

**FORBEARANCE AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND
MISSION BAY SPORTS CENTER REGARDING MONEY OWED FOR CERTAIN
LEASE OBLIGATIONS**

This Forbearance Agreement (Agreement) is entered into and executed by and between the City of San Diego, Office of the City Treasurer (City) and Mission Bay Sports Center, a California Corporation (MBSC). This Agreement shall become effective upon the date the last Party to the Agreement signs it (Effective Date).

RECITALS

The City is the owner of real property located generally at 1010 Santa Clara Place, San Diego, CA 92109 (the Premises).

The City, as landlord, leased the Premises to MBSC, as tenant, pursuant to a written percentage lease effective July 21, 2011 (the Lease). The Lease term is 20 years.

In accordance with the provisions of the Lease, MBSC was required to make certain monthly payments to the City. It was also required to limit use of the Premises to certain activities.

An audit of MBSC was conducted by the City for the audit period February 1, 2019 through July 31, 2022. The Office of the City Treasurer Revenue Compliance Program concluded the audit in March 2023. It revealed that revenue was under remitted by MBSC to the City. An invoice was provided to MBSC stating the audit deficiency amount. That amount consisted of Lease obligations, including in excess of \$796,000 in charges for what the City deemed as unauthorized uses. All those amounts, as well as additional monetary obligations that have accrued, remain unpaid as of the time of the Parties entering into this Agreement.

A dispute exists with respect to the permitted use of the Premises and with respect to the amount owed by MBSC to the City. The amounts totaling in excess of \$975,000, including related collection referral fees and interest, relating to the alleged unauthorized use will be addressed at a later time and are not part of the amount sought in this Agreement.

The amount that is the subject of this Agreement totals \$386,479.89, including collection referral fees and interest as of March 20, 2025. That is the undisputed amount that is owed to the City by MBSC.

The City is allowing MBSC to enter into this Agreement to make installment payments on the sum of \$386,479.89 owed that is not in dispute by MBSC. Provided the agreed upon installment payments are timely received, the City agrees to forbear pursuing collection of all the monetary obligations the City contends are currently owed to it.

By this Agreement, the Parties intend to provide for payments of MBSC's undisputed amount owed and will continue to negotiate as to the amounts associated with the alleged unauthorized use of the Premises. It is anticipated that the Parties will present the issues regarding the alleged unauthorized use to the San Diego City Council for its input and possible approval of an amendment to the Lease with respect to what uses are to be permitted under the Lease. However, presenting to Council the proposed amendment and request for waiver of the approximate \$975,000 is contingent on MBSC being in compliance with this Agreement.

This Agreement does not relate to monetary obligations referred to the City Treasurer's Delinquent Accounts Program after March 20, 2025. If a delinquency occurs with respect to any monetary obligation incurred after March 20, 2025, such delinquency will be the subject of a separate agreement, if the City makes the decision to enter into an additional agreement. However, at this time, there is no intention on the part of the City to extend the courtesy of this type of a forbearance agreement in connection with any other delinquency.

TERMS AND CONDITIONS

The Parties to this Agreement acknowledgment and agree to the following terms and conditions:

1. MBSC acknowledges and affirms, and the Parties agree, that MBSC owes the City the undisputed amount of at least \$386,479.89, plus interest at 12 percent per annum, for unpaid Lease obligations.
2. The City agrees to allow MBSC to make installment payments to satisfy the \$386,479.89 plus interest obligation, as set forth in this Agreement.
3. MBSC agrees to make payments in the sum of \$386,479.89 as follows:
By April 30, 2025 of \$64,413.32
By May 30, 2025 of \$64,413.32
By June 30, 2025 of \$64,413.31
By July 31, 2025 of \$96,619.97
By August 29, 2025 of \$96,619.97

Provided MBSC makes the five payments totaling \$386,479.89 in a timely manner, the City will waive the interest that otherwise would accrue on the unpaid balance. However, if any payment is late, then none of the interest that accrues after March 20, 2025 will be waived.

4. No waiver or discount will occur if MBSC fails to comply with all terms of this Agreement.
5. The City's agreement to conditionally waive the interest is an inducement for prompt payment and not a compromise of the actual amount owed.
6. The waiver or discount is neither liquidated damages nor an additional payment above the debt owed, but instead is part of the full debt admittedly owed.
7. All amounts of money referenced are in U.S. dollars and payments made pursuant to this Agreement are to be in U.S. dollars.
8. Time is of the essence with respect to each of the payments required by this Agreement and, if MBSC fails to make any payment when due, then MBSC shall be in default, shall not be entitled to a waiver or discount of any amount, and the remaining full unpaid balance, inclusive of interest, shall be accelerated and all immediately due and payable.
9. MBSC will also be in default of this Agreement if it is, or becomes, insolvent, makes an assignment for the benefit of creditors, or if any proceeding is commenced either by or against MBSC under any bankruptcy or insolvency laws.

10. A breach of this Agreement will result in the cessation of forbearance and will result in the enforcement of MBSC's agreement to pay the undisputed amount of \$386,479.89, plus 12% interest.
11. The City retains its rights to all remedies under the Lease, the San Diego Municipal Code, and other laws in the event of a default by MBSC.
12. MBSC acknowledges that the City has the right to bring an action at this time to enforce the obligations owed to it under the Lease. The City agrees not to file a lawsuit against MBSC as to the amounts of money at issue in this Agreement provided MBSC makes all payments as required by this Agreement.
13. This Agreement is not to settle or compromise a disputed claim, but instead to forbear on the immediate collection of the undisputed amount owing, provided timely payments are made.
14. The Parties agree that any applicable statute of limitations is waived as to the items referenced in this Agreement.
15. Unless MBSC is notified otherwise in writing, payment to the City shall be payable to "City of San Diego", and mailed to the City of San Diego, Office of the City Treasurer, PO Box 129039, San Diego, CA 92112, or paid in person at 1200 Third Avenue, Suite 100, San Diego, CA 92101, or paid online via the City Treasurer's online payment portal or paid by wire transfer. The effective date of any mailed payment shall be the date of the USPS postmark.
16. Any written notice given to the City shall be in care of the City Treasurer at the mailing address set forth in the above paragraph or e-mailed to ecorreia@sandiego.gov. Any written notice given to MBSC shall be at the following address: 1010 Santa Clara Place, San Diego, CA 92109 or e-mailed to cwahl@swspr.com. The Parties agree to keep each other informed of any change of physical, mailing or e-mail address during the life of this Agreement.
17. The City and MBSC each acknowledge, through their respective authorized representatives, that they have had the opportunity for legal representation and involvement in the preparation of this Agreement and each Party freely consents to all terms and conditions of the Agreement, which consent has not involved coercion, undue influence or economic pressure.
18. The Parties agree that, should they mediate and/or arbitrate issues regarding this Agreement, each Party retains legal rights and remedies they would have if the action were litigated in the courts, such as the right to discovery. Further, the Parties waive the right to a jury trial if a dispute is addressed through litigation.
19. This Agreement shall not be construed against the Party preparing it but shall be construed as if all Parties jointly prepared the Agreement, and any uncertainty or ambiguity shall not be interpreted against any one Party.

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20. Except as expressly stated in this Agreement, no Party (nor any officer, director, shareholder, agent, partner, principal, employee, representative, or attorney of or for either Party) has made any statement or representation to the other Party regarding any fact relied upon in entering into this Agreement. The Parties do not rely upon any statement, representation, or promise of the other Party (or of any officer, director, shareholder, agent, partner, principal, employee, representative, or attorney of or for the other Party) in entering into or in executing this Agreement, or in making the payments provided for in this Agreement.
21. This Agreement will be deemed to have been signed and delivered within the State of California, and the rights and obligations of the Parties to this Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of California, without regard to choice of law rules. In the event of any later claims or litigation relating to the obligations owed by MBSC to the City, or the interpretation or enforcement of this Agreement, jurisdiction will be exclusively within the State of California, County of San Diego, and venue at the downtown branch of the court.
22. If any portion of this Agreement is adjudged to be void or unenforceable by a court of competent jurisdiction, the void or unenforceable provision will be severable from the remainder of this Agreement.
23. This Agreement is binding on the Parties, their respective agents, representatives, employees, principals, partners, officers, directors, shareholders, divisions, subsidiaries, affiliates, parent or holding companies, assigns, and successors in interest.
24. This Agreement supersedes all prior and contemporaneous oral and written agreements and discussions.
25. This Agreement may be amended or modified only by a written agreement signed by all Parties to this Agreement.
26. This Agreement is the entire Agreement between the Parties and the terms of this Agreement are contractual and not a mere recital.
27. The Parties acknowledge and represent that they have read this Agreement in its entirety, understand all of its terms and provisions, and sign this Agreement voluntarily and of their own free will, knowing that it is a legally binding document and with the intent to be bound by its terms.
28. This Agreement may be signed in counterparts. When each Party has signed and delivered a counterpart, each counterpart will be an original. When taken together with

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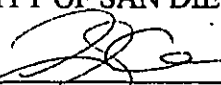
///

other signed counterparts, the counterparts constitute one Agreement, which will be binding upon and effective as to all Parties.

29. A signed copy of this Agreement will have the same force and effect as a signed original.

I hereby certify that I am authorized to, and do, legally bind the City of San Diego to this Agreement, and that I have read, understand, and agree to all the terms and conditions of this Agreement.

Dated: 5/2/2025

CITY OF SAN DIEGO
By: 
Elizabeth Correia
San Diego City Treasurer

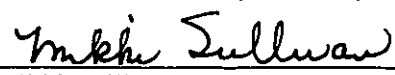
I hereby certify that I am authorized to, and do, legally bind Mission Bay Sports Center to this Agreement, and that I have read, understand, and agree to all the terms and conditions of this Agreement.

Dated: 4-29-2025

MISSION BAY SPORTS CENTER
By: 
Debra Boone
Chief Financial Officer

APPROVED AS TO FORM ONLY:

Dated: 5/5/25

Heather Ferbert, City Attorney
By: 
Mikki Sullivan, Deputy City Attorney
Attorneys for City of San Diego

Dated: _____

By: _____
Mission Bay Sports Center

From: Bibler, Christina
To: Contreras, Lucy; Reilly, Jain; Sanchez, Roswitha; Mandler Jr, Jim; Nichols, Kov; Chalfant, Nicole; Chen, Rubin
Subject: Fw: Mission Bay Sports Center
Date: Monday, May 5, 2025 2:10:08 PM
Attachments: MBSC - Forbearance Agreement Fully Executed 05.05.2025.pdf
image002.png
image003.png
image004.png
image005.png

For our records...

Christina Bibler
Director, Economic Development
City of San Diego
1200 Third Avenue, Suite 1400
San Diego, CA 92101
Cbibler@sandiego.gov
Direct (619) 236-6421

From: Correia, Elizabeth <ECorreia@sandiego.gov>
Sent: Monday, May 5, 2025 1:43 PM
To: Chris Wahl <cwahl@swspr.com>
Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbaysportcenter.com>; Carey, Jonathan <JCarey@sandiego.gov>; LeClair-Miller, Nicole <NMiller@sandiego.gov>; Bibler, Christina <CBibler@sandiego.gov>; Ashley Johnson <ajohnson@swspr.com>; zach@missionbaysportcenter.com <zach@missionbaysportcenter.com>
Subject: RE: Mission Bay Sports Center

Hi Chris, all,

Attached is the fully executed agreement for your records. Thank you.

Liz

Elizabeth Correia
City Treasurer
City of San Diego
Office of the City Treasurer

T (619) 236-7157
www.sandiego.gov



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From: Chris Wahl <cwahl@swspr.com>
Sent: Friday, May 2, 2025 1:51 PM
To: Correia, Elizabeth <ECorreia@sandiego.gov>
Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbaysportcenter.com>; Carey, Jonathan <JCarey@sandiego.gov>; LeClair-Miller, Nicole <NMiller@sandiego.gov>; Bibler, Christina <CBibler@sandiego.gov>; Ashley Johnson <ajohnson@swspr.com>; zach@missionbaysportcenter.com
Subject: [EXTERNAL] Re: Mission Bay Sports Center

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Hi Liz,

Thank you for following up. Yes, her title is CFO, and you're approved to insert the name and language.

We've also updated the document for you. Please see attached.

Have a nice weekend.

Chris

From: Correia, Elizabeth <ECorreia@sandiego.gov>

Date: Friday, May 2, 2025 at 12:30 PM

To: Chris Wahl <cwahl@swspr.com>

Cc: Lisa Ferma <lferma@swspr.com>, mb sc <admin@missionbaysportcenter.com>, Carey, Jonathan <JCarey@sandiego.gov>, LeClair-Miller, Nicole <NMiller@sandiego.gov>, Bibler, Christina <CBibler@sandiego.gov>, Ashley Johnson <ajohnson@swspr.com>, zach@missionbaysportcenter.com <zach@missionbaysportcenter.com>

Subject: RE: Mission Bay Sports Center

Hi Chris,

Thank you. I'm preparing the agreement to route for signature and noticed that Debra Boone's printed name and title are missing on the attached. Is the title Chief Financial Officer correct? Also, can you provide approval for me to add the printed name and title it to the agreement?

I will return a copy of the fully executed agreement once I have it.

Liz

Elizabeth Correia
City Treasurer
City of San Diego
Office of the City Treasurer

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From: Chris Wahl <cwahl@swspr.com>

Sent: Wednesday, April 30, 2025 5:22 PM

To: Correia, Elizabeth <ECorreia@sandiego.gov>

Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbaysportcenter.com>; Carey, Jonathan <JCarey@sandiego.gov>; LeClair-Miller, Nicole <NMiller@sandiego.gov>; Bibler, Christina <CBibler@sandiego.gov>; Ashley Johnson <ajohnson@swspr.com>; zach@missionbaysportcenter.com

Subject: [EXTERNAL] Re: Mission Bay Sports Center

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Hi Liz,

Per our discussion earlier today, MBSC made its first payment of \$64k today. Please find attached the signed forbearance agreement, a copy of the check, and a copy of the receipt we received from Rosa at the City Treasurers office today.

Thank you very much for making this work.

Chris

From: Correia, Elizabeth <ECorreia@sanidiego.gov>
Date: Tuesday, April 22, 2025 at 4:43 PM
To: Chris Wahl <cwahl@swspr.com>
Cc: Lisa Ferma <lferma@swspr.com>, mb sc <admin@missionbaysportcenter.com>, Carey, Jonathan <JCarey@sanidiego.gov>, LeClair-Miller, Nicole <NMiller@sanidiego.gov>, Bibler, Christina <CBibler@sanidiego.gov>, Ashley Johnson <ajohnson@swspr.com>, zach@missionbaysportcenter.com <zach@missionbaysportcenter.com>
Subject: RE: Mission Bay Sports Center

Hi Chris,

Attached is the forbearance agreement for your client's review. In order to finalize the agreement, please provide me with the appropriate contact information to populate in paragraph 16 and advise who will be the signatory(ies) on the agreement along with their title(s).

Given that month end is quickly approaching, we still anticipate receiving the initial payment on or before Wednesday, April 30th as an act of good faith as we finalize the agreement for signatures.

Thank you,

Liz

Elizabeth Correia
City Treasurer
City of San Diego
Office of the City Treasurer

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From: Correia, Elizabeth
Sent: Thursday, April 10, 2025 3:46 PM
To: Chris Wahl <cwahl@swspr.com>
Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbaysportcenter.com>; Carey, Jonathan <JCarey@sanidiego.gov>; LeClair-Miller, Nicole <NMiller@sanidiego.gov>; Bibler, Christina <CBibler@sanidiego.gov>; Ashley Johnson <ajohnson@swspr.com>; zach@missionbaysportcenter.com

Subject: RE: Mission Bay Sports Center

Thank you, Chris. We will begin working on the draft agreement.

If you have any questions in the interim, please reach out.

Thank you,

Liz

Elizabeth Correia
City Treasurer
City of San Diego
Office of the City Treasurer

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From: Chris Wahl <cwahl@swspr.com>
Sent: Thursday, April 10, 2025 2:20 PM
To: Correia, Elizabeth <ECorreia@sandiego.gov>
Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbaysportcenter.com>; Carey, Jonathan <JCarey@sandiego.gov>; LeClair-Miller, Nicole <NMiller@sandiego.gov>; Bibler, Christina <CBibler@sandiego.gov>; Ashley Johnson <ajohnson@swspr.com>; zach <zach@missionbaysportcenter.com>
Subject: [EXTERNAL] Re: Mission Bay Sports Center

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Thank you Liz. I've had a chance to speak with our client and they accept the City's terms.

Thank you for working with us on this issue to bring closure to this long-standing item.

Please send us the payment plan agreement.

From: Correia, Elizabeth <ECorreia@sandiego.gov>
Date: Wednesday, April 9, 2025 at 11:36 AM
To: Chris Wahl <cwahl@swspr.com>
Cc: Lisa Ferma <lferma@swspr.com>, mb sc <admin@missionbaysportcenter.com>, Carey, Jonathan <JCarey@sandiego.gov>, LeClair-Miller, Nicole <NMiller@sandiego.gov>, Bibler, Christina <CBibler@sandiego.gov>, Ashley Johnson <ajohnson@swspr.com>, zach <zach@missionbaysportcenter.com>
Subject: RE: Mission Bay Sports Center

Hi Chris,

We have met internally and the reduced amount the City will accept to resolve this matter is \$386,479.89, pending council approval of the amendments to the master lease regarding authorized use. We are also willing to stay the interest as of March 20, 2025 as long as the terms of the agreed upon payment plan are fulfilled. Based on the conversation you and I had Thursday evening, we would be agreeable to the following payment plan:

Payment on 4/30/2025 of \$64,413.32
Payment on 5/30/2025 of \$64,413.32
Payment on 6/30/2025 of \$64,413.31
Payment on 7/31/2025 of \$96,619.97
Payment on 8/29/2025 of \$96,619.97

If these terms are agreeable, we will draft the payment plan agreement for review and signature.

Thanks,
Liz

Elizabeth Correia
City Treasurer
City of San Diego
Office of the City Treasurer

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From: Chris Wahl <cwahl@swspr.com>
Sent: Thursday, April 3, 2025 5:30 PM
To: Correia, Elizabeth <ECorreia@sandiego.gov>
Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbaysportcenter.com>; Carey, Jonathan <JCarey@sandiego.gov>; LeClair-Miller, Nicole <NMiller@sandiego.gov>; Bibler, Christina <CBibler@sandiego.gov>; Ashley Johnson <ajohnson@swspr.com>; zach@missionbaysportcenter.com
Subject: [EXTERNAL] Re: Mission Bay Sports Center

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Thank you for the time today Liz. I appreciate your willingness to engage and work toward a final resolution. We look forward to hearing from you about next steps, so we can finalize this issue.

From: Correia, Elizabeth <ECorreia@sandiego.gov>
Date: Thursday, April 3, 2025 at 9:46 AM
To: Chris Wahl <cwahl@swspr.com>
Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbaysportcenter.com>; Carey, Jonathan <JCarey@sandiego.gov>; LeClair-Miller, Nicole <NMiller@sandiego.gov>; Bibler, Christina <CBibler@sandiego.gov>; Ashley Johnson <ajohnson@swspr.com>; zach@missionbaysportcenter.com <zach@missionbaysportcenter.com>
Subject: RE: Mission Bay Sports Center

Hi Chris,

Sorry for the delay in responding. I was out of the office. Can we connect today? Please let me know your availability. I'm available from 10:30am to 11:30am, 2:00 to 3:00p, and after 3:30pm. I will give you a call on the cell phone number below or I can also send you a teams link if you prefer.

Thank you,
Liz

Elizabeth Correia
City Treasurer
City of San Diego
Office of the City Treasurer

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From: Chris Wahl <cwahl@swspr.com>
Sent: Friday, March 28, 2025 4:28 PM
To: Correia, Elizabeth <ECorreia@sandiego.gov>
Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbaysportcenter.com>; Carey, Jonathan <JCarey@sandiego.gov>; LeClair-Miller, Nicole <NMiller@sandiego.gov>; Bibler, Christina <CBibler@sandiego.gov>; Ashley Johnson <ajohnson@swspr.com>; zach@missionbaysportcenter.com
Subject: [EXTERNAL] Re: Mission Bay Sports Center

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Hi Liz,

We do have a revised payment plan proposal to present to the City, but I'm hoping we can chat first before we submit it.

Do you have time on Tuesday to chat?

Have a nice weekend.

Thanks.
Chris

From: Correia, Elizabeth <ECorreia@sandiego.gov>
Date: Thursday, March 20, 2025 at 4:38 PM
To: Chris Wahl <cwahl@swspr.com>
Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbaysportcenter.com>; Carey, Jonathan <JCarey@sandiego.gov>; LeClair-Miller, Nicole <NMiller@sandiego.gov>; Bibler, Christina <CBibler@sandiego.gov>; Ashley Johnson <ajohnson@swspr.com>; zach@missionbaysportcenter.com <zach@missionbaysportcenter.com>
Subject: RE: Mission Bay Sports Center

Hi Chris,

Thanks for your patience.

The amount due to the City as of March 20, 2025 was \$1,387,502.01. We will temporarily suspend collection efforts

regarding the disputed unauthorized use amount of \$795,969.76 included in invoice 1000369114, plus associated collection referral fees and interest, pending Council approval.

To determine the adjustment, we recalculated the findings as if base/percentage rent applied, instead of unauthorized use. As detailed in page 2 of the attached exhibit, the findings did include additional underpayments. Therefore, the total amount due, as of March 20th, net of the disputed amount, is \$411,446.82. Interest continues to accrue daily on any unpaid balances.

Given the amount due and the seasonality of the business, can you please revise the payment plan proposal and provide a response by the end of next week?

Let us know if you have questions.

Thank you,
Liz

Elizabeth Correia
City Treasurer
City of San Diego
Office of the City Treasurer

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From: Chris Wahl <cwahl@swspr.com>
Sent: Monday, March 17, 2025 1:40 PM
To: Correia, Elizabeth <ECorreia@sandiego.gov>
Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbaysportcenter.com>; Carey, Jonathan <JCarey@sandiego.gov>; LeClair-Miller, Nicole <NMiller@sandiego.gov>; Bibler, Christina <CBibler@sandiego.gov>; Ashley Johnson <ajohnson@swspr.com>; zach@missionbaysportcenter.com <zach@missionbaysportcenter.com>
Subject: [EXTERNAL] Re: Mission Bay Sports Center

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Thank you Liz.

From: Correia, Elizabeth <ECorreia@sandiego.gov>
Date: Monday, March 17, 2025 at 6:16 AM
To: Chris Wahl <cwahl@swspr.com>
Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbaysportcenter.com>; Carey, Jonathan <JCarey@sandiego.gov>; LeClair-Miller, Nicole <NMiller@sandiego.gov>; Bibler, Christina <CBibler@sandiego.gov>; Ashley Johnson <ajohnson@swspr.com>; zach@missionbaysportcenter.com <zach@missionbaysportcenter.com>
Subject: RE: Mission Bay Sports Center

Hi Chris,

Apologies. We have received your March 7 email and will provide a response this week. Thank you.

Elizabeth Correia
City Treasurer
City of San Diego
Office of the City Treasurer

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From: Chris Wahl <cwahl@swspr.com>
Sent: Thursday, March 13, 2025 6:21 PM
To: Correia, Elizabeth <ECorreia@sandiego.gov>
Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbaysportcenter.com>; Carey, Jonathan <JCarey@sandiego.gov>; LeClair-Miller, Nicole <NMiller@sandiego.gov>; Bibler, Christina <CBibler@sandiego.gov>; Ashley Johnson <ajohnson@swspr.com>; zach@missionbaysportcenter.com
Subject: [EXTERNAL] Re: Mission Bay Sports Center

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Good evening Liz,

Just wanted to follow up and make sure you received this email from us?

Thank you.
Chris

From: Chris Wahl <cwahl@swspr.com>
Date: Friday, March 7, 2025 at 3:16 PM
To: Correia, Elizabeth <ECorreia@sandiego.gov>
Cc: Lisa Ferma <lferma@swspr.com>, mb sc <admin@missionbaysportcenter.com>, Carey, Jonathan <JCarey@sandiego.gov>, LeClair-Miller, Nicole <NMiller@sandiego.gov>, Bibler, Christina <CBibler@sandiego.gov>, Ashley Johnson <ajohnson@swspr.com>, zach@missionbaysportcenter.com <zach@missionbaysportcenter.com>
Subject: Re: Mission Bay Sports Center

Good afternoon Elizabeth,

Thank you for following up. The undisputed amount from our standpoint is \$88,150.10.

The balance (\$1,265,506.92) relates to the City's inaccurate position that unauthorized use occurred at Mission Bay Sports Center, and as a result, a 100 percent penalty was applied.

As we have pointed out in several meetings with the City, our lease not only allows for the use the City has claimed was unauthorized, but the City has acknowledged that it misplaced our signed agreements that demonstrate this use was allowed. That said, our client has been a long-standing tenant in good standing with the City for more than

30 years and desires to maintain this relationship. As a result, and per your request, they are proposing to pay the entire undisputed amount before the close of the City's current fiscal year on the following schedule:

March 15 – \$10,000

April 15 – \$10,000

May 15 – \$34,075

June 15 – \$34,075

We are hopeful you will find these terms acceptable. Please note that our client's business is seasonal, so additional funds are difficult to come by during the winter (and initial spring) months, so we have backloaded the payments to allow for the business cycle to catch up.

We look forward to working with Christina and her department on a contract amendment to bring closure to this issue.

Please let me know if you have any questions, and thanks again for following up. Have a nice weekend.

Chris

From: Correia, Elizabeth <ECorreia@sandiego.gov>

Date: Tuesday, March 4, 2025 at 8:58 AM

To: Chris Wahl <cwahl@swspr.com>

Cc: Lisa Ferma <lferma@swspr.com>, mb sc <admin@missionbaysportcenter.com>, Carey, Jonathan <JCarey@sandiego.gov>, LeClair-Miller, Nicole <NMiller@sandiego.gov>, Bibler, Christina <CBibler@sandiego.gov>, Zachary Macquarrie <ZMacquarrie@swspr.com>, Ashley Johnson <ajohnson@swspr.com>

Subject: RE: Mission Bay Sports Center

Hi Chris, all,

I wanted to follow up on the status of the proposed repayment plan. I have attached the details of the amounts owed that were shared in December and January. As discussed, in order for the City to consider bringing forward a contract amendment and/or a request to waive amounts due related to unauthorized use, the account must first be in good standing. Please provide a proposal for repayment for undisputed amounts to my office by the end of the week, otherwise we are required to resume our collection efforts on all amounts due to the City.

If you have any questions, please reach out. Thank you.

Liz

Elizabeth Correia
City Treasurer
City of San Diego
Office of the City Treasurer

T (619) 236-7157
www.sandiego.gov



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From: Correia, Elizabeth

Sent: Tuesday, December 17, 2024 3:36 PM

To: Chris Wahl <cwahl@swspr.com>

Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbayssportcenter.com>; Carey, Jonathan <JCarey@sandiego.gov>; LeClair-Miller, Nicole <NMiller@sandiego.gov>; Bibler, Christina <CBibler@sandiego.gov>; Zachary Macquarrie <ZMacquarrie@swspr.com>; Ashley Johnson <ajohnson@swspr.com>

Subject: RE: Mission Bay Sports Center

Hi Chris,

Please see attached. Sorry about the delay and let us know if you have any questions.

Thank you,

Liz

Elizabeth Correia
City Treasurer
City of San Diego
Office of the City Treasurer

T (619) 236-7157
www.sandiego.gov



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From: Chris Wahl <cwahl@swspr.com>

Sent: Tuesday, December 17, 2024 1:07 PM

To: Correia, Elizabeth <ECorreia@sandiego.gov>

Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbayssportcenter.com>; Carey, Jonathan <JCarey@sandiego.gov>; LeClair-Miller, Nicole <NMiller@sandiego.gov>; Bibler, Christina <CBibler@sandiego.gov>; Zachary Macquarrie <ZMacquarrie@swspr.com>; Ashley Johnson <ajohnson@swspr.com>

Subject: [EXTERNAL] Re: Mission Bay Sports Center

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Hi Elizabeth,

Thank you for taking the time to meet with us last week. Just wanted to follow up with you guys about sending us a reconciliation on the total outstanding debt. I'll work with Zach to respond back to you guys on a proposed repayment schedule, and then work with Christina to find a City Council date that works for the docket.

Chris

From: Correia, Elizabeth <ECorreia@sandiego.gov>

Date: Monday, November 25, 2024 at 8:20 AM

To: Chris Wahl <cwahl@swspr.com>

Cc: Lisa Ferma <lferma@swspr.com>, mb sc <admin@missionbaysportcenter.com>, Carey, Jonathan <JCarey@sandiego.gov>, LeClair-Miller, Nicole <NMiller@sandiego.gov>

Subject: RE: Mission Bay Sports Center

Good morning, Chris,

Thanks for your email. We can certainly meet to discuss. What does your availability look like next week? I can check calendars on the City side.

Thanks,
Liz

Elizabeth Correia
City Treasurer
City of San Diego
Office of the City Treasurer

T (619) 236-7157
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From: Chris Wahl <cwahl@swspr.com>

Sent: Thursday, November 21, 2024 10:01 PM

To: Correia, Elizabeth <ECorreia@sandiego.gov>

Cc: Lisa Ferma <lferma@swspr.com>; mb sc <admin@missionbaysportcenter.com>

Subject: [EXTERNAL] Mission Bay Sports Center

*This email came from an external source. Be cautious about clicking on any links in this email or opening attachments.**

Good evening Ms. Correia,

I hope this email finds you well. I'm reaching out on behalf of client, Mission Bay Sports Center, who we have worked for since 2022.

Our clients brought it our attention that they have received notices from your office recently regarding outstanding debt. I am hoping that we might set up a time to meet/talk at your earliest convenience to discuss this issue.

For more than two years, we have worked closely with City's Real Estate Department and Council District Two to resolve an inappropriately applied penalty, based on ambiguities in the lease and due to the fact the City misplaced its only signed copy of a consent to sublease during Covid, which led to a large \$900k penalty applied to a company that generates \$2 million annually in sales.

For reference, here's a bit more background on our efforts to resolve this issue:

Starting in late 2022, we approached DREAM's leadership about a possible solution and the problems inherent in the lease. We had numerous meetings and proactively brought forward at least three different solutions. All were

rejected by the City Attorney's office. Shortly thereafter, the City had a leadership change in this department, which led to more delays.

After more than 18 months of discussion, we mutually agreed with the City's Real Estate Department to bring forward a lease amendment to the City Council to clarify the ambiguous language in lease. In March 2024, the City's Land Use & Housing Committee voted 4-0 to modify the lease terms to provide clarity that led to the inappropriately applied fees. Please see staff report below:

[https://sandiego.hilandcloud.com/211agendaonlinecomm/Documents/ViewDocument/Staff%20Report%20for%20-%20%20\(\).pdf?meetingId=5970&documentType=Agenda&itemId=231850&publishId=833204&isSection=false](https://sandiego.hilandcloud.com/211agendaonlinecomm/Documents/ViewDocument/Staff%20Report%20for%20-%20%20().pdf?meetingId=5970&documentType=Agenda&itemId=231850&publishId=833204&isSection=false)

As you can see from the staff report excerpt below in red, the City acknowledged the lease language needed clarity so that nonpayment amounts could be resolved.

In an effort to clarify the lease language as it relates to allowable uses and resolve any unauthorized uses charges and nonpayment of amounts owed to the City as a result, the Lessee requested and the City has agreed to process the First Amendment to the Lease.

Unfortunately, the item has not been brought forward to the full City Council for approval, due to the impacted docket, so it remains unresolved. However, it is our understanding, this item scheduled to come forward to the full Council in early 2025.

In good faith, our client made a roughly \$250k payment to the City prior to the March hearing. They have also remained current on lease payments throughout 2024. My understanding – though it might not be accurate – is that the bulk of remaining non-payments are related to the large penalty and a past audit balance. They have made it clear in writing and verbally to the City they intend to pay the full audit balance. However, given the inappropriately applied penalty would bankrupt my client, they are waiting for resolution on the penalty before paying the full audit balance.

Prior to this situation, they were a tenant in good standing for more than 20 years. They are anxious to resolve this matter swiftly and have been pushing for a solution for more than two years, but our progress has been limited by an impacted docket and changes in leadership.

I am very hopeful that we can meet soon, so we can explain in detail the degree to which we have been working cooperatively with the City to find a solution.

I look forward to hearing from you soon.

Thank you.
Chris



Chris Wahl
Chief Executive Officer
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swspr.com

