



**CHANNEL ISLANDS HARBOR**  
Ventura County Harbor Department

Mark Sandoval  
Director

3900 Pelican Way • Oxnard, CA 93035-4367 • (805) 973-5950 • Fax (805) 382-3015

July 23, 2019

Board of Supervisors  
County of Ventura  
800 South Victoria Avenue  
Ventura, CA 93009

**SUBJECT: Ratification of the Harbor Director's Consent to a New Encumbrance in Favor of Industrial and Commercial Bank of China (USA) NA, in the Maximum Amount of \$7 Million, to be Held on the Leasehold Interest of Bright Casa Sirena, LLC, a California Limited Liability Company, in Channel Island Harbor Lease Parcel F-3 (Hampton Inn) to Secure New Financing by Bright Casa Sirena, LLC, Subject to Subordination of the New Encumbrance Documents to the Lease**

**Recommendation:**

The Harbor Department recommends that your Board:

1. Ratify the Harbor Director's execution of a consent to a new encumbrance in the maximum amount of \$7 million, in favor of Industrial and Commercial Bank of China (USA) NA (ICBC), on Bright Casa Sirena, LLC's leasehold interest in Channel Islands Harbor Parcel F-3 to secure new financing by Bright Casa Sirena, LLC (Bright), subject to subordination of the new encumbrance documents to the lease.

**Fiscal/Mandates Impact:**

Mandatory:	No
Source of Funding:	Leases
Funding Match Required	N/A
Impact on Other Departments:	County Counsel will review documents

There is no fiscal impact for the recommended action. Bright is replacing existing financing for the property.

**Background:**

On May 6, 2014, your Board approved the assignment of the lease for Harbor Lease Parcel F-3 from Harbor Hospitality II, LLC to Bright, and gave consent to an encumbrance held by Land Bank of Taiwan and secured by the leasehold. The leasehold consists of a hotel, which operates under the Hampton Inn brand. The Land Bank of Taiwan loan had a term of seven (7) years and was scheduled to be due in 2021.

In May 2019, Bright requested the County's consent to a new encumbrance on Bright's leasehold in favor of ICBC. The ICBC loan replaces, and is in the same amount as, the loan with the Land Bank of Taiwan. The new loan was scheduled to close by the end of May, leaving insufficient time for the Harbor Director to agendaize this item for your Board's review and approval prior to the loan closing date. The Harbor Director therefore consented to the new encumbrance subject to ratification by your Board.

This amount of debt is within the loan-to-value limitations in the lease, as substantiated by a formal appraisal. The new loan carries a fixed interest rate set at five percent (5%), amortized over 25 years, but is due and payable in five (5) years. ICBC has offices in Los Angeles, meets the lease requirements of an "Approved Mortgagee," and the proposed encumbrance qualifies as an "Approved Mortgage" (as each of those terms is defined in the lease).

Since acquiring the leasehold in 2014, Bright has completed a brand refresh of the property (at a cost of \$4 million) without additional financing. Proceeds from this new loan will be used to replace the existing loan of \$7 million and provide Bright a fair return on its costs of completed leasehold improvements, as well as pay for its loan costs.

The County Executive Office, Auditor-Controller's Office and County Counsel have reviewed this letter. If you have any questions regarding this item, please contact me at 973-5952.



MARK SANDOVAL  
Director

Exhibit 1: Landlord's Consent and Estoppel Certificate