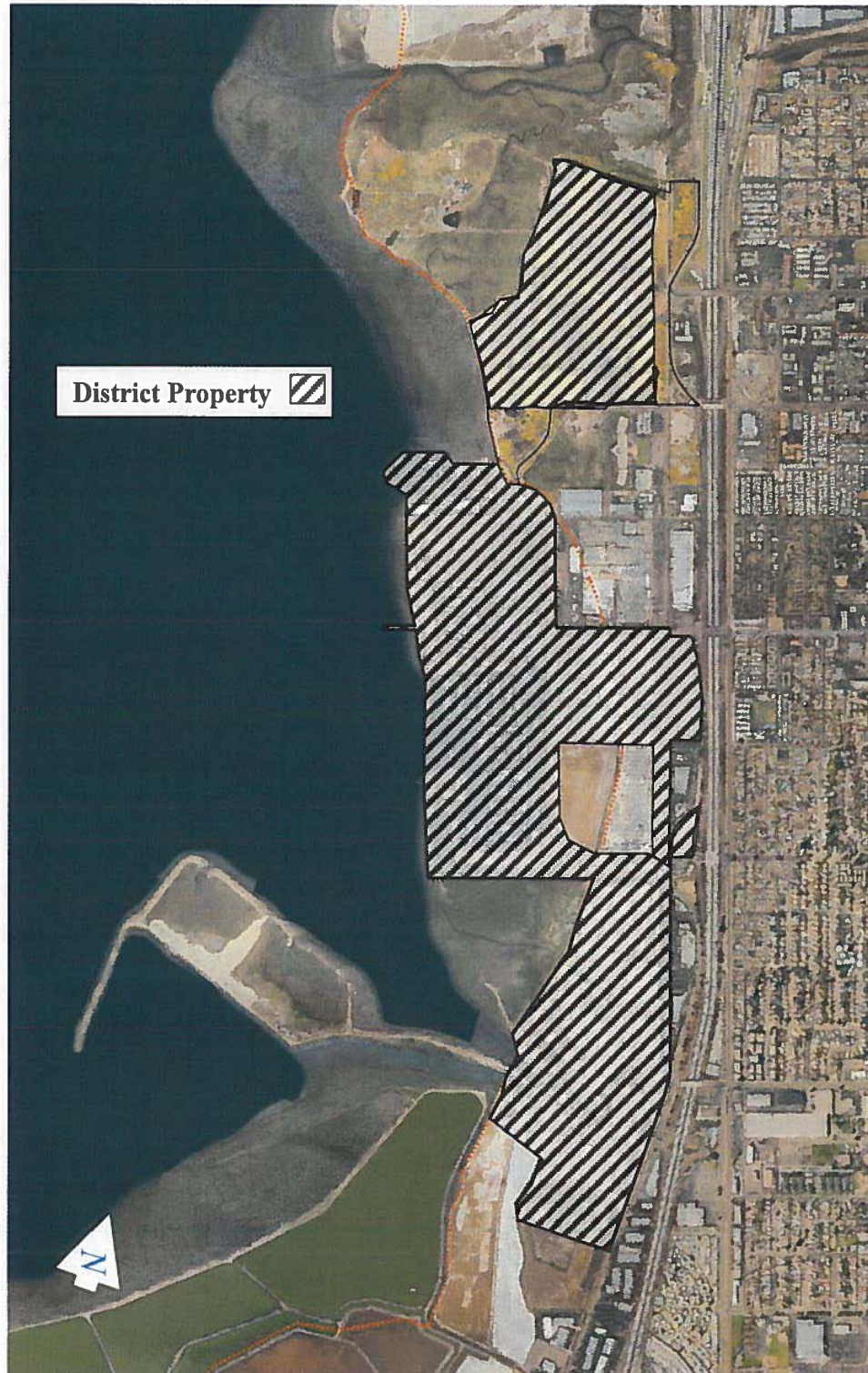


## EXHIBIT A CVBMP Project Area – Otay District





## EXHIBIT B CVBMP District Property



**EXHIBIT C**  
**PUBLIC IMPROVEMENTS**

C

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**EXHIBIT C-1****PHASE 1A PUBLIC IMPROVEMENTS**

	TYPE	LOCATION OR DESCRIPTION
1	Street & Utilities	E Street (I-5 Ramps to F Street)
2	Street & Utilities	E Street (Lagoon Drive to G Street) - Rehabilitation
3	Street & Utilities	F Street (Bay Blvd to E St) - Grading, drainage & utilities only
4	Street & Utilities	F Street (NW) and Gunpowder Point Drive Relocation to access Living Coast Discovery Center
5	Street & Utilities	E Street (G Street to H Street)
6	Street & Utilities	G Street Connection to UTAS Gate 66
7	Street & Utilities	H Street (Marina Parkway to E Street)
8	Street & Utilities	H Street (Bay Blvd to Marina Parkway, excluding 2014 street improvements)
9	Street & Utilities	H-3 Utility Corridor (existing Marina Parkway)
10	Parks & Open Space	S-2 Sweetwater Signature Park (partial)
11	Parks & Open Space	SP-3 Living Coast Discovery Center Parking Relocation
12	Parks & Open Space	SP-1 Sweetwater Buffer (partial)
13	Parks & Open Space	SP-2 Seasonal Wetland (bio-retention)
14	Parks & Open Space	HP-1/H-8 Harbor Park (partial)
15	Parks & Open Space	HP-3 Harbor District Baywalk (partial)
16	Misc.	Storm Drain Systems, in public parcels (additional improvements)
17	Misc.	Pedestrian access, in public parcels (additional improvements)
18	Misc.	Bayshore Bikeway Bayfront Loop (E Street to H Street)
19	Misc.	Parking, in public parcels (additional improvements)
20	Misc.	Fire Station
21	Misc.	Centralized facilities related to energy standards
22	Misc.	Adaptation improvements related to sea level rise
23	Misc.	Public facilities related to NRMP
24	Misc.	Mitigation for impacts from CVB projects
<p>Source Abbreviations</p> <p>CCDP: Coastal Commission Development Policies</p> <p>CCPAP: Coastal Commission Public Access Program</p> <p>MM: Mitigation Measure from Mitigation, Monitoring and Reporting Program</p> <p>NRMP: Natural Resource Management Plan</p> <p>PMP: Port Master Plan</p> <p>In accordance with Documents and laws and regulations in effect at the time of development.</p>		

## EXHIBIT C-2

## PUBLIC IMPROVEMENTS - ULTIMATE, EXCLUDING PHASE 1A

	TYPE	LOCATION OR DESCRIPTION
1	Street & Utilities	E Street (I-5 Ramps to H Street) (additional improvements)
2	Street & Utilities	F Street (Bay Blvd to E St)
3	Street & Utilities	H Street (I-5 Ramps to Street A, excluding 2014 street improvements)
4	Street & Utilities	Marina Parkway (H Street to J Street)
5	Street & Utilities	Street A (H Street to J Street)
6	Street & Utilities	Street C (Marina Parkway to H-18)
7	Street & Utilities	J Street (I-5 Ramps to Marina Parkway)
8	Street & Utilities	Marina Way Reconfiguration
9	Street & Utilities	Street A (Otay)
10	Street & Utilities	Street B (Otay)
11	Parks & Open Space	S-2 Sweetwater Signature Park (additional improvements)
12	Parks & Open Space	SP-1 Sweetwater Buffer (additional improvements)
13	Parks & Open Space	SP-2 Seasonal Wetland (additional improvements)
14	Parks & Open Space	HP-1/H-8/H-1A(N) Harbor Park (additional improvements)
15	Parks & Open Space	HP-3 Harbor District Baywalk (additional improvements)
16	Parks & Open Space	HP-12, HP-13, OP-3 Open Space (SDG&E and SD&AE)
17	Parks & Open Space	Bayfront Park (additional improvements)
18	Parks & Open Space	Marina View Park (additional improvements)
19	Parks & Open Space	OP-1 Otay Park
20	Parks & Open Space	OP-2 Otay Buffer
21	Misc.	Storm Drain Systems, in public parcels (additional improvements)
22	Misc.	Pedestrian access, in public parcels (additional improvements)
23	Misc.	Bayshore Bikeway Bayfront Loop (additional improvements)
24	Misc.	Parking, in public parcels (additional improvements)
25	Misc.	H-18 Collector Parking
26	Misc.	H Street Pier
27	Misc.	Navigation channel realignment
28	Misc.	HW-3 Harbor improvements
29	Misc.	HW-1 and HW-4 Marina redevelopment
30	Misc.	Centralized facilities related to energy standards
31	Misc.	Adaptation improvements related to sea level rise
32	Misc.	Public facilities related to NRMP
33	Misc.	Mitigation for impacts from CVB projects
34	Misc.	J Street & I-5 Northbound Ramp
35	Misc.	J Street and Bay Boulevard
36	Misc.	H Street (I-5 Ramps to Broadway)
37	Misc.	H Street at Woodlawn Avenue

C-2-1

**EXHIBIT C-2****PUBLIC IMPROVEMENTS - ULTIMATE, EXCLUDING PHASE 1A**

	TYPE	LOCATION OR DESCRIPTION
38	BFDIF	I-5-1: I-5/ E Street NB off-ramp restriping add lane
39	BFDIF	I-5-2: I-5/ E Street/ Bay Blvd SD off-ramp restriping add lane
40	BFDIF	I-5-4: E Street bridge widening over I-5
41	BFDIF	I-5-5: F Street bridge widening over I-5
42	BFDIF	I-5-6: I-5/ H Street NB off-ramp restriping add lane
43	BFDIF	I-5-7: I-5/ H Street SB off-ramp restriping add lane
44	BFDIF	I-5-8: H Street bridge widening over I-5
45	BFDIF	I-5-9: I-5/ J Street NB off-ramp restriping add lane
46	BFDIF	I-5-11: L Street bridge widening over I-5
47	BFDIF	I-5-12: I-5/ Bay Blvd (south of L St.) SB on/off ramps traffic signal
48	BFDIF	I-5-13: I-5/ Industrial Blvd NB on/off ramps traffic signal
49	BFDIF	I-5-14: I-5/ Palomar Street bridge widening
50	BFDIF	I-5-16: I-5/ Main Street bridge widening
51	BFDIF	I-5-17: I-5 HOV & Managed Lanes from SR-905 to SR-54
52	BFDIF	RAS-5: E Street LRT grade separation (underpass LRT option)
53	BFDIF	RAS-6: H Street LRT grade separation (underpass LRT option)
54	BFDIF	RAS-9: H Street widening to 6-lanes from I-5 to Broadway
55	BFDIF	BP-1: Bayshore Bikeway (bike path) between E & F Streets
56	BFDIF	BP-9: Bayshore Bikeway (bike path) between F & H Streets
<p>Source Abbreviations</p> <p>BFDIF: Bayfront Transportation Development Impact Fee</p> <p>CCDP: Coastal Commission Development Policies</p> <p>CCPAP: Coastal Commission Public Access Program</p> <p>MM: Mitigation Measure from Mitigation, Monitoring and Reporting Program</p> <p>NRMP: Natural Resource Management Plan</p> <p>PMP: Port Master Plan</p> <p>In accordance with Documents and laws and regulations in effect at the time of development.</p>		

**EXHIBIT D**

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## EXHIBIT E-1

### PUBLIC SEWER IMPROVEMENTS - PHASE 1A

	LOCATION	DESCRIPTION
1	F Street	Sweetwater District sewer pump station and sewer lines. New meter to South Metro Interceptor.
2	E Street	Sewer lines
3	G Street Connection	Sewer lines
4	H Street	Sewer lines
5	H-3 Utility Corridor	Sewer lines
6	G Street Sewer Pump Station	Upgrade and improvements, including force main and emergency storage



## EXHIBIT E-2

### PUBLIC SEWER IMPROVEMENTS - ULTIMATE, WITHOUT PHASE 1A

	LOCATION	DESCRIPTION
1	Marina Parkway	Extend sewer line in H-3 utility corridor across H Street. Relocate and upgrade pump station #11 and sewer lines.
2	Street A	Sewer lines
3	J Street	Sewer lines, junction structure and upgrade
4	Marina Way	Upgrade pump station #12 and relocate sewer lines
5	Street A (Otay)	Sewer line
6	Street B (Otay)	Sewer lines, pump station and connection to South

## **EXHIBIT F**

### **OTHER GROUND LEASES**

1. Amended and Restated and Combined Lease between the San Diego Unified Port District and The Marine Group, LLC for property at the North Side of G St. at the terminus of both Quay Avenues and Sandpiper Way in Chula Vista, which lease is on file in the Office of the District Clerk as Document No. 54509, as amended and may be amended from time to time
2. Lease between the San Diego Unified Port District and Chula Vista Marina/RV Park, LTD., dba Chula Vista RV Park for property located at 460 Sand Piper Way in Chula Vista which lease is on file in the Office of the District Clerk as Document No. 14243, as amended and may be amended from time to time
3. Lease between the San Diego Unified Port District and Chula Vista Marina/RV Park, LTD., dba Chula Vista Marina for property located at 550 Marina Parkway in Chula Vista which lease is on file in the Office of the District Clerk as Document No. 14244, as amended and may be amended from time to time
4. Lease between the San Diego Unified Port District and California Yacht Marina, Inc. for property located at 640 Marina Parkway in Chula Vista which lease is on file in the Office of the District Clerk as Document No. 23924, as amended and may be amended from time to time

F

**DRAFT****RESOLUTION 20xx-xxx****RESOLUTION AUTHORIZING A NON-BINDING  
LETTER OF INTENT (LOI) WITH RIDA CHULA  
VISTA, LLC AND THE CITY OF CHULA VISTA FOR  
A RESORT HOTEL AND CONVENTION CENTER  
WITHIN THE CHULA VISTA BAYFRONT**

**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 1, (Port Act); and

**WHEREAS**, Section 21 of the Port Act authorizes the Board of Port Commissioners (BPC) to pass all necessary ordinances and resolutions for the regulation of the District; and

**WHEREAS**, the Chula Vista Bayfront Master Plan (CVBMP) is the result of a decade-long joint planning effort by the District, the City of Chula Vista (City), Pacifica Companies LLC, and a broad coalition of stakeholders; and

**WHEREAS**, the CVBMP was collaboratively planned through an extensive public participation program that included over 100 community meetings and resulted in a comprehensive Final Environmental Impact Report and Port Master Plan Amendment, which was approved by the BPC in May 2010 and certified by the California Coastal Commission in August 2012; and

**WHEREAS**, the financing agreement (Financing Agreement) for the Chula Vista Bayfront (CVB) was approved by the BPC in 2012 and set forth the framework for the financing and development of the public improvements and infrastructure within the CVB by the District and City, referred to collectively herein, as the "Public Entities"; and

**WHEREAS**, on June 20, 2017, the BPC will consider the Amended and Restated CVBMP Financing Agreement, which identifies new revenue sources and differentiates between the resort hotel and convention center (RHCC) related public infrastructure and improvements and those required for future phases of development on the CVB; and

**WHEREAS**, on May 6, 2014, the BPC adopted a resolution authorizing the issuance of a Request for Qualifications (RFQ) for a hotel and convention center located within CVB, and after considerable local, regional, national, and international marketing efforts by District staff, City staff, and consultants, RFQ 14-24 was issued on June 30, 2014; and

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**WHEREAS**, on October 14, 2014, the BPC selected RIDA Development Corporation as the successful respondent to the RFQ and authorized staff to negotiate an Exclusive Negotiating Agreement (ENA); and

**WHEREAS**, on February 10, 2015, an ENA was approved by the BPC and the District entered into the ENA with RIDA Chula Vista, LLC (RIDA) which expires on February 16, 2018; and

**WHEREAS**, since the ENA was entered into, the District, the City and RIDA have conducted extensive due diligence to understand the challenges of the project, the needs of the CVB and potential economic impacts; and

**WHEREAS**, through extensive due-diligence review and constant on-going negotiations with RIDA, the project scope for the RHCC has been identified; and

**WHEREAS**, after two years of negotiations with RIDA, District and City staffs believe that an important interim step is to enter into a non-binding Letter of Intent (LOI) for development of the resort hotel and convention center (RHCC), the catalyst project for development of the CVB; and

**WHEREAS**, the intent of the LOI is to guide the negotiations pursuant to the ENA with the ultimate goal to enter into a binding agreement, in the form of a Disposition and Development Agreement, that specifies the rights and obligations of the District, the City and RIDA with respect to the lease, development and operation of the RHCC (Definitive Agreement); and

**WHEREAS**, the LOI is subject to the provisions of the ENA and does not supersede the terms of the ENA; and

**WHEREAS**, the terms of the ENA will remain in effect until such time as the ENA either terminates by its terms or the Definitive Agreement is approved and adopted by the Public Entities; and

**WHEREAS**, the LOI will be the first major, public milestone for the RHCC since the ENA and will set the stage by defining the key economic terms which will be the basis for the Definitive Agreement, which will be presented to both Public Entities for consideration later this year; and

**WHEREAS**, staff has retained Keyser Marston Associates (KMA) to prepare a comprehensive report that analyzes the RHCC project feasibility, proposed method of financing for the RHCC project, and public investment for the RHCC (KMA Report); and

**WHEREAS**, the KMA Report concludes that the RIDA projected return after the public investment and District rent structure is not excessive, which

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indicates that the Public Entities' contribution and District rent structure is warranted and needed in order for the RHCC to move forward and to be developed; and

**WHEREAS**, the requested BPC action will not result in any direct fiscal impact to the District, as the LOI is non-binding and any contribution of revenue sources by the District to the implementation of the CVBMP will be subject to a future plan of finance, as set forth in the Financing Agreement, as may be amended from time to time.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Port Commissioners of the San Diego Unified Port District, as follows:

That the Executive Director or her designated representative is hereby authorized on behalf of the San Diego Unified Port District to enter into the non-binding Letter of Intent with RIDA Chula Vista, LLC and the City of Chula Vista for a resort hotel and convention center within the Chula Vista Bayfront.

APPROVED AS TO FORM AND LEGALITY:  
GENERAL COUNSEL

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By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 20<sup>th</sup> day of June, 2017, by the following vote: