

Mission Bay Park Committee

Dear Committee Members:

My name is Joe Busalacchi. I am the president of Sportsmen's Seafood ("Sportsmen's"). As most of you are aware, Sportsmen's leases property in Mission Bay Park from which it operates its family owned restaurant. We have been a tenant in Mission Bay Park since 1956.

In addition to operating the restaurant, Sportsmen's subleases its dockside improvements to two businesses, OE Xpress and H2O. OE Xpress operates a dive shop and related retail store. H2O operates a Jet Ski rental business. The businesses of Sportsmen's subleases compete directly and indirectly with the neighboring business Seaforth Boat Rental, a subtenant of Seaforth Sportfishing.

On Tuesday, April 1, 2008, I attended the Mission Bay Park Committee meeting. During the meeting, Gary Jones of the City Real Estate Assets division presented the committee members with a report regarding certain expired leases and ongoing lease discussions with a handful of Mission Bay Park tenants. Mr. Jones identified the expired leases and provided the Committee with an update on the status of dealings between the City and the tenants in possession of certain expired and unexpired leases.

Following the conclusion of Mr. Jones' report, Committee member Jeton Prince asked Mr. Jones what the City was doing about the subleases on Sportsmen's property. Mr. Prince stated that he had a copy of a letter from the City indicating that Sportsmen's subleases were unauthorized. Mr. Prince asked Mr. Jones why the City had not placed Sportsmen's in default. Mr. Jones responded by informing Mr. Prince that Sportsmen's and the City were addressing certain historical issues regarding Sportsmen's subleases.

I am writing the Mission Bay Park Committee members to express my shock and displeasure regarding Mr. Prince's inquiries of Mr. Jones at the April 1st meeting. Besides being biased and inaccurate, I believe Mr. Prince's remarks were inappropriate in connection with the Committee's agenda for the evening. The status of Sportsmen's lease was not on the agenda, nor was I notified by the City that I should be prepared to discuss Sportsmen's lease with the Committee, particularly in light of the fact that lease discussions between the City and Sportsmen's are confidential. Given these facts, it was highly inappropriate for a Committee member to argue with Gary Jones about the Sportsmen's lease in the public forum of the Committee meeting. Sportsmen's lease has not expired and is not in default, and Sportsmen's dealings with the City were not germane to the topics at hand. Also, because the current lease issues between the City

and Sportsmen's are confidential, I am curious how, and by what means, Mr. Prince came into possession of letters between the City and Sportsmen's.

Finally, and perhaps most importantly, Mr. Prince works for Seaforth Boat Rentals. In light of Committee Chair Rick Bussell's comments about transparency, it was egregious that Mr. Prince did not declare to the Committee or the public that he works for Seaforth Boat Rentals. It is clear that Mr. Prince is attempting to advance his own personal motives, agendas, and finances through the Mission Bay Park Committee by urging the City to default Sportsmen's.

It is no secret that Seaforth Boat Rentals wants Sportsmen's ousted from Mission Bay Park so it can take possession of its leasehold interest. Representatives of Seaforth have expressed this intent on numerous occasions, but doing so through the guise of a "disinterested" Committee member is just plain wrong. Consequently, there is little doubt Mr. Prince's inquiries of Mr. Jones were entirely inappropriate and motivated by his self-interest to eliminate competition and undermine Sportsmen's leasehold interest. Mr. Prince's actions and continued involvement in any discussions regarding Sportsmen's lease cast large shadows on the propriety and independence of the Committee, and will lead the public to doubt the validity of the good work done by the Committee on other issues.

Although I did not believe it would have been appropriate to set forth Sportsmen's position at the meeting, the members of the Mission Bay Park Committee need to know that Sportsmen's is not in default under its lease. Moreover, Sportsmen's subleases are allowed under its lease, were expressly authorized by the City in the past, and are in the process of renewal. In the past, Sportsmen's has presented the City and the Mission Bay Park Committee members with a detailed historical account, with supporting evidence, of the sublease issues between the City and Sportsmen's. Any unbiased individual who reviews this historical account can reach only one conclusion: that Sportsmen's is currently, and has always been, in compliance with its lease terms.

Sportsmen's is in ongoing discussions with the City regarding the renewal its lease. Mr. Prince's insinuations and questioning of Mr. Jones put Mr. Jones in a very untenable situation, as Mr. Jones is not at liberty to reveal confidential discussions with the Committee.

I trust that the members of the Mission Bay Park Committee understand Mr. Prince's nefarious ulterior motives in posing questions to Mr. Jones at the April 1, 2008, meeting. I would be happy to answer any questions any disinterested members of the Mission Bay Park Committee may have. I would also welcome the opportunity to provide any such disinterested members with information pertaining to any leasehold issues between the City and Sportsmen's.

Thank you in advance for your consideration.

Joe Busalacchi.

Cc

Kris Michell

Kevin Faulconer

Stacey LoMedico

Steve McNally

Namara Mercer

Gary Jones