

**CENTER CITY GOLF COURSE
SAN DIEGO USL HOLDINGS, LLC
SUMMARY OF PROPOSED LEASE TERMS**

Set forth below is a summary of the essential terms and conditions being discussed with San Diego USL Holdings, LLC ("Lessee") for the lease of the Center City Golf Course property ("Property").

1. Background

- Due to the decline in play at the Property and the overall decline of the golf industry, the Property continues to operate at a loss.
- The City is operating the Center City Golf Course under a short-term agreement with a golf course management company until a use can be determined for the Property.
- In 2012, the City solicited proposals for alternate uses for the Property and received four proposals and conducted a public review process of the proposals.
 - Two of the proposals put forward significant non-recreational uses for the site including office and residential development.
 - Neither the City Council nor the public were supportive of these proposals.
 - The other two proposals provided for the ongoing operation and limited expansion of golf and related recreational uses.
 - Both the City Council and the public were supportive of the alternate uses that focused primarily on recreational uses.
- Staff initiated non-exclusive negotiations with Goat Hill Partners, LLC (a group headed by John Ashworth) to operate, manage and improve the golf course.
 - Over the course of the negotiations, it became apparent that to operate the golf course with the ongoing water cost increases and the dwindling demand for golf, an ongoing City subsidy would be required.
- During negotiations with Goat Hill Partners, LLC, staff was approached by the Lessee, who is affiliated with the ownership of the Real Salt Lake Major League Soccer franchise, to consider establishing a junior soccer academy ("Academy") and bringing a United States Soccer League minor league soccer franchise ("USL Team") to Oceanside.
 - Lessee evaluated several sites in Oceanside including El Corazon and the Pavilion property, before recognizing the potential of the Property.

2. Uses

Lessee is proposing to use the Property for the following:

- The continued operation of a golf course and making improvements to the golf course including renovation and reconfiguration ("Golf Course Improvements").
- Secure the USL Team and establish the Academy to be located at the Property.

- Develop and construct practice/competitive fields and ancillary facilities (“Soccer Field Improvements”).
 - Use of the fields shall include the USL Team, the Academy and the public pursuant to a plan to be developed between the City and Lessee.
- Develop and construct one field with a 2,000 – 5,000 seating capacity together with ancillary improvements and complimentary operations (“Soccer Complex Improvements”).
- Provide a trail and other ancillary recreational uses available to the public.
- If demand and economically feasible, future development such as additional seating capacity, visitor/recreational serving accommodations, and additional ancillary facilities (“Future Development Improvements”).

3. Term

- Initial Term of 2 years
 - Lessee to operate the golf course and make the Golf Course Improvements pursuant to a plan to be agreed upon by Lessee and City.
 - The improvement plan to be finalized within 180 days after the Lease commences.
 - The construction timeline for renovation will be determined in the improvement plan.
 - Lessee shall conduct due diligence for the improvements to the Property.
 - Lessee shall secure the USL Team and develop the Academy to be located at the Property.
 - Agree upon a plan with the City to develop and construct the Soccer Field Improvements.
 - The improvement plan to be finalized within 180 days after the Lease commences.
 - Process and obtain the discretionary entitlements, including CEQA review, for the construction of the Soccer Field Improvements.
 - Lessee is required to complete construction of the improvements within the 2-year initial term.
 - Prepare a development plan, process and obtain discretionary entitlements, including CEQA review, for the Soccer Complex Improvements.
 - The City Council reserves full discretion to approve or deny the proposed development plan.
 - If denied, the lease may be terminated. If approved, the Lessee shall continuously operate the Soccer Field Improvements.
 - Prepare a plan for the public trail and ancillary recreational uses at the Property.
 - The construction timeline for the improvements will be determined in the plan.
 - Provide proof of commitment for the funding of the Golf Course Improvements and the Soccer Field Improvements in the amount of \$2,000,000.
- Extension Term of 50 years
 - Upon satisfaction of the Initial Term performance, Lessee shall have the right to exercise its option to extend the term of the lease for 50 years.
 - During the first 3 years of the Extension Term, Lessee shall develop and construct the Soccer Complex Improvements.

- If demand and economically feasible, Lessee can propose Future Development Improvements.
 - Any Future Development Improvements shall be pursuant to a development agreement between the City and Lessee.
 - The City Council reserves full discretion to approve or deny the proposed development plan for the Future Development Improvements.

4. Consideration

- Minimum rent in the amount of \$12,000 per year beginning in the second year of the lease and subject to annual CPI increases thereafter.
- Percentage rent in the amount of 5% of gross revenue less operating costs generated from the golf course and Soccer Fields Improvements, and 5% of gross ticket sales associated with the Soccer Complex Improvements.
- Additional rent from the Future Development Improvements shall be pursuant to the separate development agreement between the City and Lessee.
- Lessee shall coordinate with local soccer groups for use of the fields.
- Provide expanded community use to appropriate portions of the Property such as a trail and other recreational activities at the Property.

5. Other

- Should the United States Soccer League or Lessee terminate, move or sell the USL Team prior to Lessee starting the development regarding Future Development Improvements, Lessee shall not be permitted to complete such Future Development Improvements without the City's written approval.
- Lessee understands that some of the improvements that Lessee is planning for the Property could require a vote of the residents of Oceanside as an allowable use.
- Lessee, subject to an approved development plan, is anticipating spending in the neighborhood of \$8,000,000 for the Golf Course Improvements and the Soccer Fields Improvements alone.
- Should Lessee pursue Future Development Improvements, the parties would discuss a TOT rebate as part of the negotiations of a development agreement.