

**SAN DIEGO UNIFIED PORT DISTRICT**

**ORDINANCE 2882**

**ORDINANCE GRANTING AMENDMENT NO. 1 TO  
LEASE WITH CP KELCO U.S., INC., LOCATED AT  
2145 EAST BELT STREET IN SAN DIEGO, TO  
REMOVE PERIODIC RENT REVIEWS AND  
REPLACE WITH ANNUAL CPI ADJUSTMENTS**

**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**, CP Kelco U.S., Inc. (Kelco) has a 15-year lease (Lease) with the District, which started on November 1, 2006 and expires on October 31, 2021, with one five (5) year option to extend until October 31, 2026;

**WHEREAS**, Kelco is located at 2145 East Belt Street in the City of San Diego; and

**WHEREAS**, Kelco initially processed kelp, and currently manufactures marine products, marine by-products, hydrocolloids and other related products, for use in health, beauty and food products, from its leasehold; and

**WHEREAS**, pursuant to the Lease, a rent adjustment is required for the five-year rental period from November 1, 2016 through October 31, 2021; and

**WHEREAS**, District and Kelco have agreed to Lease Amendment No. 1 (Amendment) to the Lease, which would increase annual rent approximately 10% from \$774,000 to \$850,800 for the period of November 1, 2016 through October 31, 2017; and

**WHEREAS**, the Amendment would also remove future five-year rent reviews and replace them with annual CPI adjustments between two percent (2%) and four percent (4%) commencing November 1, 2017 and continuing through the remaining term, including the option period (if exercised).

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

1. That the District grant the Lease Amendment No. 1 to the Lease (Amendment No. 1) between the San Diego Unified Port District and CP Kelco U.S., Inc., for the leasehold located at 2145 East Belt Street in the City of San Diego, to update the Lease to new and revised terms.
2. The Executive Director or her designated representative is hereby directed to execute said Amendment No. 1 on behalf of the District.
3. This Ordinance shall take effect on the 31<sup>st</sup> day from its passage by the Board of Port Commissioners.

APPROVED AS TO FORM AND LEGALITY:  
GENERAL COUNSEL



By: Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 10<sup>th</sup> day of January, 2017, by the following vote:

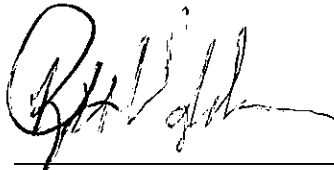
AYES: Bonelli, Castellanos, Malcolm, Merrifield, Moore, and Valderrama

NAYS: None.

EXCUSED: Nelson

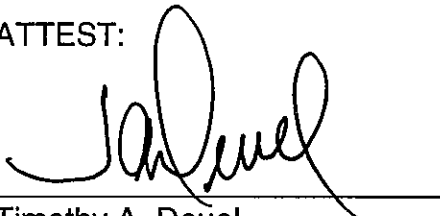
ABSENT: None.

ABSTAIN: None.



Robert Valderrama, Chair  
Board of Port Commissioners

ATTEST:



Timothy A. Deuel  
District Clerk



(seal)