

**BELMONT PARK
LEASE ABSTRACT**

COMPARISON BETWEEN EXISTING PERCENTAGE LEASE EXECUTED MARCH 4, 1987 &
PROPOSED AMENDED AND RESTATED PERCENTAGE LEASE

LEASE PROVISIONS	EXISTING LEASE	PROPOSED AMENDED AND RESTATED LEASE
Lessee	Symphony Asset Pool XVI LLC	No change (Symphony Asset Pool XVI LLC)
Permitted Use	Park/visitor-oriented commercial and recreational center	No change (Park/visitor-oriented commercial and recreational center)
Lease Term Expiration	June 30, 2038 (23 years, and 8 months)	No change (June 30, 2038 (23 years, and 8 months))
Option to Extend Term	<ul style="list-style-type: none"> • No option to extend, but Lessee has right of first refusal to enter new lease at expiration upon terms agreed between City and Lessee, if City continues to use the land for the permitted uses • City may not lease to anyone on terms more favorable than offered to Lessee for the permitted uses 	<ul style="list-style-type: none"> • Option to extend, but must be exercised within 5 years of Lease effective date <u>and only valid if</u>: <ul style="list-style-type: none"> ○ (i) Lessee within 3 years spends \$10,000,000 in capital improvements and upgrades or \$8,000,000 if South Parking Lot Plan is not approved; AND ○ (ii) Lessee pays City a lump sum of \$500,000 • If Lessee validly exercises Option then lease term is extended so that the remaining term is 50 years. By way of example, if the Option was validly exercised on June 30, 2015, the lease term would expire on June 30, 2065 rather than June 30, 2038, resulting in a 27-year extension.
Minimum Annual Rent	\$863,300	<ul style="list-style-type: none"> • \$900,000 if Option to extend not exercised • \$1,100,000 if Option to extend is exercised
Minimum Rent Upward Adjustment	<ul style="list-style-type: none"> • No guaranteed upward adjustment, and only adjusted, if at all, every 3 years • Adjusted every 3 years to 80% of actual rents paid during the preceding 3 year period 	Guaranteed upward adjustment every year by 2.5%
Percentage Rent	Currently fixed at 5% of gross revenue from all operations	<ul style="list-style-type: none"> • Varies according to the use from 3% to 50% of gross revenue from all operations • As applied to 2013 gross revenue equates to approximately a 5.3% blended rate
Percentage Rent Upward Adjustment	<ul style="list-style-type: none"> • Percentage rent is eligible for upward adjustment every 10 years • Adjustment is by mutual agreement of Lessee and City • If no agreement is reached, then percentage rent remains the same, unless City elects to go to appraisal, which appraisal shall establish the percentage rent for the next 10 year period 	<ul style="list-style-type: none"> • Percentage rent is eligible for upward adjustment every 10 years at the option of City • Adjustment is by mutual agreement of the Lessee and City. If no agreement is reached, then percentage rent is established by appraisal, which appraisal shall establish the percentage rent for the next 10-year period
Coaster Acquisition Provisions	<ul style="list-style-type: none"> • No provisions relating to ownership of the San Diego Coaster Company, but Lessee 	<ul style="list-style-type: none"> • If Lessee within 180 days of City Council approval of this Lease acquires complete

	<p>has right of first refusal to enter new lease for the Coaster premises at expiration of the existing Coaster Lease upon terms agreed between City and Lessee, if City continues to use the land for the permitted uses</p> <ul style="list-style-type: none"> • City may not lease to anyone on terms more favorable than offered to Lessee for the permitted uses 	<p>ownership of the San Diego Coaster Company (current holder of the Coaster Lease), then upon notice from Lessee:</p> <ul style="list-style-type: none"> ○ (i) the premises of the Coaster Lease will become part of Lessee's premises ○ (ii) minimum rent will increase to \$1,024,000 adjusted 2.5% upward annually; AND ○ (iii) percentage rent for the Coaster Ride will increase to 10% <ul style="list-style-type: none"> • In addition, if Lessee exercises its Option to extend the Lease, then: <ul style="list-style-type: none"> ○ (i) minimum rent will increase to \$1,300,000 adjusted 2.5% upward annually; AND ○ (ii) Lessee will be required to expend \$2,500,000 on improvements to the coaster premises (in addition to the prior \$10,000,000 improvement obligation)
Capital Expenditures	Lessee is required every 4 years to spend 2.5% of gross sales on capital expenditures, but in turn receives a dollar-for-dollar credit against gross sales thereby reducing percentage rent	Lessee receives <i>no credit</i> against gross sales, regardless of the dollar amount spent on capital expenditures
Rent Credit for Original Lease Improvements	<ul style="list-style-type: none"> • Lessee has approximately \$2,918,972 of existing rent credit from Public Improvements constructed previously and may be applied to 50% of rent owing above \$70,000 • This rent credit will be exhausted in approximately 5-6 years 	<p>No change</p> <p>(Lessee has approximately \$2,918,972 of existing rent credit from Public Improvements constructed previously and may be applied to 50% of rent owing above \$70,000. This rent credit will be exhausted in approximately 5-6 years.)</p>
Plunge Improvement/Repair Rent Credit	If Lessee desires to redevelop the Plunge building, Lessee may request additional rent credit to be issued in City's discretion	Upon completion of Plunge repairs, Lessee shall receive an additional rent credit not to exceed the lesser of \$5,200,000 or the actual cost of the Plunge repairs, which will be added to the existing rent credit and applied identically
General Parking	<ul style="list-style-type: none"> • Lessee shall maintain public parking facilities on the Premises with no less than 325 public parking spaces • Subject to City Council, and any other required approvals, Lessee may charge a parking fee in the east lot, subject to payment of percentage rent 	<p>No change</p> <p>(Lessee shall maintain public parking facilities on the Premises with no less than 325 public parking spaces. Subject to City Council, and any other required approvals, Lessee may charge a parking fee in the east lot, subject to payment of percentage rent.)</p>
Valet Parking	<ul style="list-style-type: none"> • Lessee, subject to annual City approval, may establish a 9-stall valet parking drop-off zone in the north lot • Valet parking revenue is subject to percentage rent 	<ul style="list-style-type: none"> • Lessee, if it receives all necessary subsequent approvals, including that of City Council, per a right of entry permit, may establish valet parking per the South Parking Lot Plan attached to the Lease, at an estimated unreimbursed cost to Lessee of \$2,500,000 • There will be no reduction in free public parking, but rather the creation of an additional 18 free public spaces and 90 public valet spaces • Revenue from valet parking will be subject

		to percentage rent
Community Meeting Room	Lessee must provide access for the general public to a community meeting room for public service use	No fundamental change (Lessee must provide access for the general public to a community meeting room for public service use)
Accessory Use Permit	<ul style="list-style-type: none"> City, subject to annual renewal, shall grant a separate Accessory Use Permit allowing beach concessions and service of food on the beach (but no alcohol) on the western boundary of the premises Lessee shall pay percentage rent 	<ul style="list-style-type: none"> City, subject to up to 3-year renewal periods, shall grant a separate Accessory Use Permit allowing beach concessions and service of food on the beach (but no alcohol) on the western boundary of the premises (specific boundaries to be approved) Lessee shall pay percentage rent Lessee must obtain all required permits and approvals
Assignment of Lease	Approval subject to consent of City	<ul style="list-style-type: none"> Approval subject to consent of City In addition, on assignment or a majority sublease, Lessee must pay City 2% of the gross amount paid to Lessee for the assignment or sublease
Subleases	City only to approve subleases of more than 5,000 feet	City must approve all subleases
Prevailing Wage	No provisions	Extensive language requiring payment by Lessee of prevailing wage and compliance with prevailing wage law
Hazardous Substances	No provisions	Extensive language requiring the removal and remediation of any hazardous substances by Lessee, as well as indemnification of City
Disabled Access Compliance	No provisions	Extensive language requiring ADA compliance by Lessee
Equal Benefits	No provisions	Payment of equal benefits to spouses with domestic partners required
Drug-Free Workplace	No provisions	Must adopt and enforce a policy to maintain a drug-free workplace
Water Quality Assurance	No provisions	Must comply with all applicable laws and regulations regarding water quality assurance and storm water management
Local Business and Employment	No provisions	Must use reasonable efforts to contract with, and employ, local firms and residents for work associated with Lease