

RESOLUTION NUMBER R- 299522

ADOPTED ON AUG 0 2 2004

WHEREAS, the City leases its property at Belmont Park to Wave House Belmont Park, LLC, pursuant to a percentage lease authorized by the City Council which expires in 2038 [the Lease]; and

WHEREAS, in May 2002, the Lease was assigned to Wave House San Diego, LLC, and the City Manager has approved assignment of the Lease to Wave House Belmont Park [collectively, the Lessee] in August 2004 as part of the proposed financing; and

WHEREAS, the Lessee is in the process of creating a water-themed recreational and visitor oriented commercial complex at Belmont Park to generate business and improve the performance of the property, and has installed an artificial wave attraction; and

WHEREAS, the Lessee has secured a commitment for a \$9 million loan from Imperial Capital Bank to cover refinancing of the existing loan and construction costs for improvements to the leasehold including designing and engineering new water features, renovating the Plunge swimming pool building and completing Phase 1 of the water-themed attractions described in the Fifth Operating Memorandum to the Lease; and

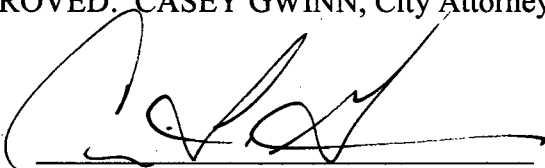
WHEREAS, the City Manager recommends approval of an encumbrance of the leasehold as part of the Lessee's proposed financing on the terms as described in the City Manager's Report No. 04-166, and including subordination of any rent due to the City that exceeds \$140,000 per year, provided that any such additional rent payments are

secured by the corporate and personal guarantees of Wave Loch, Inc., and its owner Tom
Lochtefeld; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego that the City Manager, or
designee, is authorized to approve the encumbrance of the leasehold with Wave House Belmont
Park, LLC, on the terms as substantially set forth in the City Manager's Report No. 04-166e
and the attachments thereto, a copy of which is on file in the Office of the City Clerk as
Document No. RR- 299522.

APPROVED: CASEY GWINN, City Attorney

By



Carrie L. Gleeson
Deputy City Attorney

CLG:mm
07/22/04
Aud.Cert: N/A
Or.Dept:READ.
Job Order No. 220307
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