



December 11, 2010

Stephen Barclay  
Golden Gate Yacht Club  
1 Yacht Club Road  
San Francisco, CA 94123

Dear Stephen:

Please let members of your team and other interested parties know that San Francisco remains committed to helping you deliver an extraordinary and successful 34th America's Cup experience and intends to deliver an approved Host City Agreement for consideration this week.

In cooperation with the Team, we have developed a bid for San Francisco as host city that will yield success over the next three years. As a result of these efforts and the overwhelming outpouring of public support for the America's Cup, we are optimistic that the Board of Supervisors will embrace the Host City Agreement on Tuesday. We have made remarkable progress through the City's public process since adoption of the term sheet, arriving at a formal Host City Bid in a matter of months. We also believe we have laid the groundwork for successful CEQA and regulatory approval processes for the Event and subsequent long-term development.

San Francisco's waterfront would be a uniquely beautiful location for the world's oldest international sailing competition. The waterfront is a civic treasure, and successful waterfront development must therefore recognize the public nature of the waterfront. This public nature necessitates that support for any development be secured from waterfront regulators, Port neighbors, tenants, the public, the Port Commission, the Mayor, and the Board of Supervisors.

The selection on September 13 of AC72 catamarans for the race created the opportunity to re-imagine the staging of the America's Cup on San Francisco's Northern Waterfront. This Northern Waterfront Alternative would provide the opportunity to dramatically lower the Event Authority's upfront investment costs.

We believe the Northern Waterfront proposal has greater net development value than the original Host City Agreement. It aligns the interests of the Event Authority and the City, equitably shares the financial rewards of development and directs a portion of proposed infrastructure improvements to the construction of a world-class cruise terminal at Pier 27. The Northern Waterfront proposal also enjoys the type of public support and embrace from regulators necessary to succeed on the waterfront.

We believe that the City's bid, subject to any final changes imposed by the Board of Supervisors during its deliberations, offers remarkable opportunities for the America's Cup:

- \$270 million in private sponsorships raised by the newly-formed San Francisco America's Cup Organizing Committee, in partnership with the Event Authority;

- Venue Sites provided rent-free, including Piers 29, 23, 19, 26, 28, 30-32, and portions of Pier 80, Seawall Lot 330, and the water area between Pier 14 and Pier 22½;

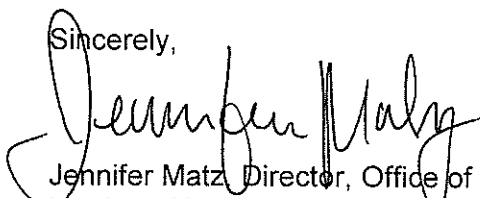
- Use of the magnificent Pier 27 as a prime event viewing location, including use of the Port's planned Pier 27 Cruise Terminal as a hospitality center for competing teams;
- Free permitting of Event activities, including City-funded compliance with the California Environmental Quality Act;
- Development of a People Plan and a Safety Plan by the City, to afford easy and safe public access to water's edge;
- Securing all necessary third-party approvals including air and water access;
- City assistance, in the form of immigration assistance, seeking favorable tax treatment and local accommodations for race participants and their families; and
- Long-term development rights of 66 and 75 years on commercially reasonable terms at up to 20 acres of prime waterfront sites, including Piers 30-32, Seawall Lot 330, and the historic Piers 26 and 28. This last provision allows the Authority to recoup costs of up to \$80 million in race-related Infrastructure Works along the waterfront. The caliber of this property and the annuity to the Authority is unprecedented and reflects the superior nature of San Francisco's bid.

If the City is selected as Host City for the 34th America's Cup, we are committed to helping you succeed in the implementation of this plan.

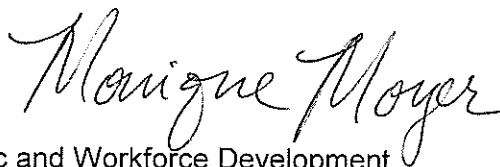
We are confident that if we work together, we can succeed. Bringing the race to San Francisco will allow the Authority and race participants to re-invent and reintroduce the Cup to a new sports audience. The Bay Area is an exceedingly strong market for competitors seeking sponsorship, and the Port of San Francisco enjoys a uniquely historic and picturesque backdrop for racing. Our finger piers will allow the public to literally walk out over the Bay to prime race-viewing locations.

We know we are in a serious international competition to host the 34<sup>th</sup> America's Cup, but we believe the Northern Waterfront proposal offers the best combination of benefits to the City, the Port and the America's Cup Race. If San Francisco is selected as host city for the 34th America's Cup, we are confident that the City will negotiate mutually agreeable Venue Agreements over the next year while CEQA is performed. We are equally confident that, this week, San Francisco will advance the strongest possible bid and Host City Agreement for the America's Cup for your consideration -- a bid that will deliver significant, shared and lasting benefits to the City, the Event Authority and the sport of sailing.

Sincerely,



Jennifer Matz, Director, Office of Economic and Workforce Development  
 Monique Moyer, Director, Port of San Francisco



CC: Mayor Gavin Newsom  
 Board of Supervisors President David Chiu and Members of the Board of Supervisors  
 San Francisco Port Commission Members  
 Mark Buell, Chairman of the San Francisco America's Cup Organizing Committee