

**DRAFT****RESOLUTION 20xx-xxx**

**RESOLUTION AUTHORIZING AMENDMENT NO. 5 TO THE AGREEMENT WITH R.I. PROPERTIES, INC. DBA RETAIL INSITE (RETAIL INSITE) FOR COMMERCIAL REAL ESTATE BROKER SERVICES FOR SEAPORT VILLAGE TO 1) INCREASE THE MAXIMUM AMOUNT PAYABLE UNDER THE AGREEMENT BY \$250,000 FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$1,300,000 AND 2) INCREASE THE TERM OF THE AGREEMENT BY ONE (1) YEAR FOR A TOTAL TERM OF SIX (6) YEARS AND WAIVING BOARD OF PORT COMMISSIONERS POLICY NO. 114 - PAYMENT OF COMMISSIONS FOR THE LEASING OF TIDELANDS; ALL FUNDS REQUIRED FOR FUTURE FISCAL YEARS WILL BE BUDGETED IN THE APPROPRIATE FISCAL YEAR, SUBJECT TO BOARD APPROVAL**

**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**, under Board of Port Commissioners (Board) Policy No. 114 (Payment of Commissions for the Leasing of Tidelands), the payment of commissions to real estate brokers for securing leases on tidelands and the amounts must be approved by the Board; and

**WHEREAS**, on July 17, 2018, after a competitive solicitation process, the Board selected R.I. Properties, Inc., dba Retail Insite (Retail Insite) as the successful proposer to the Request for Proposals (RFP 18-23ME: Commercial Real Estate Broker for Seaport Village Specialty Retail Center) and the District entered in a Real Estate Broker Services Agreement for Retail Insite to list and market retail space on the District's behalf for Seaport Village that will expire on June 30, 2023 (as amended, the Retail Insite Agreement); and

**WHEREAS**, the current Retail Insite Agreement covers the payment of commissions to Retail Insite for Seaport Village as previously authorized by the Board; and

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**WHEREAS**, since assuming ownership of the Seaport Village assets in 2018, the District has successfully achieved its objectives of securing high-caliber, catalyst tenants to increase occupancy, generate greater momentum for the shopping center and secure higher revenue to the District; and

**WHEREAS**, staff has worked in close coordination with the District's property manager, Protea Property Management, Inc. and the District's broker, Retail Insite, to transform Seaport Village into a vibrant waterfront destination along the San Diego bayfront for locals and visitors; and

**WHEREAS**, the District has filled 24 spaces with a variety of uses including specialty retail, full-service and fast-casual restaurants, walk-up cafés, and a specialty market, with approximately 92% occupancy; and

**WHEREAS**, staff has negotiated a lease with 807 Seaport LLC dba 3rd Base (3<sup>rd</sup> Base), a subsidiary of Cedar Restaurant Group, LLC, a transformative and prominent restaurant operator, to fill a critical anchor space at Seaport Village in the Lighthouse District on the east side of Seaport Village (Lease); and

**WHEREAS**, staff is seeking Board approval of Amendment No. 5 to the Retail Insite Agreement to amend the total maximum expenditure to \$1,300,000 and increase the term of the Retail Insite Agreement by one (1) year for a total term of six (6) years; and

**WHEREAS**, under the Retail Insite Agreement, the maximum amount of commissions payable to Retail Insite over the term of the Retail Insite Agreement is \$1,050,000; and

**WHEREAS**, the proposed amendment would increase the total maximum expenditure under the Retail Insite Agreement to \$1,300,000 to pay for commissions on the Lease with 3<sup>rd</sup> Base of approximately \$134,118 and support the District's leasing strategy to fill the remaining four (4) vacancies in the shopping center for lease terms of five (5) years or less with the remaining amount of approximately \$116,000, with the anticipated broker commissions for the Lease projected to be paid in Fiscal Year 2024; and

**WHEREAS**, staff recommends the Board authorize Amendment No. 5 to the Retail Insite Agreement to support the District's leasing initiatives at Seaport Village and provide additional funding to pay for the expected commission on the proposed Lease with 3<sup>rd</sup> Base and other vacancies at Seaport Village; and

**WHEREAS**, staff also recommends that the Board waive Board Policy No. 114 (Payment of Commissions for the Leasing of Tidelands) since the Retail Insite Agreement covers the payment of commissions to Retail Insite for Seaport Village, the Retail Insite Agreement was previously authorized by the Board, and Amendment No. 5 is being brought to the Board for authorization.

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

- (1) Board Policy No. 114 (Payment of Commissions for the Leasing of Tidelands) is hereby waived; and
- (2) The Executive Director of the District or his designated representative is hereby authorized and directed to execute and deliver Amendment No. 5 to the Real Estate Broker Services Agreement between the District and R.I. Properties, Inc. dba Retail Insite (Retail Insite) (Agreement No. 163-2018) to (a) increase the maximum amount payable under the agreement by \$250,000 for a total aggregate amount not to exceed \$1,300,000 and (b) increase the term of the agreement by one (1) year to June 30, 2024 for a total term of six (6) years.

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 11<sup>th</sup> day of October 2022, by the following vote: