

**MEMORANDUM OF UNDERSTANDING REGARDING
A FUTURE ARENA PROJECT AND NEW ARENA DISTRICT**

This MEMORANDUM OF UNDERSTANDING ("**MOU**") is entered into by the CITY OF SAN JOSE, a California municipal corporation ("**City**") and SAN JOSE ARENA MANAGEMENT, LLC, a Delaware limited liability company ("**Manager**") as of July 1, 2025 (the "**Effective Date**"). City and Manager are referred to in this MOU individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

A. Since September 1993, Manager and its predecessors-in-interest have been managing and operating a regional multi-purpose sports and entertainment arena and related facilities currently known as SAP Center (collectively, "**Existing Arena Facilities**").

Such facilities, which are owned by City and leased to Manager for use as a major public assembly facility, have proven to be an important economic generator for City. In addition to home games for the San Jose Sharks hockey team, the SAP Center hosts numerous other sporting events, concerts, family shows, and other productions that together draw hundreds of thousands of visitors to downtown San Jose every year.

B. City and Manager are parties to a Third Amended and Restated Arena Management Agreement dated concurrently with this MOU ("**2025 AMA**"), which extends the term of Manager's lease of the SAP Center through June 30, 2051, and provides for the funding and construction of a major Renovation Project that will modernize the SAP Center and help keep it competitive. Capitalized terms not otherwise defined herein shall have the meanings set forth in the 2025 AMA.

C. Even with the Renovation Project, the useful life of the Existing Arena Facilities is not expected to extend beyond June 30, 2051. To provide a venue beyond 2051 that will enable the San Jose Sharks to continue playing their home games in San Jose, and that will continue attracting a wide range of other sports and entertainment productions to San Jose, entirely new arena facilities will need to be constructed at a new location within the City of San Jose ("**Future Arena Location**").

D. City and Manager desire to create a common vision and process for establishing the Future Arena Location, to be developed with a new sports and entertainment arena and related facilities where the San Jose Sharks can play their home games ("**Future Arena Facilities**"), ready to open by 2051 or earlier, depending on the circumstances.

E. City and Manager further desire to explore the possible development of the area surrounding the Future Arena Location as an entertainment district ("**Arena District**") that could include other entertainment uses such as retail (including food and beverage venues), other complementary sports and entertainment venues, hospitality/hotel uses, venues for the visual and performing arts and other types of entertainment, outdoor gathering spaces/civic spaces/pedestrian spaces, as well as multi-modal transportation options and parking accommodations sufficient to serve these uses.

F. Shortly after the execution of the 2025 AMA, the Parties will begin negotiations to develop the Future Arena Location and to establish the parameters for a possible Arena District ("**Future Arena Negotiations**").

G. The Parties desire by this MOU to memorialize their agreement to commence Future Arena

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Negotiations for the Future Arena Location, the Future Arena Facilities, and the Arena District.

AGREEMENT

In consideration of the mutual promises, covenants, and conditions set forth in this MOU, the Parties agree as follows:

1. TERM

1.1 MOU Term. This MOU will remain in effect from the Effective Date through the completion of the Negotiation Period described below (the “**MOU Term**”). The MOU Term may be extended by written agreement of the Parties, to coincide with any extension of the Negotiations Period.

1.2 Negotiation Period. The Future Arena Negotiations will occur over a period of approximately 19 months (“**Negotiation Period**”), commencing approximately September 1, 2025, and ending March 31, 2027, subject to extension by written agreement of the Parties. The Negotiation Period may be extended by written agreement of the Parties.

2. FUTURE ARENA LOCATION

2.1 Future Arena Location Requirements. The Future Arena Location is anticipated to be approximately 12+ acres of land that City owns and/or controls, and for which the City anticipates having the right to approve development of a Future Arena Location. The Parties agree that additional design work is needed to finalize alternative dimensions for the Future Arena Location.

2.2 Initial Controlled Properties.

2.2.1 Description. City currently owns or controls (or has the legal right to own or control) the properties commonly referred to as Lots A, B and C, Lot E and Milligan (the “**Initial Controlled Properties**”), as depicted on **Exhibit A**. The Initial Controlled Properties are one option (of several) for a Future Arena Location, and the development of Future Arena Facilities on this site may be one of the possible future uses that has not been precluded by other agreements.

2.2.2 Land Size Requirement. A portion of the Initial Controlled Properties consisting of Lots A, B and C along with the adjacent rights-of-way contain approximately the amount of land required for a Future Arena Location as described in Section 2.1. Any Future Arena Location must reasonably accommodate these or similar dimensions.

(a) It is expected that the 12+ acres will accommodate only the building area for the Future Arena Facilities, including all ancillary building elements such as the primary building structure, loading dock and loading areas, building equipment and service areas, building ingress and egress, and security facilities.

(b) The Parties acknowledge that to be successful, the Future Arena Facilities will also likely require land proximate to the building area to accommodate additional office and meeting space for employees, parking for customers, employees and VIP’s, multi-modal transportation facilities, staging areas for production trucks and equipment, storage facilities, activation plazas, and the like.

2.2.3 No Encumbrances. City commits that during the Negotiation Period, but in any event through at least September 1, 2027, City will not encumber or develop the Initial Controlled Properties, or other properties that are either contiguous or in close proximity thereof, that City owns or controls, notwithstanding existing contractual obligations or uses that do not substantively negatively impact the Parties' ability to create the Arena District, unless both Parties mutually agree in writing to focus efforts on a different site.

2.2.4 Land Development. During the MOU Term, any final decision as to determining the feasibility of the Initial Controlled Properties (as well as the ultimate disposition of the land on which the Existing Arena Facilities are located) is dependent on a successful resolution of the Future Arena Negotiations. Any potential Arena District Agreement (defined in Section 4.1) entered into between City and Manager will also depend on compliance with legal requirements for City to commit land to development.

(a) City is not required to keep the Initial Controlled Properties available for a Future Arena Location indefinitely. However, City recognizes that it will take time to plan for and develop the Future Arena Facilities, and that changing circumstances may require flexibility in the plans and the timing for the development.

(b) As set forth in Section 4.2.1, the Arena District Agreement will include provisions regarding the terms and conditions under which City will be obligated to reserve for a "future City use" the Initial Controlled Properties and any other City properties that are identified as potential site for the Future Arena Facilities.

2.2.5 Access and Parking. The Parties understand and agree that the Initial Controlled Properties constitute a major part of the parking available to patrons of the Existing Arena Facilities.

(a) As indicated in Section 2.2.2, the Future Arena Location will also require land for multi-modal access, including transit and parking options. Parking for Arena customers may be provided by surface lots as well as parking structures that are either stand-alone or part of other buildings that are developed within an Arena District, in which case the Arena District Agreement will provide for shared parking that maximizes, to the extent reasonably feasible, functional capacity to accommodate parking for both Arena Events and mixed-use developments.

(b) The Parties will work together to ensure that the Future Arena Negotiations address the changing access and parking needs of the Future Arena Facilities over time as plans for any Arena District evolve.

3. FUTURE ARENA NEGOTIATIONS

3.1 Use of Consultants. To be able to successfully conclude the Future Arena Negotiations within the Negotiations Period, the Parties may agree to retain consultants who have experience in the development of arena facilities and/or sports and entertainment districts, including as follows:

3.1.1 Site Analysis. Architects, engineers, environmental professionals and other consultants, to help the Parties analyze potential Future Arena Location sites, including for the purposes of:

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(a) Identifying development constraints that may impact the development potential of each site, such as environmental, geotechnical, airport height limit, and other factors; and

(b) Identifying the best configuration for the Future Arena Location based on the layout that most efficiently utilizes available land, taking into consideration any identified development constraints.

(c) Identifying features with respect to visibility/identity, access to multi-modal transportation facilities, proximity to services, and so forth.

3.1.2 Economic Development. Consultants with special expertise in urban planning, economic development and public funding mechanisms, to help the Parties understand the alternative economic arrangements for the Arena District in terms of revenue for each Party, customer experience, economic development benefit, and capital strategy.

3.1.3 Signage. Consultants with special expertise in the development of signage programs associated with entertainment districts, to help the Parties understand best practices in the industry and evaluate project objectives with respect to activation, maximizing economic returns, and public benefits.

3.2 Governmental Requirements. During the Negotiations Period, the Parties will also work together to ensure that all applicable legal requirements for securing a Future Arena Location are understood, which may include requirements under the California Environmental Quality Act (CEQA) as well as approvals from the California Department of Housing and Community Development, California Fish & Game, Valley Water, City Planning, and others. The Parties agree to consult with City departments and other authorities having jurisdiction as may be necessary to fully understand the applicable legal requirements.

3.3 Potential Development Partners. If the Parties mutually agree, during the Negotiations Period they may meet and confer with potential development partner who have experience developing sports venues and related sports and entertainment districts.

4. ARENA DISTRICT AGREEMENT

4.1 Execution of Agreement. Subject to approval by the City Council, the Parties agree to execute a formal agreement regarding the Future Arena Location and potential development of an Arena District (the “**Arena District Agreement**”) no later than September 1, 2027.

4.2 Contents of Agreement. The Arena District Agreement shall include, among other things, the following:

4.2.1 Obligations of the Parties.

(a) A roadmap (including timeline) for the Parties to secure any legal approvals described in **Section 3.2**;

(b) The steps City will take to legally reserve, for a future City use, the Initial Controlled Properties or any other properties owned or controlled by City that may be identified as a potential site for the Future Arena Facilities;

(c) The key steps and time frame for Manager to decide whether or not it wishes to proceed in accordance with the Arena District Agreement; and

(d) The key milestones for performance by Manager and City of commitments related to a Future Arena Location and Arena District to allow for the Initial Controlled Properties (or other applicable City properties) to continue to be held for the purpose of potential development of the Future Arena Facilities.

4.2.2 Signage Program. Parties may wish to negotiate provisions outlining the Parties' preferred signage program for the Arena District, including the steps each Party will take to develop a concept design package, obtain City staff review, prepare proposed amendments to City's sign code and applicable policies and guidelines, prepare documents necessary to obtain CEQA clearance, and present the foregoing to the City Council for its consideration.

4.2.3 Partnerships. Provisions providing that the Parties may need to partner with other landowners in the Arena District for certain legal rights, or to achieve certain outcomes.

4.2.4 Infrastructure. Provisions regarding off-site infrastructure that may be required for the development of the Future Arena Facilities (such as utility facilities and roadway improvements), and the proposed sources of funding for such work.

4.2.5 Extension Option. Provisions providing for the City's grant to Manager of an option to extend the term of the 2025 AMA, including in the event that (i) the Arena District Agreement is terminated prior to the development of Future Arena Facilities, or (ii) the Future Arena Facilities are not developed or ready to open prior to the expiration or earlier termination of the term of the 2025 AMA (provided that Manager is not in default thereunder).

4.3 No Default for Failure to Enter Arena District Agreement. The failure by either Party to enter into an Arena District Agreement shall not result in a default under the 2025 AMA, including any future amendments or restatements thereof.

4.4 No Obligation to Participate in Arena District. Nothing in the MOU or in the Arena District Agreement shall require Manager's participation in an Arena District. Depending on the relevant factors at the time in question, Manager may elect to pursue the development of Future Arena Facilities that are not located within a larger Arena District. The Arena District Agreement will include terms and conditions regarding when, and under what circumstances, such election would be made.

5. TIMELINE AND SCHEDULE OF PERFORMANCE

5.1 Initial Site Selection Schedule. The Parties shall endeavor to reach agreement on potential Future Arena Locations and corresponding locations for an Arena District using the following schedule of performance, which shall be subject to modification from time to time by agreement of the Parties:

- **No later than December 31, 2025,** the Parties shall work collaboratively to identify potential sites for the Future Arena Location and potential associated Arena District.
- **No later than June 30, 2026,** the Parties shall mutually agree upon and select from the proffered potential locations at least two sites for further feasibility analysis as a Future

Arena Location and potential associated Arena District.

- **No later than December 31, 2026**, the Parties shall, based on the analysis performed in the preceding period, rank in order their preferred potential Future Arena Locations and potential associated Arena District.
- **No later than March 31, 2027**, the Parties shall mutually agree to a plan establishing dates to hold relevant City property(ies) and potentially acquire (or enter into an exchange for) additional property rights to allow for the preferred potential Future Arena Locations and potential Future Arena District.

5.2 Initial Arena District Agreement Schedule. The Parties shall also endeavor to reach agreement on the terms and conditions of the Arena District Agreement, using the following schedule of performance, which shall be subject to modification from time to time by agreement of the Parties:

- **No later than June 30, 2026**, the Parties shall mutually agree upon a list of key terms to be included in the Arena District Agreement.
- **No later than December 31, 2026**, the Parties shall agree upon a term sheet that outlines the essential rights and obligations of the Parties with respect to the financial elements of the Arena District Agreement.
- **No later than March 31, 2027**, the Parties shall mutually agree upon an expanded term sheet that outlines the rights and obligations of the Parties with respect to all material elements of the Arena District Agreement (in addition to the financial elements), including the terms and conditions under which City will reserve for a “future City use” any potential properties owned or controlled by City and identified by the process in Section 5.1 as a potential site for Future Arena Facilities.
- **No later than September 1, 2027**, the Parties shall have completed the negotiation and drafting of the complete, formal Arena District Agreement.

5.3 Adjustments. As the Parties collaboratively work through the above timelines to reach their shared goals, they may adjust these timelines, bring in third parties who could potentially assist the Parties in achieving these goals, and can extend this MOU and the above deadlines as mutually agreed upon from time to time.

6. MISCELLANEOUS PROVISIONS

6.1 Notices. Any notices or reports relating to this MOU, and any request, demand, statement, or other communication required or permitted under this MOU must be in writing and must be delivered to the Parties at the addresses set forth below. A notice will be deemed to have been received on the date of delivery, if delivered by hand, or via nationally recognized overnight delivery service during regular business hours. A notice delivered by email shall not be deemed to be delivered unless and until the

recipient expressly acknowledges receipt of the email (it being understood that an automatic reply is not an express acknowledgement).

City: Office of Economic Development and Cultural Affairs
Real Estate Services Division
200 E. Santa Clara St., 17th Floor
San José, CA 95113
Attn: Director of Real Estate
Tel: 408-535-8197
Email: kevin.ice@sanjoseca.gov

With a copy to: Office of City Attorney
200 E. Santa Clara St., 16th Floor
San José, CA 95113
Attn: Real Estate Attorney
Tel: 408-535-1900
Email: cao.main@sanjoseca.gov

Manager: San Jose Arena Management, LLC
525 West Santa Clara St.
San José, CA 95113
Attn: General Counsel
Tel: (408) 287-7070
Email: legal@sjsharks.com

6.2 Relationship of the Parties. The Parties are, and will remain as to each other, independent entities. No employee, agent, or officer of a Party will be deemed for any purpose whatsoever to be an agent, employee, or officer of the other Party.

6.3 Amendment of MOU. This MOU may be amended only by written instrument signed by both Parties.

6.4 Assignment. The rights and duties of a Party under this MOU may not be assigned without the advance written consent of the other Party, and any attempt to assign such rights or duties in contravention of this section will be null and void. Subject to the foregoing limitations, this MOU inures to the benefit of, and is binding upon, the successors and assigns of the Parties.

6.5 Governing law. This MOU is governed by, and will be interpreted, construed, and enforced in accordance with the laws of the State of California, without reference to its choice of law rules.

6.6 Entire Agreement; Conflicts. This MOU constitutes the entire agreement between the Parties with respect to the subject matter of this MOU. In the event of any conflict between the provisions of the 2025 AMA and the provisions of this MOU, the provisions of this MOU shall control.

6.7 Waiver. Waiver by a Party to this MOU of any term, condition, or covenant of this MOU will not constitute a waiver of any other term, condition, or covenant. Waiver by a Party as to any breach of the provisions of this MOU will not constitute a waiver of any other provision, nor will it constitute a waiver of any subsequent breach or violation of any provision of this MOU.

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6.8 No Presumption in Drafting. Both Parties have had the opportunity to have this MOU reviewed by their legal counsel. Accordingly, this MOU will be construed according to its fair meaning.

6.9 Severability. If one or more clauses, sentences, paragraphs or provisions of this MOU is held to be unlawful, invalid or unenforceable, the remainder of the MOU will not be affected. Such clauses, sentences, paragraphs or provisions will be deemed reformed so as to be lawful, valid, and enforced to the maximum extent possible.

6.10 Execution by Counterparts; Electronic Signatures. This MOU may be executed in any number of counterparts and upon execution by both Parties, each executed counterpart will have the same force and effect as an original instrument and as if both Parties had signed the same instrument. Unless otherwise prohibited by law or policy of a Party, the Parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The term “electronic copy of a signed contract” refers to a writing as set forth in Cal. Evidence Code Section 1550. The term “electronically signed contract” means a contract that is executed by applying an electronic signature using technology approved by the City. Any Party may execute and/or deliver this Agreement by facsimile or PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, California’s Uniform Electronic Transactions Act (Civ. Code § 1633.1 et seq.) or other applicable law, and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[SIGNATURES ON NEXT PAGE]

**Signatures To
Memorandum of Understanding Regarding
A Future Arena Project and New Arena District**

IN WITNESS WHEREOF, the undersigned authorized representatives of the Parties have executed this MOU as of the dates inserted below, but this MOU shall be effective retroactively to the Effective Date set forth on the first page of this MOU.

“City”

APPROVED AS TO FORM:

CITY OF SAN JOSÉ,
a California municipal corporation

Cameron Day
Sr. Deputy City Attorney

By _____
Toni J. Taber, CMC
City Clerk

Date Signed: _____

Date Signed: _____

“Manager”

APPROVED AS TO FORM:

SAN JOSE ARENA MANAGEMENT, LLC
a Delaware limited liability company

Lucy A. Lofrumento
Strategy Law, LLP
Attorneys for Manager

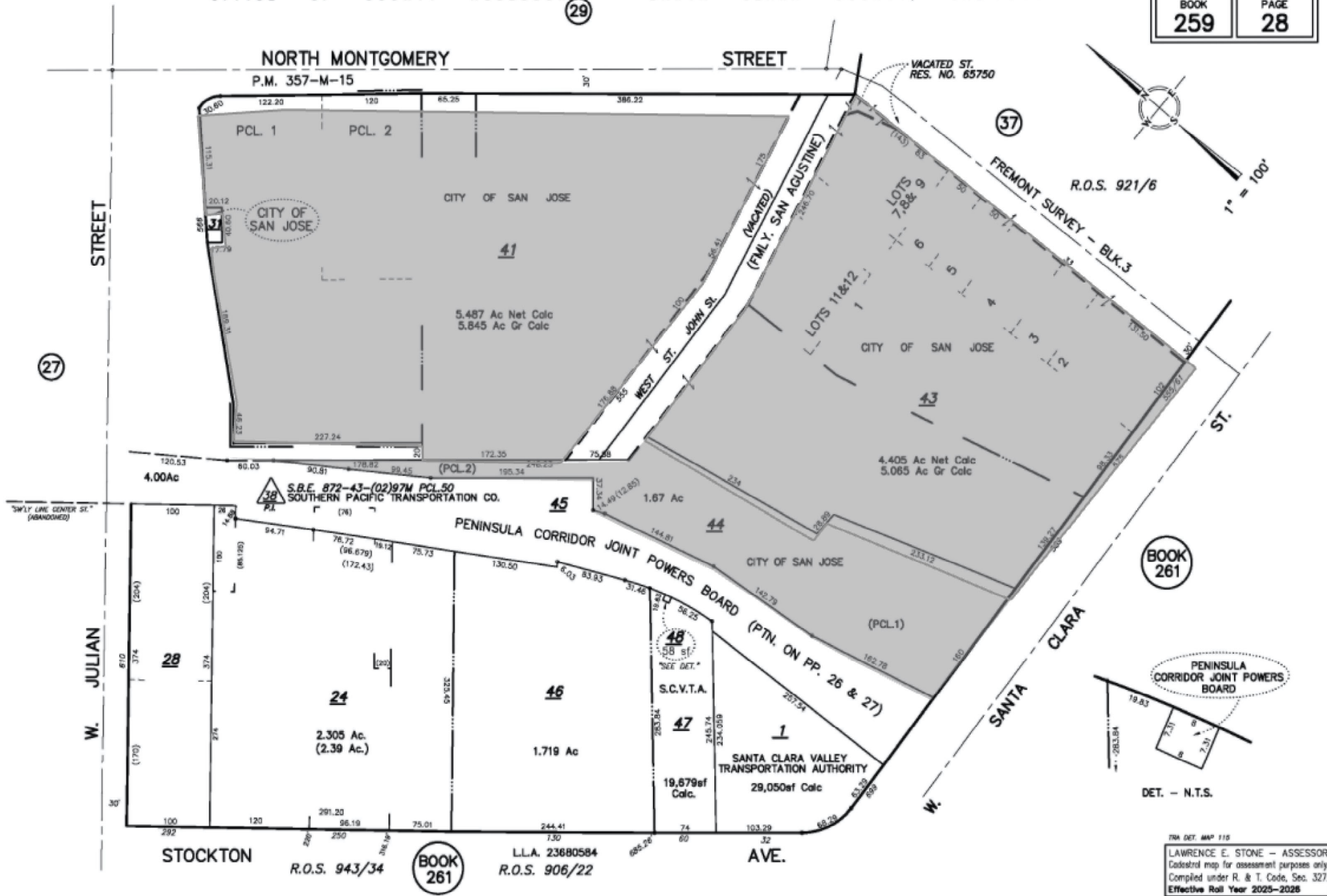
By _____
Jonathan D. Becher
President

Date Signed: _____

Date Signed: _____

EXHIBIT A

INITIAL CONTROLLED PROPERTIES



DRAFT--Contact the Office of the City Clerk at (408) 535-1260 or CityClerk@sanjoseca.gov for final document.

