

SAN DIEGO UNIFIED PORT DISTRICT

ORDINANCE 2730

**ORDINANCE GRANTING AMENDMENT NO. 1 TO LEASE
WITH BARTELL HOTELS, LP TO UPDATE TO CURRENT
STANDARD LEASE TERMS**

WHEREAS, the San Diego Unified Port District (District) is a public corporation created by the Legislature in 1962 pursuant to Harbors and Navigation Code Appendix I (Port Act); and

WHEREAS, Section 87(b) of the Port Act grants authority to the District to lease the tidelands or submerged lands, or parts thereof, for limited periods, not exceeding 66 years, for purposes consistent with the trusts upon which those lands are held, by the State of California; and

WHEREAS, Bartell Hotels, LP (Bartell) operates the Holiday Inn Bayside located at 4875 North Harbor Drive in San Diego, California under a lease with the District; and

WHEREAS, Bartell recently completed construction of a new four-story building that added 57 guest rooms, a ballroom, additional meeting space, and related support facilities; and

WHEREAS, Bartell is now seeking to refinance an existing \$9 million line of credit and replace it with an \$18.5 million loan through Union Bank N. A. to repay the cost of construction and also to remodel the existing five-story hotel tower building; and

WHEREAS, Union Bank has requested minor modifications to the District's standard encumbrance and default section to provide Union Bank with notice of such items; and

WHEREAS, Union Bank also requested that the District's alternate standard eminent domain clause, which is used for encumbered leaseholds, replace the existing eminent domain clause that is used for unencumbered leaseholds; and

WHEREAS, Union Bank's requests necessitate the need for Amendment No. 1 to the Bartell lease, which also gives the District the opportunity to update other lease terms to the current standard; and

WHEREAS, the revisions include the new rent review language, as well as updated indemnity language that requires Bartell to cover any costs associated with processing environmental and coastal approvals; and

WHEREAS, in addition, new labor law and prevailing wage language have been included in the proposed amendment.

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

Section 1. That Amendment No. 1 to lease with Bartell Hotels, LP to update to current standard lease terms, is hereby approved and granted.

Section 2. The Executive Director or his designated representative is hereby directed to execute Amendment No. 1 to the lease with Bartell Hotels, LP to update to current standard lease terms.

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

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 16th day of July, 2013, by the following vote:

AYES: Castellanos, Malcolm, Merrifield, Moore, Smith, Valderrama

NAYS: None.

EXCUSED: Nelson.

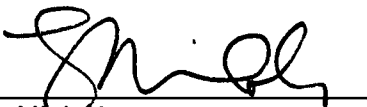
ABSENT: None.

ABSTAIN: None.



Ann Y. Moore, Chair
Board of Port Commissioners

ATTEST:



Laura Nicholson
Deputy District Clerk

(Seal)