

CITY OF SAN DIEGO CONSENT TO COMMERCIAL LEASE

THIS CONSENT TO COMMERCIAL LEASE ("Consent") is made by the City of San Diego, a California municipal corporation ("CITY"), to be effective when signed by CITY (the "Effective Date") and approved by the San Diego City Attorney, as follows:

RECITALS

A. CITY, as lessor, and MISSION BAY SPORTS CENTER, a California corporation, as lessee ("SUBLESSOR") are parties to that certain CITY OF SAN DIEGO PERCENTAGE LEASE dated July 21, 2011, as filed in the Office of the City Clerk as Document No. RR-306876 ("Master Lease") and relating to certain CITY-owned real property in Mission Bay Park, consisting of approximately 0.613 acres of land and 0.078 acres of water ("Premises"), as further identified in the Master Lease.

B. SUBLESSOR and HOT TUB CRUISIN INCORPORATED, a California corporation ("SUBLESSEE"), entered into a certain Commercial Lease, dated June 1, 2014 ("Sublease") for a portion of the Premises more particularly described in the Sublease. A copy of the Sublease is attached as Exhibit A.

C. Pursuant to Section 5.2 of the Master Lease, SUBLESSOR has requested CITY's prior written consent to sublease a portion of the Premises as set forth in the Sublease to SUBLESSEE.

D. CITY is willing to consent to SUBLESSOR subleasing to SUBLESSEE on the terms and conditions contained in this Consent.

CONSENT

1. CITY's Consent. CITY consents to SUBLESSOR subleasing to SUBLESSEE. This consent is granted only on the terms and conditions stated in this Consent. CITY is not bound by any of the terms, covenants, or conditions of the Sublease. The Sublease is and shall remain subject and subordinate to the Master Lease, as may be amended from time to time. If there is a conflict between the Sublease and either the Master Lease or this Consent, the terms, conditions, and obligations of this Consent and the Master Lease shall control. If there is a conflict between this Consent and the Master Lease, the terms, conditions, and obligations of this Consent shall control.
2. CITY Lifeguard Division Approval. SUBLESSOR acknowledges that pursuant to Section 1.3 of the Master Lease, SUBLESSEE's annual operating plan ("Operating Plan") has been submitted and approved by CITY'S Lifeguard Services Division through December 31, 2014. In event CITY Lifeguard Services

disapprove Operating Plan after December 31, 2014, this Consent shall be terminated on January 1, 2015.

3. Limits of CITY's Consent. As a condition of CITY's consent, neither the Sublease nor this Consent will:
- (a) release SUBLESSOR from any liability, whether past, present, or future, under the Master Lease as to the Premises or any portion thereof;
 - (b) alter the primary liability of SUBLESSOR to pay the rent and perform all SUBLESSOR's obligations under the Master Lease;
 - (c) be construed as a waiver of CITY's right to consent to any proposed sublease or assignment after the date hereof by SUBLESSOR under the Master Lease or by SUBLESSEE under the Sublease, or as a consent to any portion of the Premises in the Sublease being used or occupied by any other party;
 - (d) grant any rights to SUBLESSEE greater than those rights granted to SUBLESSOR under the Master Lease;
 - (e) be deemed CITY consent to any other assignment or sublease;
 - (f) require CITY to recognize SUBLESSEE in the event of a default in the Master Lease by SUBLESSOR;
 - (g) enlarge or in any manner increase CITY's obligations or duties under the Master Lease;
 - (h) create obligations or costs to CITY with regard to the Sublease;
 - (i) modify, waive, amend, or otherwise affect any provision of the Master Lease other than as set forth in this Consent;
 - (j) be deemed to be any type of obligation by CITY to SUBLESSOR, SUBLESSEE or to any governmental agent, board, commission, or agency with regard to any other action relating to SUBLESSEE's occupancy, use, or maintenance of any portion of the Premises or improvements thereon.
 - (k) be deemed approval of CITY as required by any other provision of the Master Lease or Sublease.
4. Required Insurance. Prior to the Effective Date of this Consent, SUBLESSEE shall file with CITY a copy of the policy of insurance which shall name the "City of San Diego, its elected officials, officers, representatives, agents and employees" as additional insureds for the entire term of the Sublease.

SUBLESSEE shall be insured by an insurance carrier acceptable to the CITY against loss from public liability and property damage arising from the use of or the conduct of any operation conducted on the Premises and out on water of Mission Bay Park Premises. SUBLESSEE shall maintain minimum coverage in the amount of Four Million Dollars (\$4,000,000) Combined Single Limit Liability. Said policy shall specify that the policy may not be terminated, altered or canceled without thirty (30) days prior written notice to CITY by insurance company. Prior to each insurance renewal period, SUBLESSEE shall submit to CITY a copy of the new policy of insurance.

5. Controlling Law. The terms and provisions of this Consent will be construed in accordance with, and will be governed by, the laws of the State of California.
6. CITY's Consent Null and Void. If at any time, either SUBLESSOR or SUBLESSEE fails to comply with any of the terms and conditions set forth in this Consent, this Consent shall automatically and retroactively become null and void as of the date of any such failure to comply. Any such failure to comply with any term or condition of this Consent shall constitute a default under the Master Lease and the CITY may avail itself of any rights and remedies available under the Master Lease and at law and in equity.

THE CITY OF SAN DIEGO, a California municipal corporation

Date: 7/3/14

BY: [Signature]
Name: Kristin Geetz
Title: Interim Director Real Estate Assets

Acknowledged and Accepted:

MISSION BAY SPORTS CENTER, a California corporation

Date: June 1, 2014

BY: Zach Funston
Name: Zach Funston
Title: President

APPROVED AS TO FORM AND LEGALITY:

JAN GOLDSMITH, City Attorney

Date: 7/10/14

By: [Signature]
Deputy City Attorney Jeremy Fonseca



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
07/17/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER DML Insurance Services, Inc. 4005 20th Ave W Ste 132 Seattle WA 98199	CONTACT NAME: PHONE (A/C, No, Ext): (206) 838-9077 FAX (A/C, No): (206) 838-9076 E-MAIL ADDRESS:
INSURED Hot Tub Cruisin', Inc. 905 Diamond St San Diego CA 92109-	INSURER(S) AFFORDING COVERAGE INSURER A: Great American Ins Co INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PROJECT ☐ LOC	X		OMH1543911	04/03/2014	04/03/2015	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/OP AGG \$ 2,000,000 \$
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ HIRED AUTOS ☐ SCHEDULED AUTOS ☐ NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	UMBRELLA LIAB ☒ OCCUR ☒ EXCESS LIAB ☐ CLAIMS-MADE ☐ DED ☐ RETENTION \$	X		OMH1543911	04/03/2014	04/03/2015	EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below Y/N ☐ N/A		N/A				WC STATUTORY LIMITS ☐ OTHER ☐ E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Protection & Indemnity	X		OMH1543910	04/03/2014	04/03/2015	P&I limit 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

City of San Diego, its elected officials, officers, representatives, agents & employees are additional insureds for the entire term of the Sublease. Coverage includes use out on the water of Mission Bay Park as well as on land.

Policy may not be terminated, altered or canceled without thirty (30) days prior written notice to City by insurance company.

CERTIFICATE HOLDER**CANCELLATION**

AI 006702

The City of San Diego 1200 3rd Avenue Suite #1700 San Diego CA 98121-	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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Commercial Lease

This Commercial Lease is made between Mission Bay Sportcenter, Inc., herein called "Lessor," and, Hot Tub Cruisin Incorporated., herein called "Lessee."

Lessee hereby offers to sublease from Lessor a portion of Premises situated in the City of San Diego, County of San Diego, State of California, described as one story property at 1010 Santa Clara Place, ("Premises"), detailed in the attached Exhibit A, upon the following TERMS and CONDITIONS:

1. **Subordination.** This commercial lease is in effect a sublease of the Premises covered by that certain Master Lease Agreement dated July 21, 2011, filed as document No. RR – 306876 in the Office of the City Clerk ("Master Lease Agreement"), between the Lessor herein and the City of San Diego. (City) This sublease is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereof contrary to or in conflict with said Master Lease Agreement.
2. **Term and Equipment Rental.** Lessor demises the above Premises for a one year term, commencing upon final approval of the consent to the sublease by the City June 1, 2014, at the monthly percentage rate of fifteen (15%) of gross and minimum one thousand five hundred dollars (\$1,000.00) per month payable in arrears on the last day of every month. All payments shall be made to the Lessor, at the address specified above. December 31, 2014 rent will increase to a monthly percentage rate of fifteen (15%) of gross and minimum two thousand dollars (\$2,000.00) per month payable in arrears on the last day of every month. A reassessment of the Lease will be issued upon revaluation and approval of initial year conducted by City at that point Lessee will enter into a additional 4 year lease with Lessor.
3. **Percentage Rent.** Lessee shall pay Lessor in addition to the Equipment rental, percentage of Lessee's gross receipts for sales of approved activity, Hot Tub Cruisin Incorp (HotTub Cruisin) and boating accessories and percent (15%) of Lessee's gross receipts of rentals, monthly in arrears, and prior to the 16th day of the month following that month in which the revenue subject was earned to be forwarded to the city. City will decide percentage during approval of lease

Shared Expenses. Lessee shall pay to Lessor, as additional rent, Lessee's "proportionate share" of (1) all costs of operation and maintenance of the common facilities; (2) utilities including electrical, gas and water; (3) all "real estate taxes" levied and assessed against the Premises. Said-shared expenses shall be paid monthly by the end of the month billed. At the end of the first term of the commercial lease, the "proportionate share" shall be re-evaluated and adjusted to reflect actual usage.
Definitions: For the purpose of this section (a) Lessee's "proportionate share" shall be equal to the total "shared expenses" divided by the number of sublessees and the Lessor in equal shares unless otherwise agreed upon.
4. **Operating Plan - City Fire-Rescue Department, Life Guard Services Approval.** At least sixty (60) days prior to each April 1st during the term of this Commercial Lease, Lessee shall, at its sole expense, submit to City a written, annual operating plan describing how Lessee intends to conduct each of the Allowed Uses in the waters of Mission Bay. Each such operating plan shall be in form and contain content reasonably satisfactory to City. Except as required by law, Lessee shall not make any changes to an existing City-approved operating plan without City's prior written approval in each instance, which may not be unreasonably withheld or delayed. Lessee shall conduct each Allowed Use in the waters of Mission Bay in accordance with its most recently City-approved operating plan. City acknowledges that Lessee has submitted an operating plan for the first Lease year, which has been approved by the City. The area of operation is detailed in the attached Exhibit B.
5. **Use.** Lessee shall use and occupy the Premises for Hot Tub Cruisin (HotTubCruisin) and related accessories sales (allowed use). The Premises shall be used for no other purpose. The Lessor shall not allow any other Hot Tub Cruisin sales, rental or instruction businesses to operate out of the facility. Lessee agrees to not engage in any business not specified in Commercial Lease.

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6. **Assignment and Subleasing.** Lessee shall not assign this lease or sublet the premises or any part thereof without the prior written consent of Lessor and "City." An assignment by operation of law shall automatically terminate this lease.
7. **Care and Maintenance of Premises.** Lessee acknowledges that the premises are in good order and repair, unless otherwise indicated herein. Lessee shall, at his own expense and at all times, maintain the premises in good and safe condition, including plate glass, electrical wiring, plumbing and heating installations and any other system or equipment upon the premises, and shall surrender the same at termination hereof, in as good condition as received, normal wear and tear excluded. Lessee shall be responsible for all repairs required, including the roof and the exterior walls over and around the subleased area.
8. **Alterations.** Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions, or improvements, in, to, or about the premises. The Lessee shall be responsible for all interior and exterior improvements.
9. **Ordinances and Statutes.** Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by the Lessee.
10. **Utilities.** All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including those for sewer, water, gas, electricity, and telephone services.
11. **Entry and Inspection.** Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, and will permit Lessor at any time within sixty (60) days prior to the expiration of this lease, to place upon the premises any usual "To Let" or "For Lease" signs, and permit those persons desiring to lease the same to inspect the premises thereafter.
12. **Possession.** If Lessor is unable to deliver possession of the premises at the commencement hereof, Lessor shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but Lessee shall not be liable for any rent until possession is delivered. Lessee may terminate this lease if possession is not delivered within 10 days of the commencement of the term hereof.
13. **Indemnification of the Lessor.** Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee agrees to hold Lessor and City harmless from any claim of damages, no matter how caused.
14. **Insurance.** Lessee shall be insured by an insurance carrier acceptable to the Lessor and City against loss from public liability arising from the use or condition of or operation conducted on the leased premises.
 - (a) Commercial General Liability Insurance, providing for bodily injury, including death, personal injury, and property damage with minimum limits shall be at least Two million (\$2,000,000) per occurrence, subject to an annual aggregate of at least Four Million Dollars (\$4,000,000).
 - (b) Automobile Liability Insurance, providing coverage for all bodily injury and property damage, with a limit of at least One Million Dollars (\$1,000,000) per occurrence. Such insurance shall cover liability arising out of any vehicle (including owned, hired, and non-owned vehicles) operated in performing any and all work pursuant to this Lease. Coverage shall be written on ISO form CA 00 01 12 90, or a substitute form providing equivalent liability coverage; and
 - (c) Workers' Compensation Insurance, as required by the laws of the State of California for all of sublessee's employees who are subject to this Lease, with Employers' Liability coverage with a limit of at least One Million Dollars (\$1,000,000)

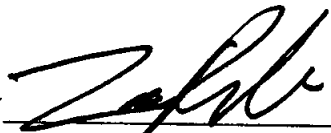
A copy of the policy of insurance shall be filed with the City and shall name "The City of San Diego, its elected officials, officers, employees, representatives, and agents" and "Mission Bay Sports Center, Inc." as additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without 30 days prior written notice to City by the insurance company.

15. **Hold Harmless.** Lessor shall require that Lessee shall defend, indemnify, protect and hold City its elected officials, officers, representatives, agents and employees harmless from and against any and all claims asserted or liability established for damages or injuries to any person or property, including without limitation any injury to Lessor's or Lessee's officers, employees, agents, invitees, guests, subtenants or licensees, which arise out of or are in any manner directly or indirectly connected with the Commercial Lease. Lessee's use of or operations on or outside the Premises as approved by City, the condition of the Premises, or from any act or omission of Lessee or any of his employees, agents, invitees, guests, subtenants or licensees; provided, however, this duty to identify and hold harmless shall not include any claims or liability arising from established sole negligence, or sole willful misconduct of City, its elected officials, officers, representatives, agents or employees, City may, at its election, conduct the defense or participate in the defense of any claim related in any way to this indemnification. If City chooses at its own election to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification, Lessor and Lessee shall pay all of the costs related thereto, including without limitation reasonable attorney fees and costs.
16. **Eminent Domain.** If the Premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the Premises, shall be taken by eminent domain, this Commercial Lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by the Lessee, and for moving expenses.
17. **Destruction of Premises.** In the event of a partial destruction of the Premises during the term hereof, from any cause, Lessor shall forthwith repair the same, provided that such repairs can be made within sixty (60) days under existing governmental laws and regulations, but such partial destruction shall not terminate this Commercial Lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the Premises. If such repairs cannot be made within said sixty (60) days, Lessor, at his option, may make the same within a reasonable time, this Commercial Lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor does not elect to make such repairs which cannot be made within sixty (60) days, this Commercial Lease may be terminated at the option of either party. In the event that the building in which the demised Premises may be situated is destroyed to an extent of not less than one-third of the replacement costs hereof, Lessor may elect to terminate this Commercial Lease whether the Premises be injured or not. A total destruction of the building in which the Premises may be situated shall terminate this Commercial Lease.
18. **Lessor's Remedies on Fault.** If Lessee defaults in the payment of rent, or any additional rent, or defaults in the performance of any of the other covenants or conditions hereof, Lessor may give Lessee notice of such default and if Lessee does not cure any such default within 10 days, after the giving of such notice (or if such other default is of such nature that it cannot be completely cured within such period, if Lessee does not commence such curing within such 20 days and thereafter proceed with reasonable diligence and in good faith to cure such default), the Lessor may terminate this Commercial Lease on not less than 30 days' notice to Lessee. On the date specified in such notice the term of this Commercial Lease shall terminate, and Lessee shall then quit and surrender the premises to Lessor, but Lessee shall remain liable as hereinafter provided. If this Commercial Lease shall have been so terminated by Lessor, Lessor may at any time thereafter resume possession of the Premises by any lawful means and remove Lessee or other occupants and their effects. No failure to enforce any term shall be deemed a waiver.

19. **Security Deposit.** Lessee shall deposit with Lessor on the signing of this Commercial Lease the sum of two thousand dollars (\$2000.00) as security deposit for the performance of Lessee's obligations under this Commercial Lease, including, without limitation, the surrender of possession of the premises to Lessor as herein provided. If Lessor applies any part of the deposit to cure any default of Lessee, Lessee shall on demand deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this Commercial Lease.
20. **Tax Increase.** In the event there is any increase during any year of the term of this Commercial Lease in the City, County or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this Commercial Lease commences, whether because of increased rate or valuation, Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to 25% of the increase in taxes upon the land and building in which the leased premises are situated. In the event that such taxes are assessed for a tax year extending beyond the term of the Commercial Lease, the obligation of Lessee shall be proportionate to the portion of the Commercial Lease term included in such year.
21. **Attorney's Fees.** In the event suit should be brought for recovery of the Premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the Premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fee.
22. **Notices.** Any notice which either party may, or is required to, give, shall be given by mailing the same, postage prepaid, to Lessee at the Premises, or Lessor at the address shown below, or at such places as may be designated by the parties from time to time.
23. **Entire Agreement.** The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties. The following Exhibits have been made a part of this lease before the parties execution hereof: Exhibit A Hot Tub Cruisin foot print on the property. Exhibit B Hot Tub Cruisin Operations plan. Exhibit C Hot Tub Cruisin Operation area

BY 
DATE 2/1/14

Zach Funston
Mission Bay Sportcenter, Inc.
1010 Santa Clara Place
San Diego, CA 92109

BY 
DATE 2/1/14

Zac Rhodes
Hot Tub Cruisin, Inc
905 Diamond Street
San Diego, CA 92109

Exhibit A

Operations/Operating Locations (Exhibit A: Property footprint)

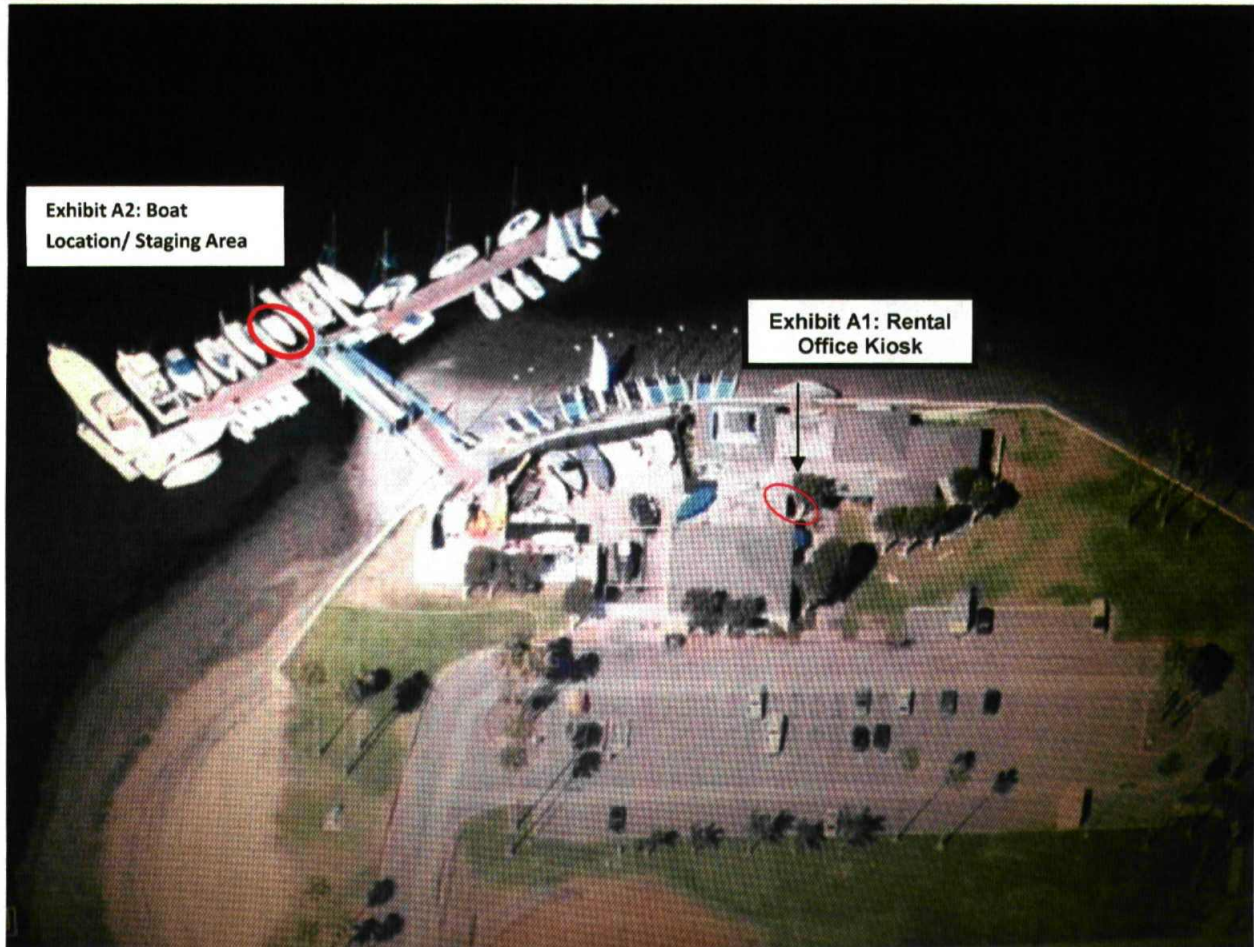


Exhibit A1: Rental Office Kiosk (8ftx10ft)–

Hot Tub Cruisin staff will conduct check-in/check-out procedures, reservation management, and general operating functions at the same location that Mission Bay SportCenter (MBSC) does this operational aspect for their own rentals.

Exhibit A2: Boat Location / Staging Area (20ftx15ft slip) –

The boat will be docked at a designated slip. The area around the slip will be used for the customer staging and orientation (including: safety checklists, orientation and film (in progress), boat overview, and all other instruction). Conducting the orientation at the craft will allow staff to walk customers through operating instructions more effectively. Staff will also be able to ensure proper departure and return docking procedures.

Exhibit B

Hot Tub Cruisin, Inc. Operations Plan

Operational Periods

Non-captained cruise: year-round (9am – sundown/seasonal nights)

Standard daily operation begins one hour before the first reservation slot (8am arrival), which gives ample time to check equipment, perform maintenance, get first customers signed in and complete their orientation. The operation wraps one hour after the last rental is completed, which gives time for clean-up, equipment checks, etc.

Rental of the Hot Tub Cruisin boat will be by the hour and multiple hour packages

Operations/Operating Locations (Exhibit A: Property footprint)

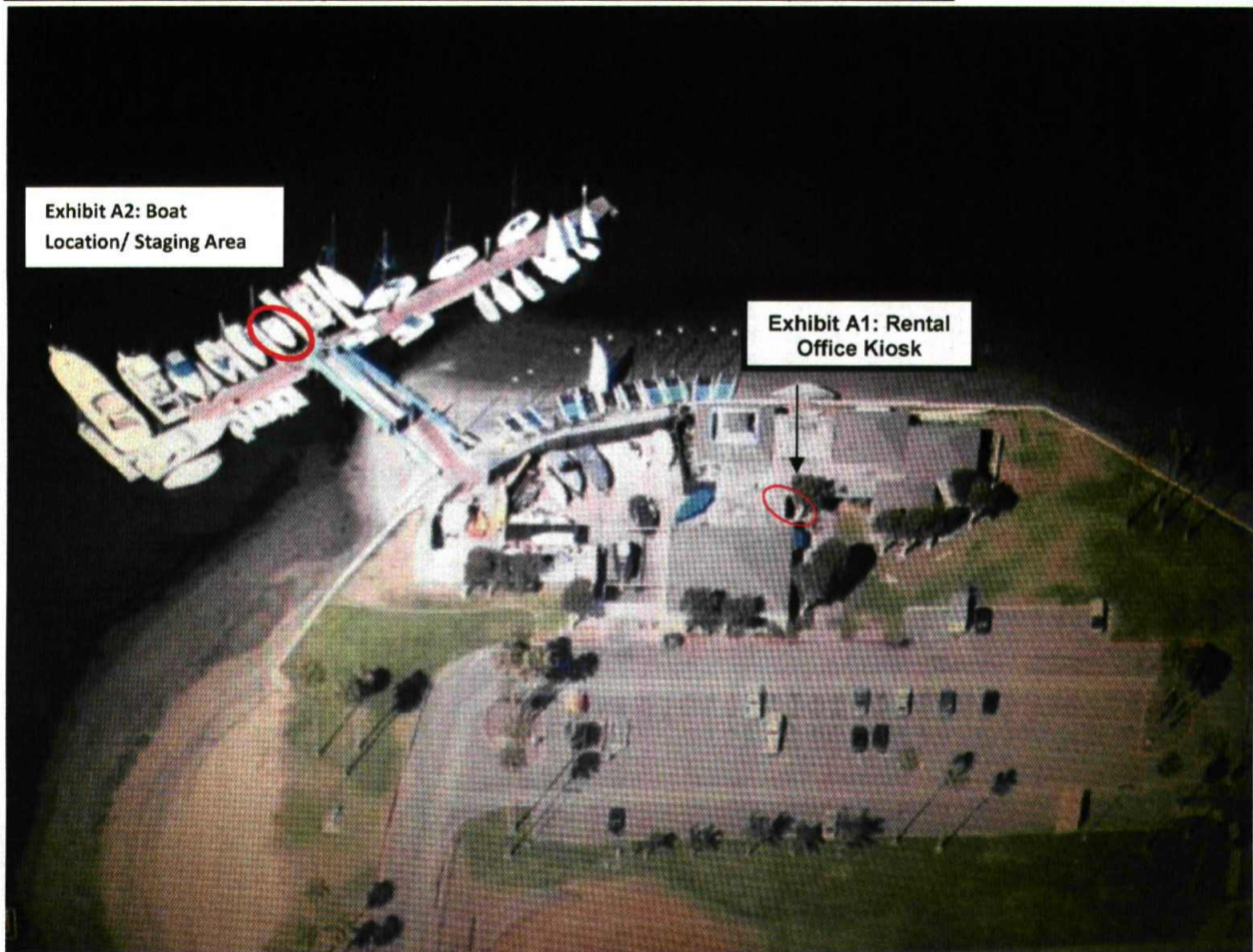


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Exhibit C: Operating Usage Area-

Hot Tub Cruisin intends permitted usage of vessel throughout all of Mission Bay Park, as any similar crafts are allowed to do. Customers will not be allowed to enter Mission Bay Channel of Ocean. Customers will review maps of Mission Bay during the checkout process of their rental, and review again when addressing the operations of the vessel. Hot Tub Cruisin will operate by any and all navigational regulations and laws that are in place on Mission Bay. Strict passenger occupancy levels will be posted and set to insure the safety of the customer during their rental. Hot Tub Cruisin will inform the customer of any areas to avoid based upon time of season and typical boat traffic and congestion of the Bay.

Equipment Overview

Initial operations will involve one rental craft that has a maximum capacity of 8 individuals:

- Hot Tub Cruisin craft (25ft pontoon boat that has been designed, engineered and fabricated with a hot tub on its deck):
 - o 25ft long x 10ft wide beam
 - o A Plaque or some sort of formal tablet sign that states where and how many life jackets and safety equipment are installed on boat for any and all passengers.
 - o Drive System
 - Helm drive/operating
 - o Engine System
 - Outboard center mount (specified/governed to wake less speeds)
 - 50hp
 - Custom propeller
 - o Electrical System
 - Auxiliary batteries to main functions of craft
 - Marine generator to power hot tub
 - o Boat Deck
 - Seating
 - Wrap around boat style seating (couches and chairs)

- Hot tub seating
 - Railing system
- Hot tub
 - Adjustable temperature
 - Heating element
 - Jet pump system
- Lighting
 - USCG approved running and night safety lighting system
 - Hot tub lighting
- Misc
 - Fire extinguisher(s)
 - Safety equipment including lifejackets
 - First aid kit
 - Cooler
 - Water resistant/proof customer gear storage
 - Anchor and chains

Training Requirements/ Operations Guidelines for Staff

All instructors must be CPR-certified and must take and pass a boating safety course approved by both the California Division of Boating and Waterways and the National Association of State Boating Law Administrators. Staff will receive full training on the operations and maintenance of all the systems on and for the Hot Tub Cruisin craft. Staff will also be trained in the operations and maintenance of the actual hot tub to code as established by County of San Diego Department of Environmental Health.

Training Requirements/ Operating Guidelines for Customers

All customers must complete the following steps as part of their Hot Tub Cruisin orientation and check-in procedures:

- Training requirements
 - Read and sign liability/hold harmless waiver
 - Read and sign USCG Vessel and Boating Safety Checklist (specific to the Hot Tub Cruisin vessel)
 - Read and sign the Hot Tub Rules, Regulations, and Safety Checklist
 - Listen to pre-use orientation and craft walk-through (including permitted use area)
 - Read and sign check in/out procedures Checklist
 - Prove a thorough understanding of the English language
- List of forms all customers will have to read, prove an understanding of and sign:
 - USCG Vessel Safety Checklist, Pontoon Deck Boat
 - Hot Tub Rules, Regulations and Safety Checklist
 - Boat Check Out/ Check In Procedures
 - Hot Tub Cruisin Rental Agreement
 - Waiver of Release Liability Agreement

- Guidelines/Producers
 - o At all times, customers will abide by all laws, rules and regulations of Mission Bay and the state of California
 - o At no times will the customers be allowed to travel out of the inland waterways of Mission Bay, and into the ocean or Mission Bay Channel
 - o At anytime people are entering onto, or in and out of the boat the motor will be turned off for safety precautions.
 - o At no time will the boat be able to be beached unless an emergency presents itself while underway
 - o Anchoring will be allowed in designated areas, areas will include those that are legal to do so. Customers will be made aware of such areas during check out procedures orientation Non-anchor areas will be made known to the customer

Age restrictions

Customers must be at least 18 years of age to rent and operate (valid identification will be verified as part of the check-in procedures). If under the age of 18, at least one of the minor's parents/guardians must be present. Minors are only permitted as passengers and may not operate the crafts.

Emergency Procedures

- Hot Tub Cruisin staff will be required to have a cell phone on them at all times (in the event that 911 needs to be contacted)
- The Hot Tub Cruisin craft and base facility will each have a two-way radio to allow for communication between staff and customers. The customers will be provided with the Company phone number
- An American Red Cross approved first aid kit shall be kept on the vessel at all times.
- Fire extinguishers will be available on boat per code.
- Life Jackets and all other safety equipment will be provided and available, based on approved specifications.
- **General Rescue Procedures for Water emergencies**
 - o If an emergency exists, ensure someone calls 911 and the San Diego Lifeguard Division
 - o Survey the scene
 - o The rescuer should consider his/her ability prior to attempting a rescue
 - o Ensure proper use of all rescue equipment
 - o Approach the victim when it is safe for the rescuer
 - o Safely approach and determine how the victim(s) is in distress
 - o Perform rescue
 - o Move the victim(s) to safety
 - o Remove the victim(s) from the water
 - o Provide First Aid until Lifeguards and emergency medical services (EMS) arrive

- **General Rescue Procedures for Land Emergencies**

- If an emergency exists, ensure someone calls 911
- Survey the scene
- Approach the victim when it is safe for the rescuer
- Provide First Aid until emergency medical services (EMS) arrive

Exhibit C

Exhibit C: Operating Usage Area-



Exhibit C: Operating Usage Area-

Hot Tub Cruisin intends permitted usage of vessel throughout all of Mission Bay Park, as any similar crafts are allowed to do. Customers will not be allowed to enter Mission Bay Channel of Ocean. Customers will review maps of Mission Bay during the checkout process of their rental, and review again when addressing the operations of the vessel. Hot Tub Cruisin will operate by any and all navigational regulations and laws that are in place on Mission Bay. Strict passenger occupancy levels will be posted and set to insure the safety of the customer during their rental. Hot Tub Cruisin will inform the customer of any areas to avoid based upon time of season and typical boat traffic and congestion of the Bay.

CITY OF SAN DIEGO

LESSEE'S AND SUBLESSEE'S QUESTIONNAIRE FOR ALL LEASES, ASSIGNMENTS AND SUBLEASES

Pursuant to the City of San Diego City Charter Section 225: "Mandatory Disclosure of Business Interests," before the City will process requests to (Sub)Lease, all information requested in this Questionnaire must be completed by the proposed (Sub)Lessee. Even though a proposed Sublessee may complete the Questionnaire, the Questionnaire must be delivered or mailed to the City with a cover letter signed by the City Lessee or proposed Lessee. **THE CITY WILL NOT ACCEPT THE QUESTIONNAIRE, DOCUMENTS, OR OTHER INFORMATION DIRECTLY FROM A SUBLESSEE.**

All information furnished in this Questionnaire must be complete and accurate. Omissions, inaccuracies, or misstatements may cause the rejection and/or subsequent revocation of the City's Lease, consent to Sublease, or consent to Assignment of (Sub)Lease.

In submitting this Questionnaire, the proposed (Sub)Lessee completing the Questionnaire authorizes the City to make any inquiry or investigation it believes necessary to substantiate or supplement the information furnished in the Questionnaire, and authorizes others to release such information to the City.

Exact name of existing Lessee (always complete):
Mission Bay Sportcenter

Exact name of proposed Lessee (complete only if applicable):
N/A

Exact name of existing Sublessee (complete only if applicable):
N/A

Exact name of proposed Sublessee (complete only if applicable):
Hot Tub Cruisin

Date this Questionnaire completed: June 17, 2013.

The information furnished in and with this Questionnaire is true, complete, and correct to the best of my knowledge.

Signature: _____

Title: _____

[Signature] 6/17/13
President

Thank you for taking the time to complete the Questionnaire. Lessees may contact Real Estate Assets if they have any questions. Please return the completed Questionnaire, with any additional information or documents to:

REAL ESTATE ASSETS DEPARTMENT
1200 THIRD AVENUE STE 1700
SAN DIEGO, CA 92101
TEL.: (619) 236-6020 FAX: (619) 236-6706

This Questionnaire contains 15 pages.

PROPOSED (SUB)LESSEE

1. Name of proposed (Sub) Lessee exactly as it will appear on the actual tenancy document:

Hot Tub Cruisin

2. Mailing Address of proposed (Sub)Lessee for purposes of notice or other communication relating to the proposed tenancy:

905 Diamond St. San Diego, CA 92109

Telephone No.: 509-280-1715

Fax. No.:

E-mail Address: taylor.rhodes09@gmail.com

3. Billing Address (*only if different from Mailing Address*):

Telephone No.:

Fax. No.:

4. Proposed (Sub)Lessee intends to operate as a:

Sole Proprietorship ();

Partnership ();

Corporation (X);

Limited Liability Company (); Other

Explain if necessary:

5. Effective date of assignment (complete only if applicable):

PARTNERSHIP STATEMENT

If proposed (Sub)Lessee is a partnership, please answer the following:

1. Date of Organization: _____

2. General Partnership ()

Limited Partnership ()

Other () Explain _____

3. Statement of Partnership recorded: Yes () No ()

Date

Book

Page

County

4. Has the partnership conducted business in San Diego County?

Yes () No () If so, when? _____

If so, where? _____

5. Name, address, and partnership share of each general and limited partner. If a general partner is another partnership, a corporation, or a limited liability company (LLC), please complete separate pages 3; or 4 and 5; or 6, as appropriate for such entity (type proposed [Sub]Lessee name [from page 2] on the top of each page for identification purposes). If a limited partner holding a 10% or greater interest is another partnership, a corporation, or an LLC, pages 3; or 4 and 5; or 6 must also be completed for such entity (type proposed [Sub]Lessee name [from page 2] on the top of each page).

General/Limited	Name	Address	Share %

6. Attach a complete copy of the Partnership Agreement. If a Partnership Agreement has been previously submitted, a new Partnership Agreement need be submitted only if the Partnership Agreement on file with the City is no longer current.

CORPORATION STATEMENT

If proposed (Sub)Lessee is a corporation, please answer the following:

1. Type of corporation: C () Subchapter S (X)
2. When incorporated? June 6 2013
3. Where incorporated? California
4. Is the corporation authorized to do business in California? Yes (X) No ()
If so, as of what date? June 6 2013
5. The corporation is held:
 - a. Publicly () Privately (X)
 - b. If publicly held, how and where is the stock traded?

6. Please list the following:

	<u>Authorized</u>	<u>Issued</u>	<u>Outstanding</u>
a. Number of voting shares:	<u>10,000</u>	<u>10,000</u>	<u>0</u>
b. Number of nonvoting shares:	<u> </u>	<u> </u>	<u> </u>
c. Number of shareholders:			<u>2</u>
d. Value per share of Common Stock:		Par	\$ <u>0.01</u>
		Book	\$ <u> </u>
		Market	\$ <u> </u>
7. Please furnish the name, title, address, and the number of voting and nonvoting shares of stock owned by each officer and, in addition, the same information for each stockholder owning more than 10% of any class of stock.

Name: Taylor Rhodes
Title: President/Secretary
Address: 905 Diamond St. San Diego, CA 92109

No. of Shares: 5,100

Name:	<u>Zac Rhodes</u>
Title:	<u>Vice President/ CFO</u>
Address:	<u>905 Diamond St. San Diego, CA 92109</u>
No. of Shares:	<u>4,900</u>
Name:	<u></u>
Title:	<u></u>
Address:	<u></u>
No. of Shares:	<u></u>
Name:	<u></u>
Title:	<u></u>
Address:	<u></u>
No. of Shares:	<u></u>
Name:	<u></u>
Title:	<u></u>
Address:	<u></u>
No. of Shares:	<u></u>

(Additional page(s) may be added if needed to complete list of stockholders [type proposed (Sub)Lessee name (from page 2) on the top of each page].)

8. Attach complete copies of the Articles of Incorporation (and any Certificate(s) of Amendment thereto, as the case may be) of the Corporation, and the Bylaws of the Corporation (and any Amended and Restated Bylaws, as the case may be), and any other applicable Corporate documents.

Any partnership, corporation, or LLC owning more than a 10% ownership interest must also complete separate pages 3; or 4 and 5; or 6, as appropriate for each entity (type proposed [Sub]Lessee name [from page 2] on the top of each page for identification purposes). Also, furnish the financial data for such partnership, corporation, or LLC, as required on page 7. If there is an ownership chain of additional partnerships, corporations, or LLCs, the above requirements extend to each such entity having either: (1) a 10% or greater direct, indirect, beneficial ownership, or membership interest in

the proposed (Sub)Lessee; or (2) effective control of the proposed (Sub)Lessee, regardless of the percentage of ownership or membership interest.

LIMITED LIABILITY COMPANY STATEMENT

If the proposed (Sub)Lessee is an LLC, please answer the following:

1. Date of Organization: _____
2. Where Organized: _____
3. Is the Company authorized to do business in California?
 - a. Yes () No ()
 - b. If so, as of what date? _____
4. Has the Company conducted business in San Diego County?
 - a. Yes () No ()
 - b. If so, when? _____
 - c. If so, where? _____
5. Please furnish the name, address, and membership share held by each manager and officer, and each member owning more than a 10% membership interest. If a member is a partnership, corporation, or another LLC, please complete separate pages 3; or 4 and 5; or 6, as appropriate for such entity (type proposed [Sub]Lessee name [from page 2] on the top of each page).

Manager/Officer/ Member	Name	Address	Share %

6. Attach a complete copy of the Operating Agreement. If an Operating Agreement has been previously submitted, a new Operating Agreement need be submitted only if the Operating Agreement on file with the City is no longer current.

FINANCIAL AND OTHER BACKGROUND INFORMATION

FINANCIAL STATEMENT

(Sub)Lessee, general partners of (Sub)Lessee, owner-corporations of (Sub)Lessee, members of (Sub)Lessee owning more than a 10% membership interest, and any person or business entity guaranteeing the performance of (Sub)Lessee must attach a complete report, prepared in accordance with good accounting practice, reflecting current financial condition. The report must include a balance sheet and annual income statement. The person or entity covered by the report must be prepared to substantiate all information provided.

OTHER INFORMATION

Each (Sub)Lessee, each general partner of (Sub)Lessee, each owner-corporation of (Sub)Lessee, each member of (Sub)Lessee owning more than a 10% membership interest, any person or business entity guaranteeing the performance of (Sub)Lessee, any person or entity owning more than a 10% interest of (Sub)Lessee, and any guarantor of (Sub)Lessee must answer the following questions:

1. **Surety Information** - Has a surety or bonding company ever been required to perform on the default of any of the individuals or entities?
 - a. Yes () No (X)
 - b. If yes, please attach a statement naming the surety or bonding company, date, amount of bond, and the circumstances surrounding said default and performance.
2. **Bankruptcy Information** - Have any of the individuals or entities ever been adjudicated bankrupt or are any presently a debtor in a pending bankruptcy action?
 - a. Yes () No (X)
 - b. If yes, please give dates, court jurisdiction, and amount of liabilities and assets.
3. **Pending Litigation** - Are any of the individuals or entities presently a party to ANY pending litigation?
 - a. Yes () No (X)
 - b. If yes, please provide detailed information for each action.
4. **Claims, Liens, or Judgments** - Are any of the individuals or entities now subject to any outstanding claims, liens, or judgments?
 - a. Yes (X) No ()
 - b. If yes, please provide detailed information for each claim, lien, or judgment.

Taylor Rhodes: 1. Stafford student loan under ACS, lender is Bank of America 2. Perkins loan under ECSI

Zac Rhodes: 1. Auto Loan through Bank of America 2. Stafford Student Loan under ACS, lender is Bank of America

REFERENCES FOR PROPOSED (SUB)LESSEE

Please list four persons or firms with whom you have conducted business transactions during the past three years. Two of the references must have knowledge of your debt payment history, with at least one being a financial institution. Two of the references must have knowledge of your business experience.

REFERENCE NO. 1

Name: N/A

Firm: Bank of America (Zac Rhodes auto loan)

Title: N/A

Address: 100 North Tryon St. Charlotte, North Carolina 28255

Telephone: *see note below

Nature and magnitude of purchase, sale, loan, business, association, etc.:

Institution must be contacted directly with loan holder. Loan initial balance: \$21,753. Current principal balance is \$0.

REFERENCE NO. 2

Name: N/A

Firm: ACS for Stafford federal student loan for Zac Rhodes

Title: N/A

Address: ACS, P.O. Box 7051 Utica, NY 13504-7051

Telephone: *see note below

Nature and magnitude of purchase, sale, loan, business, association, etc.:

Institution must be contacted directly with loan holder. Initial loan balance: \$17,125. Current principal balance is \$9,662.

REFERENCE NO. 3

Name: N/A

Firm: ACS for Stafford federal student loan for Taylor Rhodes

Title: N/A

Address: ACS, P.O. Box 7051 Utica, NY 13504-7051

Telephone: *see note below

Nature and magnitude of purchase, sale, loan, business, association, etc.:

Institution must be contacted directly with loan holder. Initial loan balance: \$16,892. Current principal balance is \$9,247.

REFERENCE NO. 4

Name: N/A

Firm: ECSI for Perkins Federal student loan

Title: N/A

Address: 181 Montour Run Rd. Coraopolis, PA 15108

Telephone: *see note below

Nature and magnitude of purchase, sale, loan, business, association, etc.:

Institution must be contacted directly with loan holder. Initial loan balance: \$6,000. Current principal balance is \$4,061.

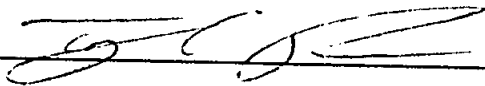
CITY OF SAN DIEGO PERSONAL DESCRIPTION AND RELEASE

PLEASE NOTE: All partners, both general and limited; all stockholders owning more than 10% of any class of stock of corporations; all members of a limited liability company; and sole proprietors requesting to (sub)lease, must each complete this page before the tenancy request can be processed. (You may reproduce and use copies of this page, if necessary.)

The following personal information is required to initiate a credit investigation. The business and personal reputation of principals, partners, and members will be considered in qualifying Lessees or in consenting to Sublessees.

First, Middle, & Last Name	Taylor Rhodes
Date of Birth	11/18/1985
Place of Birth	Salt Lake City
Social Security Number	647-03-3441
Driver's License Number/State	F1193377
Home Address	905 Diamond St. San Diego, CA 92109
Previous Address	10105 Carlton Hills Blvd. Santee, CA 92071
Home Telephone No.	509-280-1715
Employer	California Pizza Kitchen
Occupation	Server
Business Address	3363 Nobel Dr. La Jolla, CA 92037
Business Telephone No.	858-457-4222
Business Fax No.	

The City is hereby authorized to request a credit report and other information covering my financial and business history.

Date 6/17/13 Signed 

Print or type exact name of proposed (Sub)Lessee from page 2 of Questionnaire:

Hot Tub Cruisin, Inc.

CITY OF SAN DIEGO PERSONAL DESCRIPTION AND RELEASE

PLEASE NOTE: All partners, both general and limited; all stockholders owning more than 10% of any class of stock of corporations; all members of a limited liability company; and sole proprietors requesting to (sub)lease, must each complete this page before the tenancy request can be processed. (You may reproduce and use copies of this page, if necessary.)

The following personal information is required to initiate a credit investigation. The business and personal reputation of principals, partners, and members will be considered in qualifying Lessees or in consenting to Sublessees.

First, Middle, & Last Name	<u>Zac William Rhodes</u>
Date of Birth	<u>November 18, 1985</u>
Place of Birth	<u>Salt Lake City, UT</u>
Social Security Number	<u>647-03-3788</u>
Driver's License Number/State	<u>F5398749</u>
Home Address	<u>905 Diamond Street</u> <u>San Diego, CA 92109</u>
Previous Address	<u>5107 5th Ave NE</u> <u>Seattle, WA 98105</u>
Home Telephone No.	<u>(509) 869-7854</u>
Employer	<u>Between jobs during relocation from Seattle to San Diego</u>
Occupation	<u>Certified Public Accountant</u>
Business Address	<u>N/A</u>
Business Telephone No.	<u>N/A</u>
Business Fax No.	<u>N/A</u>

The City is hereby authorized to request a credit report and other information covering my financial and business history.

Date 6/17/13 Signed Zac Rhodes

Print or type exact name of proposed (Sub)Lessee from page 2 of Questionnaire:

Hot Tub Cruisin

**TERMS AND CONDITIONS OF PURCHASE, SALE,
OR TRANSFER OF (SUB)LEASEHOLD INTEREST**

(NOTE: Complete this page only if the transaction involves a Lease assignment.)

Please summarize the terms and conditions of the purchase, sale, or transfer of Leasehold interest(s) which requires City consent, as specified in the Assignment-Sublease provisions of the City Lease. Please attach copies of the applicable sales agreement(s), escrow instructions, assignment agreement(s), or other documents in conjunction with the sale, purchase, or transfer of the (Sub)Leasehold interest(s).

Not applicable

ARTS-GS

Articles of Incorporation of a
General Stock Corporation

To form a general stock corporation in California, you can fill out this form or prepare your own document, and submit for filing along with:

- A \$100 filing fee.
- A separate, non-refundable \$15 service fee also must be included, if you drop off the completed form or document.

Important! Corporations in California may have to pay a minimum \$800 yearly tax to the California Franchise Tax Board. For more information, go to <https://www.ftb.ca.gov>.

Note: Before submitting the completed form, you should consult with a private attorney for advice about your specific business needs.

FILED
Secretary of State
State of California

JUN - 6 2013

1 cc

This Space For Office Use Only

For questions about this form, go to www.sos.ca.gov/business/be/filing-tips.htm.

Corporate Name (List the proposed corporate name. Go to www.sos.ca.gov/business/be/name-availability.htm for general corporate name requirements and restrictions.)

- ① The name of the corporation is HOT TUB CRUISIN, INC.

Corporate Purpose

- ② The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

Service of Process (List a California resident or an active 1505 corporation in California that agrees to be your initial agent to accept service of process in case your corporation is sued. You may list any adult who lives in California. You may not list your own corporation as the agent. Do not list an address if the agent is a 1505 corporation.)

- ③ a. TAYLOR RHODES

Agent's Name

- b. 905 DIAMOND STREET

Agent's Street Address (If agent is not a corporation)

SAN DIEGO

City (no abbreviations)

CA 92109

State Zip

Corporate Addresses

- ④ a. 905 DIAMOND STREET

Initial Street Address of Corporation

SAN DIEGO

City (no abbreviations)

CA 92109

State Zip

- b.

Initial Mailing Address of Corporation, if different from 4a

City (no abbreviations)

State Zip

Shares (List the number of shares the corporation is authorized to issue. Note: Before shares of stock are sold or issued, the corporation must comply with the Corporate Securities Law of 1988 administered by the California Department of Corporations. For more information, go to www.corp.ca.gov or call the California Department of Corporations at (213) 676-7500.)

- ⑤ This corporation is authorized to issue only one class of shares of stock.

The total number of shares which this corporation is authorized to issue is 10000.

This form must be signed by each incorporator. If you need more space, attach extra pages that are 1-sided and on standard letter-sized paper (8 1/2" x 11"). All attachments are made part of these articles of incorporation.


Incorporator - Sign Here

ANGEL S. CASTILLEJOS
Print your name here

Make check/money order payable to: Secretary of State

By Mail

Drop-Off

Upon filing, we will return one (1) uncertified copy of your filed document for free, and will certify the copy upon request and payment of a \$5 certification fee.

Secretary of State
Business Entities, P.O. Box 944266
Sacramento, CA 94244-2600

Secretary of State
1600 14th Street, 3rd Floor
Sacramento, CA 95814



I hereby certify that the foregoing
transcript of _____ page(s)
is a full, true and correct copy of the
original record in the custody of the
California Secretary of State's office.

JUN 07 2013

Handwritten initials, possibly "SB", in cursive script.

Date: _____

Handwritten signature of Debra Bowen in cursive script.

DEBRA BOWEN, Secretary of State

 IRS DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
CINCINNATI OH 45999-0023

Date of this notice: 06-12-2013

Employer Identification Number:
46-2959142

Form: SS-4

Number of this notice: CP 575 A

For assistance you may call us at:
1-800-829-4933

HOT TUB CRUISIN INC
905 DIAMOND ST
SAN DIEGO, CA 92109

IF YOU WRITE, ATTACH THE
STUB AT THE END OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN 46-2959142. This EIN will identify you, your business accounts, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

When filing tax documents, payments, and related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing, result in incorrect information in your account, or even cause you to be assigned more than one EIN. If the information is not correct as shown above, please make the correction using the attached tear off stub and return it to us.

Based on the information received from you or your representative, you must file the following form(s) by the date(s) shown.

Form 941	10/31/2013
Form 940	01/31/2014
Form 1120	03/15/2014

If you have questions about the form(s) or the due date(s) shown, you can call us at the phone number or write to us at the address shown at the top of this notice. If you need help in determining your annual accounting period (tax year), see Publication 538, *Accounting Periods and Methods*.

We assigned you a tax classification based on information obtained from you or your representative. It is not a legal determination of your tax classification, and is not binding on the IRS. If you want a legal determination of your tax classification, you may request a private letter ruling from the IRS under the guidelines in Revenue Procedure 2004-1, 2004-1 I.R.B. 1 (or superseding Revenue Procedure for the year at issue). Note: Certain tax classification elections can be requested by filing Form 8832, *Entity Classification Election*. See Form 8832 and its instructions for additional information.

IMPORTANT INFORMATION FOR S CORPORATION ELECTION:

If you intend to elect to file your return as a small business corporation, an election to file a Form 1120-S must be made within certain timeframes and the corporation must meet certain tests. All of this information is included in the instructions for Form 2553, *Election by a Small Business Corporation*.

If you are required to deposit for employment taxes (Forms 941, 943, 940, 944, 945, CT-1, or 1042), excise taxes (Form 720), or income taxes (Form 1120), you will receive a Welcome Package shortly, which includes instructions for making your deposits electronically through the Electronic Federal Tax Payment System (EFTPS). A Personal Identification Number (PIN) for EFTPS will also be sent to you under separate cover. Please activate the PIN once you receive it, even if you have requested the services of a tax professional or representative. For more information about EFTPS, refer to Publication 966, *Electronic Choices to Pay All Your Federal Taxes*. If you need to make a deposit immediately, you will need to make arrangements with your Financial Institution to complete a wire transfer.

The IRS is committed to helping all taxpayers comply with their tax filing obligations. If you need help completing your returns or meeting your tax obligations, Authorized e-file Providers, such as Reporting Agents (payroll service providers) are available to assist you. Visit the IRS Web site at www.irs.gov for a list of companies that offer IRS e-file for business products and services. The list provides addresses, telephone numbers, and links to their Web sites.

To obtain tax forms and publications, including those referenced in this notice, visit our Web site at www.irs.gov. If you do not have access to the Internet, call 1-800-829-3676 (TTY/TDD 1-800-829-4059) or visit your local IRS office.

IMPORTANT REMINDERS:

- * Keep a copy of this notice in your permanent records. **This notice is issued only one time and the IRS will not be able to generate a duplicate copy for you.** You may give a copy of this document to anyone asking for proof of your EIN.
- * Use this EIN and your name exactly as they appear at the top of this notice on all your federal tax forms.
- * Refer to this EIN on your tax-related correspondence and documents.

If you have questions about your EIN, you can call us at the phone number or write to us at the address shown at the top of this notice. If you write, please tear off the stub at the bottom of this notice and send it along with your letter. If you do not need to write us, do not complete and return the stub.

Your name control associated with this EIN is HOTT. You will need to provide this information, along with your EIN, if you file your returns electronically.

Thank you for your cooperation.

Keep this part for your records.

CP 575 A (Rev. 7-2007)

Return this part with any correspondence
so we may identify your account. Please
correct any errors in your name or address.

CP 575 A

9999999999

Your Telephone Number Best Time to Call
() -

DATE OF THIS NOTICE: 06-12-2013
EMPLOYER IDENTIFICATION NUMBER: 46-2959142
FORM: SS-4 NOBOD

INTERNAL REVENUE SERVICE
CINCINNATI OH 45999-0023
|||||

HOT TUB CRUISIN INC
905 DIAMOND ST
SAN DIEGO, CA 92109



PERSONAL FINANCIAL STATEMENT

OMB APPROVAL NO. 3245-0188
EXPIRATION DATE: 09/30/2014

U.S. SMALL BUSINESS ADMINISTRATION

Complete this form for: (1) each proprietor; (2) general partner; (3) managing member of a limited liability company (LLC); (4) each owner of 20% or more of the equity of the Applicant (including the assets of the owner's spouse and any minor children); and (5) any person providing a guaranty on the loan.

As of June 17, 2013

Return completed form to:

7(a) loans - to the lender processing the SBA application;

504 loans - to the Certified Development Company processing the SBA application;

ALL Disaster loans - to the Disaster Processing and Disbursement Center at 14925 Kingsport Road, Fort Worth, TX 76155-2243; and

8(a)/BD - applicants who are individuals claiming social and economic disadvantaged status and their spouses

- electronically at <http://www.sba.gov> or send hard copy with paper application to either of the two following offices listed below:

Mail to the following address, if your firm is located in one of the states below:

US Small Business Administration
DPCE Central Office Duty Station
Parkview Towers
1150 First Avenue
10th Floor, Suite 100I
King of Prussia, PA 19406

MA, ME, NH, CT, VT, RI, NY, PR (Puerto Rico), VI (US Virgin Islands), NJ, PA, MD, VA, WV, DC, DE, GA, AL, NC, SC, MS, FL, KY, TN

Mail to the following address, if your firm is located in one of the states below:

US Small Business Administration
Division of Program Certification and Eligibility
455 Market Street, 6th Floor
San Francisco, CA 94105

IL, OH, MI, IN, MN, WI, TX, NM, AR, LA, OK, MO, IA, NE, KS, CO, WY, ND, MT, UT, SD, CA, HI, GU (GUAM), NV, AZ, WA, AK, ID, OR

Name Zac Rhodes

Business Phone (509) 869-7854

Residence Address 905 Diamond Street

Residence Phone (509) 869-7854

City, State, & Zip Code San Diego, CA, 92109

Business Name of Applicant/Borrower Hot Tub Cruisin

ASSETS

(Omit Cents)

Cash on hand & in Banks	\$ <u>1,116</u>
Savings Accounts	\$ <u>355</u>
IRA or Other Retirement Account	\$ <u>15,918</u>
(Describe in Section 5)	
Accounts & Notes Receivable	\$ <u>6,677</u>
(Describe in Section 5)	
Life Insurance-Cash Surrender Value Only	\$ <u>0</u>
(Complete Section 8)	
Stocks and Bonds	\$ <u>0</u>
(Describe in Section 3)	
Real Estate	\$ <u>0</u>
(Describe in Section 4)	
Automobiles - Total Present Value	\$
(Describe in Section 5, and include Year/Make/Model)	
Other Personal Property	\$ <u>9,000</u>
(Describe in Section 5)	
Other Assets	\$ <u>0</u>
(Describe in Section 5)	
Total	\$ <u>33,066</u>

LIABILITIES

(Omit Cents)

Accounts Payable	\$ <u>2,654</u>
Notes Payable to Banks and Others	\$ <u>9,662</u>
(Describe in Section 2)	
Installment Account (Auto)	\$ <u>0</u>
Mo. Payments \$ <u>0</u>	
Installment Account (Other)	\$ <u>0</u>
Mo. Payments \$ <u>0</u>	
Loan on Life Insurance	\$ <u>0</u>
Mortgages on Real Estate	\$ <u>0</u>
(Describe in Section 4)	
Unpaid Taxes	\$ <u>0</u>
(Describe in Section 6)	
Other Liabilities	\$ <u>0</u>
(Describe in Section 7)	
Total Liabilities	\$ <u>12,316</u>
Net Worth	\$ <u>20,750</u>
Total	\$ <u>20,750</u>

Section 1. Source of Income

Salary	\$ <u>62,739</u>
Net Investment Income	\$
Real Estate Income	\$
Other Income (Describe below)*	\$

Description of Other Income in Section 1:

N/A

Contingent Liabilities

As Endorser or Co-Maker	\$
Legal Claims & Judgments	\$
Provision for Federal Income Tax	\$
Other Special Debt	\$

*Alimony or child support payments need not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income.

SBA Form 413 (05-12) Previous Editions Obsolete

Section 2. Notes Payable to Banks and Others. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

Name and Address of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral
Stafford Federal Student Loan - Bank of America	\$17,125	\$9,662	\$184	Monthly	

Section 3. Stocks and Bonds. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

Section 4. Real Estate Owned.

(List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of this statement and signed.)

	Property A	Property B	Property C
Type of Real Estate (e.g. Primary Residence, Other Residence, Rental Property, Land, etc.)			
Address			
Date Purchased			
Original Cost			
Present Market Value			
Name & Address of Mortgage Holder			
Mortgage Account Number			
Mortgage Balance			
Amount of Payment per Month/Year			
Status of Mortgage			

Section 5. Other Personal Property and Other Assets.

(Describe, and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and if delinquent, describe delinquency)

IRA and Other Retirement Account - Roth 401k Retirement Savings Account
Accounts & Notes Receivable - Incoming payment from sale of car. Personal short term loan to family member.
Other personal property - Miscellaneous personal property

Section 6. Unpaid Taxes.

(Describe in detail, as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)

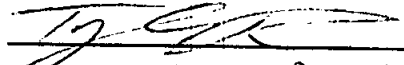
Section 7. Other Liabilities.

(Describe in detail.)

Section 8. Life Insurance Held. (Give face amount and cash surrender value of policies - name of insurance company and beneficiaries)

I authorize SBA/Lender to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness.
CERTIFICATION: (to be completed by each person submitting the information requested on this form)

By signing this form, I certify under penalty of criminal prosecution that all information on this form and any additional supporting information submitted with this form is true and complete to the best of my knowledge. I understand that SBA or its participating Lenders, or Certified Development Companies will rely on this information when making decisions regarding an application for a loan from SBA or an SBA Participating Lender, or for participation in the SBA 8(a) Business Development (BD) program.

Signature 

Date

6/17/13

Print Name Taylor Rhodes

Social Security No.

647-03-3441

Signature _____

Date

Print Name _____

Social Security No.

NOTICE TO LOAN APPLICANTS: CRIMINAL PENALTIES AND ADMINISTRATIVE REMEDIES FOR FALSE STATEMENTS:

Knowingly making a false statement on this form is a violation of Federal law and could result in criminal prosecution, significant civil penalties, and a denial of your loan. A false statement is punishable under 18 U.S.C. §§ 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. § 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, a false statement is punishable under 18 U.S.C. § 1014 by imprisonment of not more than 30 years and/or a fine of not more than \$1,000,000.

NOTICE TO APPLICANTS OR PARTICIPANTS IN THE 8(a) BD PROGRAM: CRIMINAL PENALTIES AND ADMINISTRATIVE REMEDIES FOR FALSE STATEMENTS:

Any person who misrepresents a business concern's status as an 8(a) Program participant or SDB concern, or makes any other false statement in order to influence the 8(a) certification or other review process in any way (e.g., annual review, eligibility review), shall be: (1) Subject to fines and imprisonment of up to 5 years, or both, as stated in Title 18 U.S.C. § 1001; (2) subject to fines of up to \$500,000 or imprisonment of up to 10 years, or both, as stated in Title 15 U.S.C. § 645; (3) Subject to civil and administrative remedies, including suspension and debarment; and (4) Ineligible for participation in programs conducted under the authority of the Small Business Act.

PLEASE NOTE:

The estimated average burden hours for the completion of this form is 1.5 hours per response. If you have questions or comments concerning this estimate or any other aspect of this information, please contact Chief, Administrative Branch, U.S. Small Business Administration, Washington, D.C. 20416, and Clearance Officer, Paper Reduction Project (3245-0188), Office of Management and Budget, Washington, D.C. 20503. **PLEASE DO NOT SEND FORMS TO OMB.**

PLEASE READ, DETACH, AND RETAIN FOR YOUR RECORDS
STATEMENTS REQUIRED BY LAW AND EXECUTIVE ORDER

SBA is required to withhold or limit financial assistance, to impose special conditions on approved loans, to provide special notices to applicants or borrowers and to require special reports and data from borrowers in order to comply with legislation passed by the Congress and Executive Orders issued by the President and by the provisions of various inter-agency agreements. SBA has issued regulations and procedures that implement these laws and executive orders. These are contained in Parts 112, 113, and 117 of Title 13 of the Code of Federal Regulations and in Standard Operating Procedures.

Privacy Act (5 U.S.C. 552a)

Any person can request to see or get copies of any personal information that SBA has in his or her file when that file is retrieved by individual identifiers such as name or social security numbers. Requests for information about another party may be denied unless SBA has the written permission of the individual to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act.

Under the provisions of the Privacy Act, you are not required to provide your social security number. Failure to provide your social security number may not affect any right, benefit or privilege to which you are entitled. Disclosures of name and other personal identifiers are, however, required for a benefit, as SBA requires an individual seeking assistance from SBA to provide it with sufficient information for it to make a character determination. In determining whether an individual is of good character, SBA considers the person's integrity, candor, and disposition toward criminal actions. Additionally, SBA is specifically authorized to verify your criminal history, or lack thereof, pursuant to section 7(a)(1)(B), 15 USC Section 636(a)(1)(B) of the Small Business Act (the Act). Further, for all forms of assistance, SBA is authorized to make all investigations necessary to ensure that a person has not engaged in acts that violate or will violate the Act or the Small Business Investment Act, 15 USC Sections 634(b)(11) and 687(b)(a), respectively. For these purposes, you are asked to voluntarily provide your social security number to assist SBA in making a character determination and to distinguish you from other individuals with the same or similar name or other personal identifier.

The Privacy Act authorizes SBA to make certain "routine uses" of information protected by that Act. One such routine use is the disclosure of information maintained in SBA's investigative files system of records when this information indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature. Specifically, SBA may refer the information to the appropriate agency, whether Federal, State, local or foreign, charged with responsibility for, or otherwise involved in investigation, prosecution, enforcement or prevention of such violations. Another routine use is disclosure to other Federal agencies conducting background checks; only to the extent the information is relevant to the requesting agencies' function. See, 74 F.R. 14890 (2009), and as amended from time to time for additional background and other routine uses.

Right to Financial Privacy Act of 1978 (12 U.S.C. 3401) -- This is notice to you as required by the Right to Financial Privacy Act of 1978, of SBA's access rights to financial records held by financial institutions that are or have been doing business with you or your business, including any financial institutions participating in a loan or loan guaranty. The law provides that SBA shall have a right of access to your financial records in connection with its consideration or administration of assistance to you in the form of a Government guaranteed loan. SBA is required to provide a certificate of its compliance with the Act to a financial institution in connection with its first request for access to your financial records, after which no further certification is required for subsequent accesses. The law also provides that SBA's access rights continue for the term of any approved loan guaranty agreement. No further notice to you of SBA's access rights is required during the term of any such agreement. The law also authorizes SBA to transfer to another Government authority any financial records included in an application for a loan, or concerning an approved loan or loan guarantee, as necessary to process, service or foreclose on a loan guaranty or collect on a defaulted loan guaranty.

Freedom of Information Act (5 U.S.C. 552)

This law provides, with some exceptions, that SBA must supply information reflected in agency files and records to a person requesting it. Information about approved loans that will be automatically released includes, among other things, statistics on our loan programs (individual borrowers are not identified in the statistics) and other information such as the names of the borrowers (and their officers, directors, stockholders or partners), the collateral pledged to secure the loan, the amount of the loan, its purpose in general terms and the maturity. Proprietary data on a borrower would not routinely be made available to third parties. All requests under this Act are to be addressed to the nearest SBA office and be identified as a Freedom of Information request.

Flood Disaster Protection Act (42 U.S.C. 4011) -- Regulations have been issued by the Federal Insurance Administration (FIA) and by SBA implementing this Act and its amendments. These regulations prohibit SBA from making certain loans in an FIA designated floodplain unless Federal Flood insurance is purchased as a condition of the loan. Failure to maintain the required level of flood insurance makes the applicant ineligible for any financial assistance from SBA, including disaster assistance.

Executive Orders -- Floodplain Management and Wetland Protection (42 F.R. 26951 and 42 F.R. 26961) -- SBA discourages settlement in or development of a floodplain or a wetland. This statement is to notify all SBA loan applicants that such actions are hazardous to both life and property and should be avoided. The additional cost of flood preventive construction must be considered in addition to the possible loss of all assets and investments due to a future flood.

Occupational Safety and Health Act (15 U.S.C. 651 et seq.) -- This legislation authorizes the Occupational Safety and Health Administration in the Department of Labor to require businesses to modify facilities and procedures to protect employees or pay penalty fees. Businesses can be forced to cease operations or be prevented from starting operations in a new facility. Therefore, SBA may require additional information from an applicant to determine whether the business will be in compliance with OSHA regulations and allowed to operate its facility after the loan is approved and disbursed. Signing this form as an applicant is certification that the OSHA requirements that apply to the applicant business have been determined and that the applicant, to the best of its knowledge, is in compliance. Furthermore, applicant certifies that it will remain in compliance during the life of the loan.

Civil Rights Legislation -- All businesses receiving SBA financial assistance must agree not to discriminate in any business practice, including employment practices and services to the public on the basis of categories cited in 13 C.F.R., Parts 112, 113, and 117 of SBA Regulations. This includes making their goods and services available to handicapped clients or customers. All business borrowers will be required to display the "Equal Employment Opportunity Poster" prescribed by SBA.

Equal Credit Opportunity Act (15 U.S.C. 1691) -- The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

Executive Order 11738 -- Environmental Protection (38 F.R. 251621) -- The Executive Order charges SBA with administering its loan programs in a manner that will result in effective enforcement of the Clean Air Act, the Federal Water Pollution Act and other environment protection legislation.

Debt Collection Act of 1982, Deficit Reduction Act of 1984 (31 U.S.C. 3701 et seq. and other titles) -- These laws require SBA to collect aggressively any loan payments which become delinquent. SBA must obtain your taxpayer identification number when you apply for a loan. If you receive a loan, and do not make payments as they come due, SBA may take one or more of the following actions: (1) report the status of your loan(s) to credit bureaus, (2) hire a collection agency to collect your loan, (3) offset your income tax refund or other amounts due to you from the Federal Government, (4) suspend or debar you or your company from doing business with the Federal Government, (5) refer your loan to the Department of Justice or other attorneys for litigation, or (6) foreclose on collateral or take other action permitted in the loan instruments.

Immigration Reform and Control Act of 1986 (Pub. L. 99-603) -- If you are an alien who was in this country illegally since before January 1, 1982, you may have been granted lawful temporary resident status by the United States Immigration and Naturalization Service pursuant to the Immigration Reform and Control Act of 1986. For five years from the date you are granted such status, you are not eligible for financial assistance from the SBA in the form of a loan guaranty under Section 7(a) of the Small Business Act unless you are disabled or a Cuban or Haitian entrant. When you sign this document, you are making the certification that the Immigration Reform and Control Act of 1986 does not apply to you, or if it does apply, more than five years have elapsed since you have been granted lawful temporary resident status pursuant to such 1986 legislation.

Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 et seq.)

Borrowers using SBA funds for the construction or rehabilitation of a residential structure are prohibited from using lead-based paint (as defined in SBA regulations) on all interior surfaces, whether accessible or not, and exterior surfaces, such as stairs, decks, porches, railings, windows and doors, which are readily accessible to children under 7 years of age. A "residential structure" is any home, apartment, hotel, motel, orphanage, boarding school, dormitory, day care center, extended care facility, college or other school housing, hospital, group practice or community facility and all other residential or institutional structures where persons reside.

Executive Order 12549, Debarment and Suspension (13 C.F.R. 145)

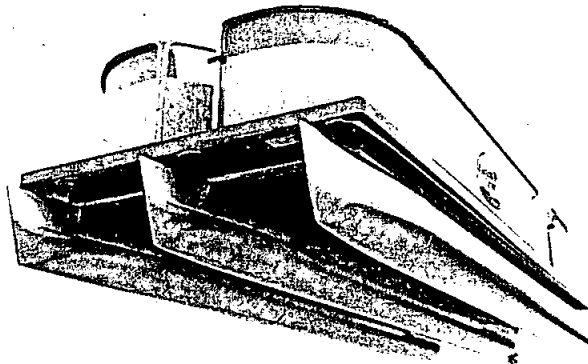
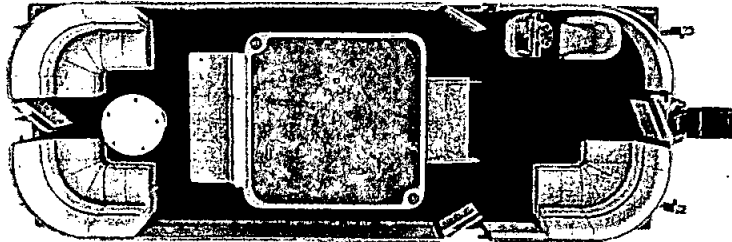
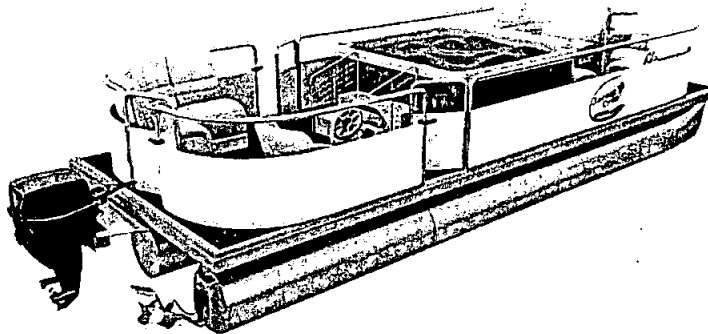
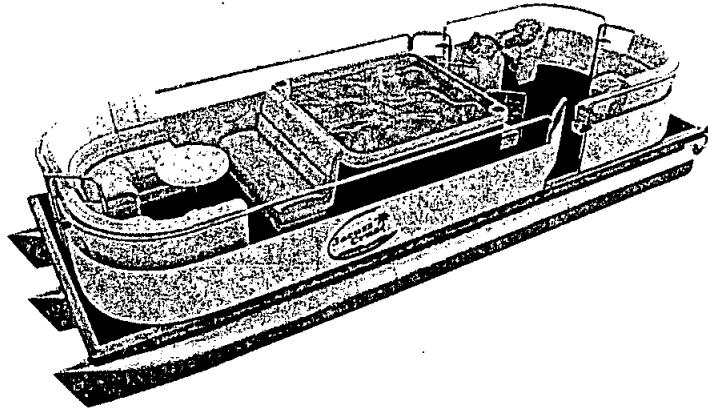
1. The prospective lower tier participant certifies, by submission of this loan application, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participants shall attach an explanation to the loan application.

HOT TUB CRUISIN, Inc.

On
Mission Bay



**San Diego Fire-Rescue
Department
LIFEGUARD**



San Diego Fire-Rescue Department, (Lifeguard Division),

I want to begin with a brief description of who we are as Hot Tub Cruisin, Inc., the Company, by explaining where we came from, where we currently are, and where we are looking to go in the future.

Personally, I have been enjoying the waters of San Diego, the Pacific Ocean in general and Mission Bay specifically, from a very young age as a visitor. I moved to San Diego after graduating college, at which point I began renting boats on Mission Bay. From small sail boats to power boats, this activity has been a great source of recreation in my life. Even with San Diego's wonderful year round climate, it seems that for some the weather is too cool for boating activities for a good portion of the year. Often visitors who want to experience Mission Bay by boat find themselves more reluctant due to the cooler weather. This issue lead to the concept of having a hot tub on a boat in order for everyone to be able to enjoy the experience. It wasn't until a company in Seattle, Hot Tub Boats, was created back in early 2012 that I realized the reality of this concept.

Over the last year and a half, and after working with marine industry engineers and fabricators, we have formed our company, Hot Tub Cruisin, Inc. and created the Hot Tub Cruisin craft. As outlined in the business plan below, you can see where our company currently stands in the process of becoming operational, and where we are looking to go.

I could go into further detail about Hot Tub Cruisin, beyond what it is described in the literature below, as I am very passionate, excited, and serious about our Company. However, in consideration of brevity, I will keep to what I believe to be the topic at hand. The SD Lifeguard's mission is "To provide the highest quality safety services in the coastal and aquatic environment for the public through rescue, education, outreach, medical aid, beach management, enforcement and prevention". With that knowledge, I believe the reason we are here today is to discuss the safety aspects surrounding our Company. To that end, we want to convey that safety is one of our top priorities. On a fundamental business level, if someone is hurt or our boat gets damaged, we cannot conduct business. More importantly and the greater picture is that we want to see everyone be safe and out of harm's way, while enjoying our product. We have and will continue to do whatever we can to ensure that our Company operates as safely as possible.

With safety being the Lifeguard's main mission, we wish to work together to ensure that all areas of our Company and all parties involved are operating at the highest safety standards possible. We are asking for your assistance, guidance and expertise concerning this area.

I look forward to working together in the many years to come.

Taylor Rhodes
President
Hot Tub Cruisin, Inc.
509-280-1715
taylor.rhodes@hottubcruisin.com

Hot Tub Cruisin, Inc. Operations Plan

Operational Periods

Non-captained cruise: year-round (9am - sundown)

Captained cruise: year-round(9am - 11pm)

Standard daily operation begins one hour before the first reservation slot (8am arrival), which gives ample time to check equipment, perform maintenance, get first customers signed in and complete their orientation. The operation wraps one hour after the last rental is completed, which gives time for clean-up, equipment checks, etc.

Rental of the Hot Tub Cruisin boat will be by the hour and multiple hour packages

Operating Locations (Exhibit A)

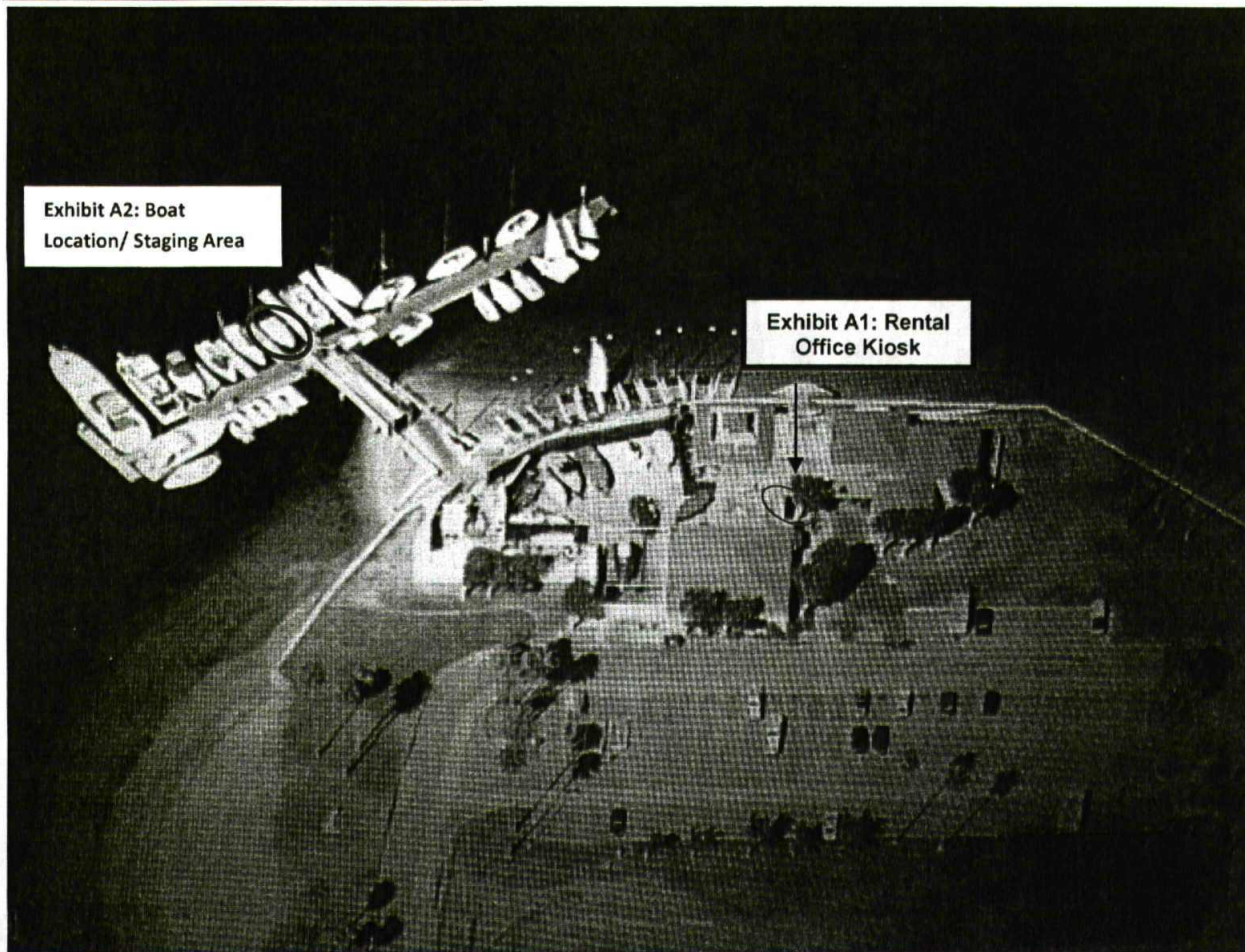


Exhibit A1: Rental Office Kiosk (8ftx10ft)—Hot Tub Cruisin staff will conduct check-in/check-out procedures, reservation management, and general operating functions at the same location that Mission Bay SportCenter (MBSC) does this operational aspect.

Exhibit A2: Boat Location / Staging Area (20ftx15ft slip) – The boat will be docked at a designated slip. The area around the slip will be used for the customer staging and orientation

(including: safety checklists, orientation and film(in progress), boat overview, and all instruction). Conducting the orientation at the craft will allow staff to walk customers through operating instructions. Staff will also be able to ensure proper departure and return docking procedures.

Operating Usage Area – Hot Tub Cruisin intends permitted usage of vessel throughout all of Mission Bay Park. Customers will review maps of Mission Bay during the checkout process of their rental, then reviewed again when addressing the operations of the vessel. Hot Tub Cruisin will operate by any/and all Navigational regulations and laws that are in place on Mission Bay. Strict passenger occupancy levels will be posted and set to insure the safety of the customer during their rental. Hot Tub Cruisin will inform the Customer of any areas to avoid based upon time of Season and typical Boat traffic and congestion of the Bay.

Equipment Overview

Initial operations will involve one rental craft that has a maximum capacity of 8 individuals:

- Hot Tub Cruisin craft (25ft pontoon boat that has been designed, engineered and fabricated with a hot tub on its deck):
 - o 25ft long x 10ft wide beam
 - o A Plaque or some sort of formal tablet sign that states where and how many life jackets and safety equipment are installed on boat for any and all passengers.
 - o Drive System
 - Helm drive/operating
 - o Engine System
 - Outboard center mount (specified/governed to wakeless speeds)
 - 50hp
 - Custom propeller
 - o Electrical System
 - Auxiliary batteries to main functions of craft
 - Marine generator to power hot tub
 - o Boat Deck
 - Seating
 - Wrap around boat style seating (couches and chairs)
 - Hot tub seating
 - Railing system
 - o Hot tub
 - Adjustable temperature
 - Heating element
 - Jet pump system
 - o Lighting
 - USCG approved running and night safety lighting system
 - Hot tub lighting
 - o Safety/Misc
 - Fire extinguisher(s)
 - Safety equipment including lifejackets
 - Water resistant/proof customer gear storage
 - Cooler
 - Anchor and chains

Training Requirements for Staff

All instructors must be CPR-certified and must take and pass a boating safety course approved by both the California Division of Boating and Waterways and the National Association of State Boating Law Administrators. Staff will receive full training on the operations of the Hot Tub Cruisin craft. Staff will also be trained in the operations and maintenance of the actual hot tub to code as established by Plan Check an agency of County of San Diego DEH Food and Housing Division.

In the event the Boat gets chartered or if a Captain is requested, that the Captain will be a USCG Certified Captain that carries/possesses the appropriate license to operate the Boat.

Training requirements/ operating guidelines for customers

All customers must complete the following steps as part of their Hot Tub Cruisin orientation and check-in procedures:

- Training requirements
 - o Read and sign liability/hold harmless waiver
 - o Read and sign USCG Vessel and Boating Safety Checklist (specific to the Hot Tub Cruisin vessel)
 - o Read and sign the Hot Tub Rules, Regulations, and Safety Checklist
 - o Prove a thorough understanding of the English language
 - o Listen to pre-use orientation and craft walk-through (including permitted use area)
 - o Read and sign Orientation Checklist
- Guidelines
 - o At anytime people are entering in and out the boat(swimming in Bay) that motor will be turned off for safety precautions .
 - o At no time will the boat be able to be beached unless a emergency presents itself during rental/charter.

Age restrictions

Customers must be at least 18 years of age to rent and operate (valid identification will be verified as part of the check-in procedures). If under the age of 18, at least one of the minor's parents/guardians must be present. Minors are only permitted as passengers and may not operate the crafts.

Emergency Procedures

- Hot Tub Cruisin staff will be required to have a cell phone on them at all times (in the event that 911 needs to be contacted)

- The Hot Tub Cruisin craft will have a two-way radio to communicate with staff and customers will be provided with the Company phone number
- An American Red Cross Approved First Aid kit shall be kept on the vessel at alltimes.
- Fire extinguishers will be available on boat per code.
- **General Rescue Procedures for Water emergencies**
 - o Survey the scene
 - o The rescuer should consider his/her ability prior to attempting a rescue
 - o Ensure proper use of all rescue equipment
 - o Safely approach and determine if the victim(s) is in distress
 - o Perform rescue based on American Red Cross training
 - o Move the victim(s) to safety
 - o Remove the victim(s) from the water
 - o Perform a primary survey
 - o If an emergency exists, ensure someone calls 911 and requests San Diego Lifeguardassistance
 - o Provide First Aid until emergency medical services (EMS) arrive
- **General Rescue Procedures for Land Emergencies**
 - o Survey the scene
 - o Approach the victim when it is safe for the rescuer
 - o Perform a primary survey
 - o Provide First Aid until emergency medical services (EMS) arrive



HOT TUB CRUISIN

**On
Mission Bay**

Business Plan

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Hot Tub Boat WA
Seattle

Company Overview

Mission Statement

Hot Tub Cruisin offers a luxuriously unique way to recreate on the beautiful waters of Mission Bay. Whether your group is large or small everyone will enjoy the unforgettable experience of hot tubing on a boat.

Values Statement

Hot Tub Cruisin is dedicated to the following values:

- Making customer safety a priority
- Honesty and fairness to our customers
- Providing an entertaining and unique experience

Listing of Key Products and Services

The Hot Tub Cruisin hot tub boat will provide a unique and luxurious way to enjoy being on the water, while also allowing the customers the ability to hot tub. The Hot Tub Cruisin crafts will include the following features: a pontoon boat that features a hot tub, deck seating, sound system with water proof iPod connection capabilities, storage, anchor system, deck lighting, all necessary safety equipment and an easily operated drive system operable from the helm or a wireless remote that can be controlled from anywhere on the boat.

Business Model Summary

Hot Tub Cruisin will provide hot tub boat rentals (per hour/day) on Mission Bay in San Diego, CA. Customers will have the option of operating the boats themselves or having a Company employee as a driver. Following a brief instructional tutorial and check out process customers will be able to enjoy the Mission Bay waters at their leisure. Captained cruises will be available for customers who want this experience without the responsibility of operating a boat. Captained nightly tours of Sea World's firework display on Mission Bay will be available during the summer season. Hot Tub Cruisin staff will conduct check-in/check-out procedures, reservation management, and general operating functions at a designated location at Mission Bay SportCenter (MBSC). The boats will be available at dock/marina for easy customer access, as well as a pick up at any allowed designated areas. The area around the slip will be used for the customer staging and orientation. Conducting the orientation at the craft will allow staff to walk customers through operating instructions. Staff will also be able to ensure proper departure and return docking procedures.

All permits, licensing, certifications, and legalities have been and will be obtained prior to Hot Tub Cruisin commencing operations. See Company Strategy for more details.

Rental periods will include hourly, half day, or full day options. Rates will be prorated to lower costs for increased duration of rental time. Different packages, including the captained cruises, will be available at special rates. For further details on rates refer to the Finance Review and Company Strategy sections.

Our target customers include tourists, hotel patrons, young adults, families, corporate groups, and teens. The value Hot Tub Cruisin offers its customers is providing a completely new way to experience boating. To first reach and acquire a customer base, we will heavily market and campaign through "one to one" techniques (prospecting, word of mouth, walk-in and events) and media outlets (social media, flyers, site sponsoring and brochures). Through promotional incentives, customer satisfaction of the rental experience, and referrals we will build, retain and grow our client base. As there are other boat rental companies in the market place, Hot Tub Cruisin will differentiate itself through its uniqueness and versatility.

Major Business Goals Summary

Entity formation and all other legal, tax and insurance startup requirements have been initiated and/or completed. Subsequent steps to building Hot Tub Cruisin will begin with securing an operating sublease on Mission Bay, which we are in the latter steps of doing so. Our financial backing will be implemented for the purchasing of materials and construction of the Hot Tub Cruisin craft. As construction is underway, a marketing campaign will be launched to develop a customer base. An integral component of the marketing plan includes development and launching of the Company website, which is already complete and sitting standby. After operations commence, development of more boats will begin. With new crafts, we will accommodate different party sizes and keep up to date with the latest trends and technology to ensure we can stay the leading innovators in our market.

Business Environment

Barriers to entry

- Capital costs (initial investment and financing already secured)
- Construction and Maintenance of Crafts
- Regulations (legal obstacles)
- Operational Lease

Some barriers to entry that we have foreseen are first the initial investment and financing that is required, the specifics of which have been addressed and will be covered in the Finance Review section. With being first to market with a new concept there were potential obstacles in the fabrication of the hot tub boat. After extensive research and development, and working with the boat fabrication's industry leaders, the boat has been designed and engineered to the highest level of specifications and guarantee. These industry leading fabricators will be responsible for the building of the vessels as well. The next potential obstacle we crossed was associated again with being the first to market and pertained to the legalities and regulations associated with the industry. All such insurance, permitting, legal coverage and certification have been addressed and given the go ahead by the respective and appropriate departments/authorities. The final potential barrier to entry comes from the fact that Mission Bay Park is a City Municipal Park and is subsequently zoned for a limited amount of commercial use. All zoned leases are currently held. It is our next step to secure a sublease from a current lease holder and partner with them in order to operate on Mission Bay. This has been done, and we are in partnership Mission Bay Sportcenter. We are only waiting for it to be approved by the appropriate city departments/agencies.

Market Segmentation

Tourists: All aged tourists: couples, families, groups, and spring breakers.

Hotel Patrons: Guests of the hotel, restaurants and other resort facilities.

Young adults: Ages 18 to 30, young adults/ couples looking for a romantic getaway, gathering place for a special occasion, rest and relaxation, tourist attraction, or a general social gathering.

Families: Local and tourist families looking for a mix of relaxation for parents and a fun exciting activity for children.

Companies: All ages of professionals for company events, from incentive rewards, to team building, to retreats.

Adults: Ages 30 and up, adults/couples looking for a romantic getaway, gathering place for a special occasion, rest and relaxation, tourist attraction, or a general social gathering.

Young Adults
\$185

Competitor Analysis

In general, the boat rental industry is comprised of thousands of independent businesses in the United States, as well as owners of individual boats who rent out their crafts without meeting state requirements for commercial vehicles. Legal boat rental businesses include those which own their own boats and those which create networks of independent owners who rent their boats when they are not reserved for personal use. The boats will be checked to meet the state's safety requirements and carry proper insurance to cover their use. Hot Tub Cruisin will own its own boats and will ensure that all requirements are met and certifications obtained, and will rent appropriately in accordance to city, state, and federal law.

The boat rental industry is a proven and successful business model, especially in regions such as San Diego, which has a climate to support business year round. Hot Tub Cruisin has taken this model and found its own niche by being the first to market in an untapped "hot tub on a boat" industry.

Competitors in the Mission Bay region include:

Even though Hot Tub Cruisin has found and established its own niche in the boat rental industry there are several indirect competitors in the greater Mission Bay area. Recognizing and understanding our competitors will be important to the success of Hot Tub Cruisin. In order for Hot Tub Cruisin to garner the most out of its market segment it will need to continue to be versatile and maintain its niche in the industry. These indirect competitors include but are not limited to:

- Mission Bay Aquatic Center
- Pacific Boat Rentals
- Action Sport Rentals
- Resort Water Sports/Adventure Water Sports
- San Diego Wave Runner and Jet Ski
- San Diego Jet Ski Rentals

Company Strategy and Implementation

SWOT Analysis

HOT TUB CRUISIN SWOT ANALYSIS GRID		
	Opportunities	Threats
Strengths	CAPITALIZE ON THESE • Being the first to market • Distribution and delivery to our customer • Operations	MONITOR THESE • Competitors: New and innovative concepts • Customer expense: customer service, operations and marketing
Weaknesses	IMPROVE THESE • Being the first to market, need to stay ahead of the competition • Stay innovative • Maintain and improve our research and development	ELIMINATE THESE • Never become stationary: continue moving forward

Business Model

A more detailed description of Hot Tub Cruisin's business model is below but a synopsis of this section was covered already in the Business Model Summary under the Company Overview tab. As stated in the summary, Hot Tub Cruisin will provide hot tub boat rentals on Mission Bay. Customers will have the option of operating the boats themselves or have a captained cruise.

There are several different options for the rental operation and experience of the crafts that the customers will have. They include:

- The option to operate themselves. This will allow customer's access to all of Mission Bay with the only restriction being no ocean access.
 - This option will be more suited for customers who are looking for either a more private experience or want the complete boating package.
- The next option will be captained/chartered cruises. In the event the Boat gets chartered or if a Captain is requested, that the Captain will be a USCG Certified Captain that carries/possesses the appropriate license to operate the Boat. This will take the responsibility of driving the craft out of the customer's hands and will allow for customers to sit back and just enjoy their hot tub boating experience.
 - The captained cruise option will be more appealing for customers who want to focus on the hot tub boating experience and not on operating the craft. Tourists, companies, as well as customers with little boating or region knowledge will take advantage of this.
- Non-captained and captained nightly tours of Sea World's firework display on Mission Bay will be available during the summer season.

The easily operated drive system will allow customers to tour around and get to a location from the convenience of the hot tub, deck seating or helm. The anchor system will allow boats to remain static for peace of mind while enjoying being on Mission Bay in a hot tub.

It is our first step to obtain all needed/required permits and licensing etc. These include: Zoning permits for commercial space; entity formation; registration of Hot Tub Cruisin; Federal Employer ID; Business Tax Certificate (business license); and boat certification, licensing, rental permits, and boat rental business insurance. Hot Tub Cruisin, Inc. is a formed entity with all documentation, tax, legal and other complete. Insurance is lined up and the boat certification is lined up as well and will be completed upon completion of the boat. This will be done by the local fabricator/manufacturer of craft.

Our last permitting/licensing/etc. step is the obtaining of an operating lease on Mission Bay. As Mission Bay Park is a City Municipal Park, it is subsequently zoned for a limited amount of commercial use. All zoned leases are currently held. Once we secure the sublease from a current lease holder we will partner with them and move forward with the production of our boat and begin operations. We have since done so with Mission Bay Sportcenter and are awaiting final approval by the city.

Rental of the Hot Tub Cruisin boat will be by the hour or multiple hour packages. Rental fees will be a flat hourly rate of \$185/hour. Rates will be prorated with increased duration of rental time(i.e. \$500/ 4 hours). Guided tours will have an additional premium on top of rental fee to cover driver and overhead. These rates are not only competitive with but are all lower than all of our direct boat rental competitors, as seen in the Competitor Analysis section.

Our target customer includes tourists, companies, families, and young adults; focusing on young tourists and companies (business group retreats both traveling and local). The value we add to our customers is we provide a completely new, luxurious way to experience boating. To first reach and acquire our customers we will heavily market and campaign through "one to one" techniques (prospecting, word of mouth, walk in and events) and mass media (social media, flyers, site sponsoring and brochures). Through promotional incentives, rental experience and customer satisfaction we will retain and grow clientele. As there are other boat rentals Hot Tub Cruisin will differentiate itself through its uniqueness and versatility.

Business Goals

There is a more detailed description of Hot Tub Cruisin's business goals below, but a synopsis of this section was already covered in the Business Model Summary under the Company Overview tab.

Steps to building Hot Tub Cruisin begin with financing. All required funding has been secured through a combination of private investment and small business loan.

Entity formation and all other legal, tax and insurance startup requirements have been initiated and/or completed.

The next goal is securing an operational sublease on Mission Bay. As stated previously, we are in the latter steps in this process.

After the operating sublease is secured our financial backing will be implemented for the purchasing of materials and construction of the Hot Tub Cruisin craft.

With construction underway, a marketing campaign will be launched to develop more of a customer base. An integral component of the marketing plan includes development and launching of the Company website, which is already complete and sitting standby.

After operations commence, development of more boats will begin. With new crafts, we will accommodate different party sizes and keep up to date with the latest trends and technology to ensure we can stay the leading innovators in our market.

Marketing and Sales Plan

Marketing for Hot Tub Cruisin will focus on the target markets of young adults, families, tourists, companies, as well as various membership groups, clubs and organizations. Materials will show and describe all types of groups having fun together, in a variety of settings and activities (romantic getaway for two; larger social gatherings; family fun; surfing, swimming, snorkeling, and on the deck and in the hot tub). Showcasing the

beautiful Mission Bay in San Diego and all that it has to offer will be a focal point in the plan.

Marketing will include:

- Local Advertising
 - Advertisement in local brochures, magazines, newspapers, new letters, and on bar, restaurant, school and store bulletin boards
 - Signage, flyers and visual boat exposure around Mission Bay and surrounding key focus areas
 - One on one marketing with general public (i.e. handing out business cards at everyday events)
- Mass Media
 - Social Media including Hot Tub Cruisin Facebook and Twitter accounts
 - Site Sponsoring
- Website Creation and Promotion
- Work with Groupon and similar "daily deal" sites and other promotional/ exposure based companies
- Creating and maintaining a presence at all public events around San Diego
 - Fairs, festivals, high school and college events
- Partnerships with Party and Charter Bus companies
- Partnerships with local vacation rental agencies
- Partnerships with travel agents across the U.S. and Southern California.

Other marketing priorities will include search engine optimization, business to business directories, and site sponsor bartering.

Through promotional incentives, rental experience and customer satisfaction we will retain and grow our clientele base. As there are other boat rental companies Hot Tub Cruisin will differentiate itself through its uniqueness and versatility.

Plans for Growth and Exit Strategy

After the first Hot Tub Cruisin hot tub boat is operational, production on other styles and sizes will commence, with the goal to accommodate different types and sizes of parties and for increased revenue with a larger fleet.

When enough capital is generated and the Mission Bay Fleet is diversified Hot Tub Cruisin will consider expanding to other markets. Possible locations include: Newport

CA, Lake Havasu, Lake Tahoe, Lake Powel, Hawaii, and Tri Cities and other parts of Washington State.

After debt is reduced through repayment of investment loans, including negotiated interest, as well as the retirement of any and all bank loans/liabilities, profits will be used to reinvest in Hot Tub Cruisin and to diversify/invest into other markets and industries.

Company Description

Products and Services Offered

- Pontoon Boat
 - Drive System
 - Captain's drive station
 - Hot tub mounted joystick
 - Engine System
 - Outboard center mount
 - Dual side electric outboards.
 - Electrical system (to power hot tub)
 - Auxiliary batteries
- Boat Deck
 - Seating
 - Wrap around boat style seating (couches and chairs)
 - Hot tub seating
 - Hot tub
 - Adjustable temperature
 - Built in sound system
 - Water resistant speakers
 - Water resistant iPod docking station
 - Top side controls
 - Lighting
 - Hot tub lighting
 - Battery or propane powered deck lighting
 - Storage
 - Water resistant customer gear storage
 - Cooler
 - Safety equipment
 - Anchor and chains

Hot Tub Cruisin will provide the following services:

- The ability to hot tub on a boat
- Accommodations for all ages and party sizes(up to approved vessel maximum number)
 - Social gathering; date night/ romantic getaway; corporate incentive rewards, company retreat; tourist attraction; R&R; guided tours; sight seeing
- Personal as well as charter rentals available
- Seasonal nightly firework viewings from directly underneath in a hot tub.
- A unique and luxurious activity on the waters of San Diego's Mission Bay

Research and Development

Hot Tub Cruisin hot tub boats

The required boat components and materials for the craft will be purchased from various manufacturers/fabricators. A local boat fabricator will build the boat. Prices will be covered in the Finance Review section. The required specs for the hot tub boat are below:

7 to 9 person hot tub	Amounts
Dry Weight of hot tub	450lbs
Water Volume	340Gal
Weight of Water	8.34lbs/Gal
Total weight of water in hot tub	2,836lbs
8 people at 200lbs avg	1,600lbs
Weight of boat structural components	2,600lbs
Weight of misc boat components	1,000lbs
Total weight on pontoons	8,486 (8,500lbs)

Pontoon Dimensions	Weight Capacities
36" diameter X 25' length (based on 2 pontoons)	11,157lbs
36" diameter X 20' length (center pontoon)	4,003lbs
Total Weight Capacity	15,160 (15,000lbs)

Weight Difference Availability	6,500lbs
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- With a full hot tub and 8 200lbs passengers only 57% of the total weight capacity of the craft will be used, leaving 43% available.
- The available weight capacity, along with the design and engineering of the pontoon boat, more than compensates for and distributes the deck weight of the boat components. Below is a description of the increased measures taken.

The hat bars have been upgraded and modified for the extra support for the hot tub. They are 4" high, 12" centers, and 6" centers (under the hot tub). Buoyancy and weight distribution have been calculated and accounted for. Exact details for the specifications of the boat are privy to company owners and all other entities bound by a legal binding nondisclosure agreement, in order to protect the design of the Hot Tub Cruisin craft.

The drive system is set up to create a hassle free and enjoyable experience with its innovative design. The boat will be controlled by a two part paralleled system, that can be operated in unison or separate of each other. The first is the main outdrive which will

be controlled at the helm. The second will be a dual mounted propeller system that is operated by a wireless remote controlled from anywhere on the boat.

The electrical system is run off a very quiet, high efficiency generator located in an engineered housing compartment located in the center pontoon. An auxiliary battery ran in a parallel series for a failover in case the generator fails. It will have enough amperage to run all the electrical except the hot tubs heating pump, which will allow for the boat to return to the dock.

Continued research and development of new technologies and opportunities for the boats will be a top priority in order to maintain our uniqueness and edge over the competition.

Research and development will continue as expected expansion to new markets becomes available.

Operations

The first stages of operations will be completed by Taylor, Zac and Chase Rhodes and include:

- Taylor Rhodes
 - Finding and securing financing
 - Securing all necessary permitting and licensing
 - Securing operation lease on Mission Bay
 - Finding and securing a commercial space for Hot Tub Cruisin's office, fabrication/maintenance shop, and storage facility
 - Ordering and purchasing of all necessary equipment, materials, and parts for fabrication of the boats
 - Setting up an office for administrative work
 - Creating and maintaining a company website (hosted by network solutions with web builder tool)
 - Fabrication of Hot Tub Cruisin Boats
- Zac Rhodes
 - Handle all Company finances
- Chase Rhodes
 - Handle all administrative duties

Once launched, the first employee hired will help with day to day operations. These activities will include:

- Morning inspections and maintenance of boats
- Launching of boats (if and when applicable)
- Boarding customers
- Maintaining onsite presence with truck and back up water craft
- Taking payments with remote card processor and cash payments if they were not paid online through our reservation system

- During turnover of customers, cleaning of boat and changing of batteries
- Guided tours when necessary
- Take boat out and transport back to shop (if and when applicable)
- Necessary cleaning and maintenance

Management of reservations will primarily be handled by the website, but part of the admin work will be answering phones as well as checking voicemails and emails for reservations.

A description of all other operations will be covered in subsequent sections.

Sales and Marketing

Implementation of sales and marketing plan will be completed by Taylor, Zac, Chase Rhodes, as well as Keri Swenson and Veronica Redondo.

Social Media including Facebook and twitter will be created and maintained by Keri Swenson and Veronica Redondo.

Initially direct sales and marketing will be done by Taylor Rhodes and Veronica Redondo.

Distribution and Delivery

Hot Tub Cruisin boats will be available for customers at the designated dock/marina and/or designated spots around Mission Bay. After expansion to other sites, facilities and waterfront sites will be organized similarly.

Management and Organization

Owner/President/Secretary: Taylor Rhodes

Owner/CFO/Treasurer: Zac Rhodes

COO: Chase Rhodes

Sales and Marketing team: Veronica Redondo and Keri Swenson

Employee: To be determined

Hot Tub Cruisin will be owned and managed by owner and CEO Taylor Rhodes. He will be responsible for all initial operations as described above. He, along with Zac Rhodes, Chase Rhodes, Keri Swenson, and Veronica Redondo will be responsible for sales and marketing.

Taylor Rhodes will also run operations once the Company has launched, as described above. The first employee will be hired to help run day to day operations once a steady cash flow has been established.

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