



THE CITY OF SAN DIEGO

September 29, 2011

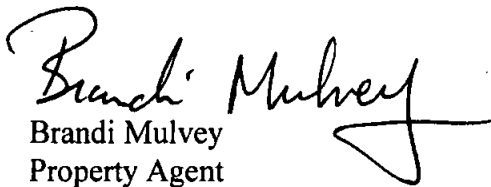
Mr. Ron Bonaguidi
President
San Diego Polo Club
P.O. Box 3035
Rancho Santa Fe, CA 92067

Reference: Executed Promissory Note dated July 12, 2011

Dear Mr. Bonaguidi:

Please find an executed copy of the Promissory Note enclosed. If you have any questions, please don't hesitate to call me at (619) 236-6727.

Sincerely,


Brandi Mulvey
Property Agent

cc: James F. Barwick, Real Estate Assets Director
Kristi Geitz, Asset Manager

BM/cb

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Real Estate Assets

1200 Third Avenue, Suite 1700, MS 51A • San Diego, CA 92101-4199
Tel (619) 236-6020 Fax (619) 236-6706

PROMISSORY NOTE

\$94,000.00

SAN DIEGO, CALIFORNIA

JULY 12, 2011

FOR VALUABLE CONSIDERATION, the sufficiency of which is acknowledged, RANCHO SANTA FE POLO CLUB, a California corporation ("**Maker**"), promises to pay to the order of THE CITY OF SAN DIEGO, a California municipal corporation (which together with any other holder of this Promissory Note ("**Note**") is referred to herein as "**Holder**"), at Holder's office in the City of San Diego, State of California, or at such other place as may be designated in writing from time to time by Holder, the principal amount of Ninety-Four Thousand Dollars (\$94,000), together with interest at the annual rate of six percent (6%) on the unpaid principal balance from the date of this Note until paid in full, subject to the following terms and conditions:

1. **Agreement.** This Note is made pursuant to that certain AGREEMENT REGARDING REVISED OPERATING MEMORANDUM BETWEEN CITY OF SAN DIEGO (LESSOR) RANCHO SANTA FE POLO CLUB (LESSEE), dated of even date herewith, by and between Maker and Holder (the "**Agreement**"), and is entitled to the benefit and security thereof. Holder shall record on its books the principal balance of this Note and the date and amount of each payment made under this Note, which shall be conclusive evidence of such payment in the absence of manifest error; provided that the failure of Holder to make any such recordation shall not affect Maker's obligation to make payments when due of amounts owing under this Note. Payments shall be in the form of a check or money order.
2. **Payment.** Maker shall pay this Note in accordance with the following:
 - (a) All principal and accrued interest not yet paid, together with any other unpaid amounts under this Note, shall be due and payable on February 28, 2012 (the "**Maturity Date**").
 - (b) Interest on this Note shall be computed on an annual, simple interest basis; that is, by multiplying the applicable rate of interest times the outstanding principal balance, then dividing the result by 365 (i.e., the number of days in a year; 366 for leap years), and multiplying the result by the actual number of days the principal balance is outstanding. Payments shall be applied first to accrued interest, then to any collection costs and late charges due under this Note, and then to principal.
 - (c) Payment of any amount owing on this Note may be made prior to the Maturity Date without any prepayment penalty or prepayment charge.
3. **Delinquent Payments.** Time is of the essence hereof. Amounts due Holder under this Note and not paid when due may be referred to the San Diego City Treasurer or a collection agency for collection. If any periodic installment or any other sum due under this Note is not received within ten (10) days after its due date, Maker shall pay, in addition to the amount of each such installment or other sum, a late-payment charge of the greater of five percent (5%) of the amount of said installment or other sum or Twenty-Five Dollars (\$25), but in any event not exceeding any lawful maximum. Acceptance of late charges

and any portion of the late payment by Holder shall neither constitute a waiver of Maker's default with respect to late payment nor prevent Holder from exercising any other rights and remedies available at law or in equity. As required by law, Maker is hereby notified that a negative credit report may be submitted to a credit reporting agency if amounts due Holder are not paid when due.

4. **Default and Remedies.** Maker shall be in default of this Note if any principal, interest, or other amount of money payable under this Note is not paid in full when due. Upon such default, Holder shall have the right to exercise any of its rights, powers, and remedies under this Note, under the Agreement, and at law or in equity.
 - (a) **Rights.** All of Holder's rights, remedies, powers, and privileges under this Note, the Agreement, and at law or in equity ("**Rights**") are cumulative. Holder's exercising of any Right shall not prevent the concurrent or subsequent exercise of any other Right. No single or partial exercise of any Right shall exhaust it, or preclude any other or further exercise thereof, and each Right may be exercised at any time and from time to time. Holder's failure or delay in exercising any Right shall not be construed as a waiver of Maker's default or as a waiver of any Right.
 - (b) **Costs of Collection.** Maker shall pay all reasonable costs and expenses incurred by Holder in exercising a Right related to Maker's default under this Note or under the Agreement, including without limitation attorney fees and expenses, investigation costs, and all court costs, whether or not suit is filed hereon, or whether in connection with bankruptcy, insolvency, or appeal, or whether collection is made against Maker or any guarantor or endorser or any other person primarily or secondarily liable hereunder.
5. **Waivers.** Maker waives all of the following: presentment; demand for payment; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses, and interest thereon; notice of late charges; right of marshaling; right of appraisal; right of redemption; and diligence by Holder in taking any action to collect any sums owing under this Note or in proceeding against any of the rights or interests in or to properties securing payment of this Note. Maker also waives, to the extent allowed by law, the benefit of any statute of limitations with respect to any action either to enforce this Note or otherwise related to this Note. Holder shall not be deemed by any act of omission or commission to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by Holder and then only to the extent specifically set forth in writing. A waiver with reference to one event shall not be construed as a continuing waiver or as a bar to or waiver of any right or remedy as to a subsequent event.
6. **Commercial Purposes of Debt.** Maker warrants that the principal amount of this Note is for commercial purposes and not for personal, family, or household purposes. Maker stipulates that the debt represented by this Note shall be construed for all purposes as a commercial loan.
7. **Usury Prohibition.** The parties intend to comply with applicable usury laws. Therefore, notwithstanding any provision of this Note or the Agreement to the contrary, in no event shall this Note or the Agreement require the payment or allow the collection of interest in

excess of the maximum amount permitted by applicable law. If any interest paid or payable under this Note exceeds the maximum amount of interest permitted by applicable law, then the effective rate of interest under this Note shall be automatically reduced to the maximum rate allowed by applicable law; neither Maker nor any other person or entity liable for the payment of this Note shall be obligated to pay any interest in excess of that allowed by applicable law; and Holder shall either credit any interest paid and received in excess of that allowed by applicable law against other amounts payable under this Note, or if no such amounts remain owing promptly refund such interest to Maker. All calculations made to determine whether the rate of interest paid or payable under this Note exceeds the maximum rate of interest allowed under applicable law shall be made by amortizing, prorating, allocating, and spreading the interest paid and/or payable hereunder in equal parts during the period of the full stated term of this Note.

8. **Maker's Legal Counsel.** Maker represents and warrants that it has been represented, has had the opportunity to be represented, and/or has been advised by its own legal counsel in the negotiation, execution, and delivery of this Note and the Agreement.
9. **Amendment.** Any modification, alteration, or amendment of this Note shall be in writing and signed by all the parties hereto.
10. **Partial Invalidity.** If any term, covenant, condition, or provision of this Note is found invalid, void, or unenforceable by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect.
11. **Governing Law.** This Note has been made, delivered to, and accepted by Holder in San Diego, California, and shall be governed and construed in accordance with and pursuant to the laws of the State of California.

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12. **Authority to Contract.** Each individual executing this Note on behalf of another person or legal entity represents and warrants that they are authorized to execute and deliver this Note on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions which are necessary and proper and under such legal entity's articles, charter, bylaws, or other written rules of conduct or governing agreement, and that this Note is binding upon such person or entity in accordance with its terms. Each person executing this Note on behalf of another person or legal entity represents and warrants such entity is a valid, qualified corporation, limited liability company, partnership, or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California.

IN WITNESS WHEREOF, This Note is executed by Maker, intending to be legally bound hereby, to be effective as of the date of this Note, first written above.

Maker:

RANCHO SANTA FE POLO CLUB, a California corporation

BY:

Name: Ron Bonaguidi
Title: President

Holder:

THE CITY OF SAN DIEGO, a California municipal corporation

BY:

Name: James F. Barwick, CCIM
Title: Director, Real Estate Assets

Approved as to form and legality:

JAN I. GOLDSMITH, San Diego City Attorney

BY:

Name: BROOK LADENWIG
Title: DEPUTY CITY ATTORNEY