

8/27/2024

**PRIVILEGED ACTIVE CONTRACT NEGOTIATION**

**DRAFT LETTER OF INTENT FOR TREASURE**

**ISLAND GROUND LEASE—BAY FC TRAINING**

**FACILITY**

**August 27, 2024**

This non-binding Letter of Intent ("LOI") sets forth the general understanding and intentions of BAFC TEAM OPERATOR, LLC ("Lessee") and Treasure Island Development Authority ("Lessor") (together, the "Parties") with respect to the negotiation and execution of a ground lease agreement (the "Ground Lease" or "Lease") for property comprising of approximately three hundred and seventy thousand (370,000) square feet of land currently bounded by Macky Lane (Avenue H) on the East, Golden Bell Way (5th Street) on the South, (9th Street) on the North, and the Job Corps site to the West / the Future Passiflora Way Extension (as defined herein the "Property"). The Parties anticipate that Lessee will lease and develop the Property to create their principal permanent soccer training facility. This LOI outlines certain basic terms contemplated for the Ground Lease but, unless otherwise stated below, is not intended to be, and will not become, contractually binding on any party. With the exception of the exclusivity provision contained herein, no officer or employee of the City and County of San Francisco (the "City") has authority to commit the City to the transaction contemplated herein unless and until the Treasure Island Board of Directors and the [San Francisco Board of Supervisors have each, in their sole discretion, approved the Ground Lease, and all required environmental review has been conducted, and if necessary, any findings and/or measures adopted by the governing bodies.

<b>Description of Property:</b>	<p>The Property subject to the Ground Lease comprises the Phase One Parcel as described below and, upon satisfaction of certain conditions, the Phase Two Parcel.</p> <p>The Phase One Parcel: approximately *[370,000]* square feet of land bounded by Macky Lane (Avenue H) on the East, Golden Bell Way (5th Street) on the South, (9th Street) on the North, and the Job Corps site to the West / the Future Passiflora Way Extension, as more particularly set forth in Exhibit 1, attached hereto.</p> <p>The Property and all existing improvements and improvements constructed thereon during the term of this Lease is referred to as the "Premises."</p>
---------------------------------	---

<p><b>Term of Ground Lease:</b></p>	<p>The “Term” means the Initial Term and any Renewal Terms as defined herein. The “Initial Term” of the Ground Lease shall be twenty-five (25) years, commencing on the day the Property is delivered by Lessor to Lessee (the “Commencement Date”) and ending on the date that is the last day of the month in which the twenty-fifth (25th) annual anniversary of the Commencement Date occurs (the “Expiration Date”).</p>
<p><b>Renewal Options:</b></p>	<p>Lessee shall have four (4) consecutive options of five (5) years each (each a “<b>Renewal Term</b>”) to extend the Ground Lease beyond the Initial Term (each a “<b>Renewal Option</b>”).</p> <p>Subject to satisfaction of each of the following, each Renewal Option may be exercised by Lessee in its sole discretion:</p> <p>(a) Lessee is not in ongoing, uncured default of which it has received written notice from Lessor under the Lease (i) at the time it exercises the applicable Renewal Option.</p> <p>(b) Lessee exercises the applicable Renewal Option at least 6 months before the expiration of the applicable Renewal Term.</p> <p>(c) Lessor has not assigned or transferred its interests under the Lease to another party (other than an assignment/transfer to a new ownership group of the Bay Area franchise of NWSL as described further in the assignment section of this LOI) or subleased the majority of the Property to another party.</p> <p>(d) Bay FC continues to be a franchise team for the Bay Area of the NWSL at the time Lessee exercises the applicable Renewal Option and at commencement of the applicable Renewal Term.</p> <p>(e) With the exception of the first Renewal Option, Lessee has exercised the immediately prior Renewal Option.</p> <p>(f) Fair market rent has been determined (according to a method to be defined in the Lease and based on open space use) for the Premises prior to the commencement of the applicable Renewal Term.</p>
<p><b>Base Rent:</b></p>	<p>Lessee shall pay to Lessor monthly Base Rent for the Phase One Parcel as follows:</p> <p>As of the Commencement Date \$1 per month until first Certificates of Occupancy are obtained for the newly constructed athletic facilities (“Occupancy Date”), but in no event for more than 2 (two) years from the Commencement Date, subject to extension for force majeure and any additional occurrences included in the Lease (to be</p>

	<p>discussed/negotiated), and thereafter \$.075/square foot/month. Rent will increase annually by 2% on each anniversary of the Occupancy Date. Rent is due on or before the tenth (10th) day of each calendar month.</p> <p>If Lessee exercises the First Renewal Option, Rent will be adjusted once to the fair market rent (based on open space use, to be further defined, including the process of determination, in the Ground Lease) at the commencement of the First Renewal Term, provided, however, that Rent shall not increase by more than 175% of the rent paid in the 25<sup>th</sup> year of the Initial Term. Thereafter, rent will increase by 2% annually during the First Renewal Period and any subsequent Renewal Periods, if the corresponding Options are exercised.</p>
<b>Rent Credit:</b>	<p>Provided Lessee demolishes Building 258, clears all debris and disposes of any hazardous materials in accordance with all applicable laws and regulations, and raises the grade of this parcel to conform to the anticipated grade of the rest of the Premises (collectively, the “<b>Building 258 Demo</b>”), Lessee will receive a credit in the amount of the actual cost of the Building 258 Demo against 100% of the rent due and payable for the Premises commencing on the date of the final completion of the Building 258 Demo and continuing until the earlier to occur of such credit is fully applied or the termination of the lease.</p>
<b>Security Deposit:</b>	<p>Equal to twice the monthly rent that will be in effect at the Occupancy Date.</p>
<b>Phase Two Parcel Option:</b>	<p>Lessee has proposed a Phase Two Parcel within the designated sports park area of Treasure Island, capable of supporting up to three soccer fields to host academy and public-facing programs to promote soccer.</p> <p>Commencing on July 1, 2030, for a period of seven (7) years, Lessee shall have the option (but not obligation) to incorporate into the Premises the Phase Two Parcel of no less than [2.5] acres to accommodate 1 soccer field and up to 7.5 acres (the “Phase Two Parcel Option”) upon satisfaction of each of the following conditions:</p> <p>(a) The programming of the sports park area of Treasure Island will be the subject of a public space planning process considering the historical recreation programs on Treasure Island and the needs and interests of the future Island community. The specific location, size, and boundaries of any Phase Two Parcel will be considered and determined via this space planning process. Lessor intends to initiate the public planning process no later than July 1, 2027 and conclude</p>

	<p>the process no later than June 30, 2029.</p> <p>(b) Lessee and Lessor shall have worked in good faith to agree with each other on the specific program and use of the fields, including which fields will be open for public use and under what general operating hours, conditions, and reservation structure.</p> <p>(c) Lessee will not have assigned or transferred its interest in the Lease to another party or subleased a majority of the Premises to another party—in other words, the Phase Two Parcel Option will be personal to Bay FC only and not available to any assignees or subtenants.</p> <p>(d) Lessee will have agreed to pay to Lessor a monthly base rent for the Phase Two Parcel as follows: (i) prior to the Occupancy Date for the Phase Two facilities, \$1 per month, and (ii) following the Occupancy Date for Phase Two facilities, the same rent then being paid by Lessee for Phase I (pro-rated based on parcel size), provided that the site under any fields that are determined to be for substantial public use will leased for a nominal base rent of \$1 per month. Notwithstanding the foregoing, should Bay FC displace any existing TIDA tenants, the base rent for underlying premises shall not be less than 120% of the rent that would have been due under the TIDA lease until the expiration of said lease. TIDA agrees not to renew any such leases that extend past July 1, 2030 other than month-to-month extensions and in consultation with BFC. Rent will increase annually by 2% on each anniversary of the Commencement Date. Rent is due on or before the tenth (10th) day of each calendar month.</p> <p>Upon exercise of the Phase Two Parcel Option and satisfaction of all of the above conditions, the Phase Two Parcel will be included as part of the Premises such that all rights and obligations of both Parties will also apply to the Phase Two Parcel and shall be leased for the remaining term of the Lease.</p>
<p><b>Permitted Development and Use:</b></p>	<p>Lessee shall use the Property solely for the purpose of building and running a world-class professional athletic training, athletic tournament and administrative facility for Lessee (including, for the avoidance of doubt, all of its associated teams) and for such uses ancillary or complimentary to that purpose (including, without limitation, revenue-producing (such as hosting invitational athletic events) as well as community-facing activities).</p> <p>The development will include the construction of up to three new standard professional-sized football practice pitches, two in natural grass and one in artificial turf, and a one-story building of approximately 22,000 square feet (in early conceptual design and</p>

	<p>subject to change but not anticipated to be more than 25,000 square feet) to house indoor athletic facilities and football operations staff (collectively, the “Phase One Improvements”). The final dimensions and location of the two-story building is subject to Lessor’s approval.</p> <p>The Parties intend that the Phase One Improvements will be built for use in the 2027 NWSL pre-season, commencing February 1st, 2027 and the Parties will all use commercially reasonable efforts to meet that deadline.</p> <p>The Parties acknowledge that the terms and conditions of the Ground Lease, and development of the Premises thereunder, will require approval by The National Women’s Soccer League.</p>
<b>Lessor Termination Right:</b>	<p>Lessor will have the right to terminate this Lease, in its sole and absolute discretion, if Lessee has not commenced construction of the Phase One Improvements within 24 (twenty-four) months after the Commencement Date (subject to extension for Force Majeure and any additional occurrences included in the Lease (to be discussed/negotiated)). Lessor shall have the right to terminate the Lease by delivery of sixty (60) days prior written notice to Lessee, and the Lease shall automatically terminate six (6) month thereafter (the “Termination Date”) unless Lessor i) fulfills all conditions needed to proceed with the improvements and actually begins construction of the improvements before the Termination Date (subject to any extension that may be agreed to by Lessor in its sole discretion) and diligently pursues completion of the same, or ii) elects to make monthly rent payments as if the Occupancy Date has occurred, provided, this clause expires 36 months after the Occupancy Date.</p>
<b>Lessee Termination Right:</b>	<p>Lessee shall have rights to terminate the Ground Lease without penalty: (i) at any time if the Commencement Date has not occurred by June 30th, 2025, (ii) any time Bay FC relocates to another geographical franchise area, (iii) any time after the 10th anniversary of the Commencement Date (or if Phase Two is included within the Premises, 10 years after the date Phase Two is included in the Premises), by providing six (6) months’ advance written notice. Lessee shall meet return-of-premises requirements in Ground Lease on early termination.</p>
<b>Parking:</b>	<p>Lessee’s Phase One Improvements will include no more than [100] dedicated private parking for Lessee’s employees, players and Lessee’s invitees. If Lessor has parking areas outside the Premises available for use, Lessee may license or lease such areas under Lessor’s standard form of parking agreement and will pay Lessor’s</p>

	standard parking fee for such area.
<b>Site Delivery; As Is Condition; Land Use Covenant:</b>	<p>As a condition to Lessee’s obligations under the Ground Lease, Lessor shall deliver the Premises to Lessee in its “as is” condition no later than [June 30, 2025]. The Building 258 area shall be delivered by Lessor no later than [March 31, 2025].</p> <p>Detailed Site Delivery Terms (from 6/27 communication):</p> <ul style="list-style-type: none"> <li>• Exact parcel boundaries and acreage shown in Exhibit 1</li> <li>• Conditions at boundaries - what's at the BFC site perimeter, in terms of grade, ramping etc. <ul style="list-style-type: none"> <li>○ Site to be delivered at elevation +3'.</li> <li>○ Ramps to surrounding grade to be constructed by Bay FC.</li> </ul> </li> <li>• Height rules <ul style="list-style-type: none"> <li>○ 25-foot limit in sports park area. Additional detail for how height is measured is per the D4D and SUD.</li> </ul> </li> <li>• Parking locations and stall count, temporary and permanent <ul style="list-style-type: none"> <li>○ Locations and numbers of stalls is pending detailed design. We are setting parcel boundaries for permanent and temporary improvements. How many spaces fit will depend on the design of the training facility / clubhouse.</li> </ul> </li> <li>• TIDA/TICD Delivery conditions and timeline <ul style="list-style-type: none"> <li>○ Once COP funds are available, TICD will begin the work at the stockpile site and provide a rough grade at (+3')</li> </ul> </li> <li>• Coordinating so that 258 abate and demo and grading work meshes as efficiently as possible with TICD stockpile move and grade raise on the balance of the BFC site. <ul style="list-style-type: none"> <li>○ Agreed - to be coordinated with TIDA &amp; TICD</li> </ul> </li> <li>• Update on 258 hazmat <ul style="list-style-type: none"> <li>○ TIDA has shared the hazmat report with JMA (Rich</li> </ul> </li> </ul>

	<p>Rovetti transmitted to Andrea on 6/25)</p> <ul style="list-style-type: none"> <li>• Site Delivery <ul style="list-style-type: none"> <li>○ Site delivered with graded level raised to final design elevation (+3’).</li> <li>○ Rough-graded; Bay FC to do fine grading.</li> <li>○ Building 258 in the southeast corner of the stockpile site will be delivered vacant; Bay FC will be responsible for abatement and demolition of the building, as well as grading/raising elevation of that area to final design elevation.</li> <li>○ Site will not be fenced.</li> <li>○ A letter/memorandum to be prepared by ENGEO summarizing what is known about the conditions of the site prior to the placement of the soil stockpile (i.e., was it cleared and grubbed, debris removed, etc.) and the current condition of the site (how much has it settled during stockpiling, has settlement gone asymptotic, etc.). Bay FC should still conduct it's own site investigation/evaluation with their own Geotechnical engineer.</li> </ul> </li> </ul> <p>Lessor will make available to Lessee for review, reports on the condition of the site in Lessor’s possession.</p>
<b>Maintenance and Repair:</b>	Sole responsibility of Lessee.
<b>Utilities and Services:</b>	Sole responsibility of Lessee.
<b>Insurance:</b>	To be agreed to in the Ground Lease.
<b>Indemnity:</b>	Lessee to indemnify, defend and hold harmless Lessor and City parties.
<b>Sponsorship Rights:</b>	Lessor agrees that Lessee shall have the right, subject to applicable laws and regulations, to permit, sell or display team or facility sponsorship packages on or for the Premises during the Term of the Lease, including without limitation, naming rights, event sponsors, or signage advertisers. Lessee shall be entitled to exclusively retain all the revenues and benefits associated with such activities.
<b>Conditions Precedent and other key Terms:</b>	The Parties' obligations under the Ground Lease shall be subject to the execution of the Ground Lease itself and satisfaction of certain

	<p>conditions precedent to be agreed, including but not limited to:</p> <p>Completion of due diligence investigations by Lessee and necessary disclosures by Lessor.</p>
<p><b>Assignment/Subleasing:</b></p>	<p>Lessee shall have the following assignment rights:</p> <ol style="list-style-type: none"> <li>1. In its sole discretion, to assign its interest in the Lease to the NWSL or a successor or new ownership group of Bay FC so long as the then assignee continues to be the Bay Area franchise team of NWSL and the Premises continues to be the primary training facility for such team; and</li> <li>2. With the Lessor’s prior written approval, in its sole discretion, if the Premises will no longer be used as the primary training facility for the Bay Area franchise team of NWSL and in its reasonable approval if the Premises will continue to be used consistent with the Permitted Use; provided, however, it will be reasonable for Lessor to disapprove the assignment if the proposed assignee intends to use the Premises primarily for any for-profit academy or similar use or other revenue generating purpose as opposed to a training facility, and the rent structure is not changed to allow for Lessor to receive a reasonable percentage or participation rent from such revenue producing uses.</li> </ol> <p>Lessee shall have the right to sublease without Lessor’s prior written approval so long as the following conditions are met:</p> <ol style="list-style-type: none"> <li>1. [Discuss Lessor receiving XX% of net sublease revenues];</li> <li>2. Sublease terminates no later than termination of this Lease;</li> <li>3. Lessor and other City parties are named additional insureds;</li> <li>4. Lessee includes Lessor and other City parties in any indemnity provided by the subtenant; and</li> <li>5. Subtenant releases Lessor and other City parties from all claims.</li> </ol>
<p><b>Surrender at Expiration and Termination of Ground Lease:</b></p>	<p>All improvements to the Property shall remain the property of the Lessee until the final Termination Date. Lessee shall have the option, exercisable in its sole discretion at any time, to remove any property that is not permanently affixed to the Property and promptly repair any damage caused by such removal, including, but not limited to, FF&amp;E, goals, temporary stands, signage etc., or if approved by Lessor, to leave such items on the site without charge to Lessor to become the property of the Lessor, after the Termination Date.</p>



	Lessee will quitclaim to Lessor all such property left on the site.
<b>Taxation:</b>	Tenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of any kind whatsoever, general or special, ordinary or extraordinary, foreseen or unforeseen, levied on or assessed against the Premises
<b>Exclusivity:</b>	<p>In consideration of the time and costs that Lessee will expend in pursuing the proposed transaction, Lessor and Master Developer agree to enter into exclusive negotiations with Lessee for a period (as such period may be extended pursuant to this paragraph, the "Exclusivity Period") commencing on the date on which Lessor countersigns and returns this letter to Lessee and ending on the date that is 12 months thereafter (the "Initial Period"). Until the Exclusivity Termination Date (as defined below), Lessor will not negotiate with any other parties in connection with any transaction involving any long-term ground lease of the Property which would materially and adversely impact the Parties abilities to enter into the Lease contemplated in this LOI, or enter into any such transaction. Lessor agrees that it and each of the Lessor Parties will immediately cease and terminate any existing activities, discussions and negotiations with any parties other than Lessee with respect to any of the transactions described in this paragraph. Additionally, Lessor agrees that it will not, directly or indirectly, enter into any transaction that doesn't expire or terminate before the commencement date of the Lease.</p> <p>Notwithstanding the foregoing, Lessee understands that the foregoing restriction does not include any negotiations or agreements Lessor may have with the master developer of Treasure Island (including its affiliates). [Further, portions of the Property are currently being leased/used by: XX.]</p> <p>The Exclusivity Period shall be extended automatically after the end of the Initial Period on a month-to-month basis and continue until the Exclusivity Termination Date. The "Exclusivity Termination Date" means the date that is 3 business days after Lessor has delivered a written notice to Lessee to terminate the exclusivity period; provided, Lessor shall not be permitted to deliver a termination notice until the expiration of the Initial Period.</p>
<b>Confidentiality:</b>	This LOI and any other matters set forth herein (including without limitation the terms hereof and the fact that the Parties are discussing a Ground Lease) are subject to the City's Sunshine Ordinance (Administrative Code Chapter 67) and the California Public Records

	Act.
<b>Governing Law and Jurisdiction:</b>	This LOI shall be governed by and construed in accordance with the laws of the State of California. Any disputes arising out of or in connection with this LOI shall be resolved exclusively by the Superior Court for the City and County of San Francisco.
<b>Non-Binding Letter:</b>	Except for the exclusivity provision, which shall be legally binding upon the Parties, this LOI is non-binding and is not intended, and shall not be deemed, to create any binding obligation on the part of the Parties to engage in any transaction or to continue their consideration of any such transaction. With the exception of the exclusivity provision, none of the Parties shall be bound in connection with this LOI unless and until the Parties execute the Lease following approval of the Lease by the Treasure Island Board of Directors and the San Francisco Board of Supervisors, and then shall be bound only in accordance with the terms of the Lease.

8/27/2024

**SIGNATURE PAGE**

Sincerely,

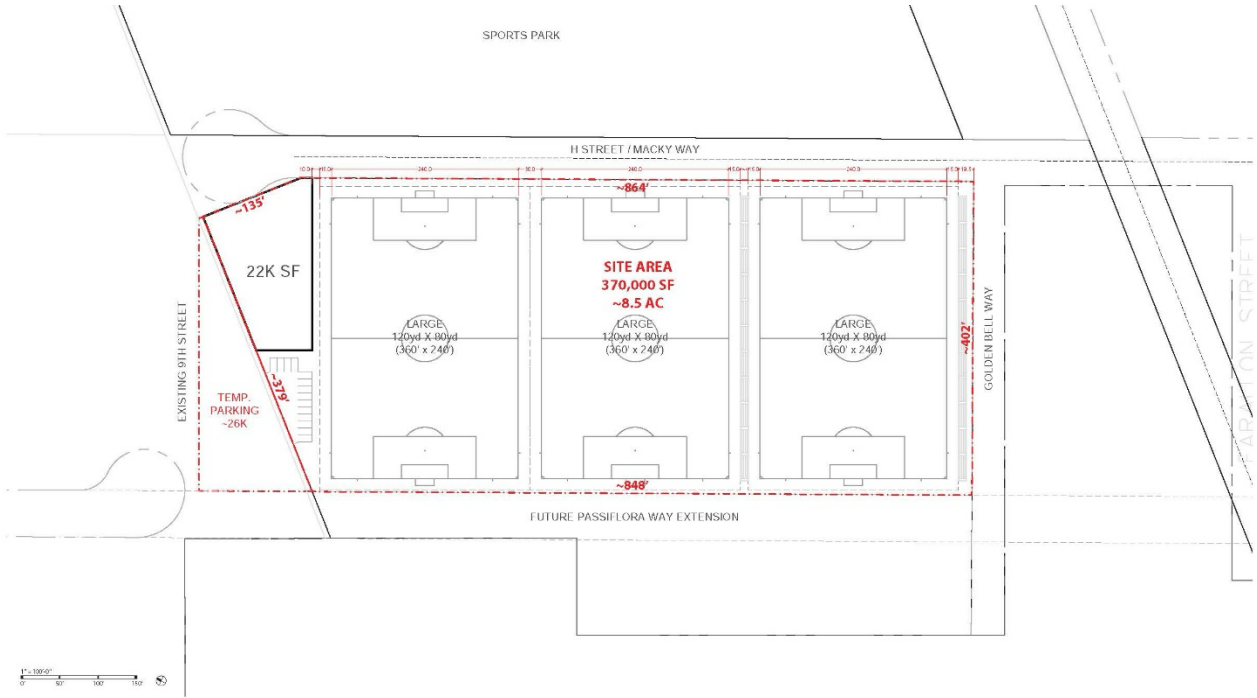
**BAFC Team Operator, LLC**

By: *Brady Stewart*  
Brady Stewart (Aug 27, 2024 12:48 PDT)  
Name: Brady Stewart  
Title: Chief Executive Officer  
Date: Aug 27, 2024

**Treasure Island Development Authority**

By: *Robert Beck*  
Robert Beck (Aug 27, 2024 17:22 PDT)  
Name: Robert Beck  
Title: Treasure Island Director  
Date: Aug 27, 2024

**EXHIBIT 1**  
**PHASE ONE PARCEL**



San Francisco  
**Planning**

SAN FRANCISCO  
OFFICE OF ECONOMIC &  
WORKFORCE DEVELOPMENT

DRAFT

NWSL BFC TRAINING TREASURE ISLAND SITE DETAIL STUDY  
11 June 2024 | 2

8/27/2024










# Bay FC/ Treasure Island Development Authority - Letter of Intent

Final Audit Report

2024-08-28

Created:	2024-08-27
By:	Kate Porter (kporter@bayfc.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAj2cDSvHFbCXfRKTlewkVlq1erv1m2nyP

## "Bay FC/ Treasure Island Development Authority - Letter of Intent" History

-  Document created by Kate Porter (kporter@bayfc.com)  
2024-08-27 - 7:45:11 PM GMT
-  Document emailed to Brady Stewart (bstewart@bayfc.com) for signature  
2024-08-27 - 7:46:53 PM GMT
-  Email viewed by Brady Stewart (bstewart@bayfc.com)  
2024-08-27 - 7:48:41 PM GMT
-  Document e-signed by Brady Stewart (bstewart@bayfc.com)  
Signature Date: 2024-08-27 - 7:48:50 PM GMT - Time Source: server
-  Document emailed to bob.beck@sfgov.org for signature  
2024-08-27 - 7:48:52 PM GMT
-  Email viewed by bob.beck@sfgov.org  
2024-08-28 - 0:05:31 AM GMT
-  Signer bob.beck@sfgov.org entered name at signing as Robert Beck  
2024-08-28 - 0:22:05 AM GMT
-  Document e-signed by Robert Beck (bob.beck@sfgov.org)  
Signature Date: 2024-08-28 - 0:22:07 AM GMT - Time Source: server
-  Agreement completed.  
2024-08-28 - 0:22:07 AM GMT

