

- ✓ Name of Organization
- ✓ Contact Information
- ✓ Date Established
- ✓ Project Team Resumes
- ✓ Development Projects

BLADIUM[®] SPORTS & FITNESS CLUB

Bladium Sports & Fitness Club
800 West Tower Avenue, Bldg. 40
Alameda, CA 94501

Bladium.com

David@Bladium.com

p: 510-814-4999

f: 510-814-4990

Established: October 1, 1994



Request for Concept Proposals

Cover Letter

To the San Francisco Recreation and Park Department and the People of San Francisco,

Creating inspired spaces for sports, fitness, and active recreation has been our business and passion for two decades. In April, 1995, Bladium converted a very humble warehouse in China Basin and opened San Francisco's first and only indoor inline hockey rink, giving a home to the burgeoning population of recreational inline hockey enthusiasts in the City and surrounding communities.

In the ensuing 20 years, Bladium has evolved to serve a much broader market, welcoming soccer, volleyball, basketball, lacrosse, rock climbing, and boxing enthusiasts, as well as offering kids camps, kids birthday parties, fitness, group exercise, CrossFit, and martial arts programs. In many ways, we have become the equivalent of a privately operated, publicly-minded, highly-diversified yet specialized, community recreation center.

We are extremely enthused about the possibility of returning to San Francisco, energized by the opportunity to revitalize and reintroduce the Palace of Fine Arts as a recreational gathering spot for the community.

We look forward to the possibility of continuing the conversation .

Sincerely, the Partners and Employees of Bladium Sports & Fitness Club.

Brad Shook *David Walsh*

Project Team: Key Members



Brad Shook
President

Brad is one of Bladium's four founding partners and a primary shareholder. He

is responsible for facility development and management. He has primary responsibility for facility development and management. Brad is an avid recreational athlete, husband, and father of two.

- UCLA '84
- USC '94 - MBA
- Start: October, 1994
- Corporate and Real Estate Banking at Several Fortune 500 Companies



David Walsh
CEO / CFO

Originally from Cork, Ireland, David is a Chartered Management Accountant, having

earned his degree at CIMA in London. Also a founding partner and primary shareholder, he plays a vital role in managing Bladium's financial and operational functions. David is an avid sailor, kiteboarder, and traveler.

- CIMA London '89
- USC '94 - MBA
- Start: January, 1995
- Corporate Finance at Several Fortune 500 Companies



Jeffrey Parshalle
Architect

Jeff has partnered with Bladium on conceptual designs and has inspired the layouts and

final drawings for Bladium's Alameda and Denver projects. He has nearly 40 years of experience in the industry and thoroughly understands Bladium's clientele and business model.

- University of Minnesota '77
- Licensed in CA, WA, CO
- Associate w/Bladium - 1996
- Past Board Member of the American Institute of Architects

Note: No General Contractor has yet been identified for this project, pending final scope of work. Brad Shook, Bladium's President, has overseen the construction process for all prior Bladium projects and will oversee the selection and management of a General Contractor for this project.

Development History

The partners and architects of Bladium have directly overseen three major redevelopment projects. Each project has been a creative re-use of an existing, yet underutilized property. In all three cases, Bladium successfully funded and coordinated adaptive repurposing of the buildings while preserving the structures' original integrity. In one of those cases – Bladium Alameda – the subject property is within the Naval Air Station Historic District and, as such, is protected.



San Francisco / 1995

1050 3rd Street

27,000 sq. ft.

\$500,000 redevelopment

Bladium's first facility was just south of the Lefty O'Doul bridge, in what was an abandoned Southern Pacific Railroad warehouse. It's redevelopment was a spark of activity in an otherwise languishing section of the City, bringing hundreds of young athletes to the club each day for inline hockey and socializing.

Bladium completely recreated the building's interior, adding skylights, inline hockey rink, locker rooms, pro shop, and sports cafe, and rejuvenated the exterior.

The facility closed in 2001 to make way for the Giants' stadium, at which point Bladium moved just five miles across the Bay to the former Alameda Naval Air Station.

Development History (continued)



Denver / 1996

2400 Central Park Blvd.

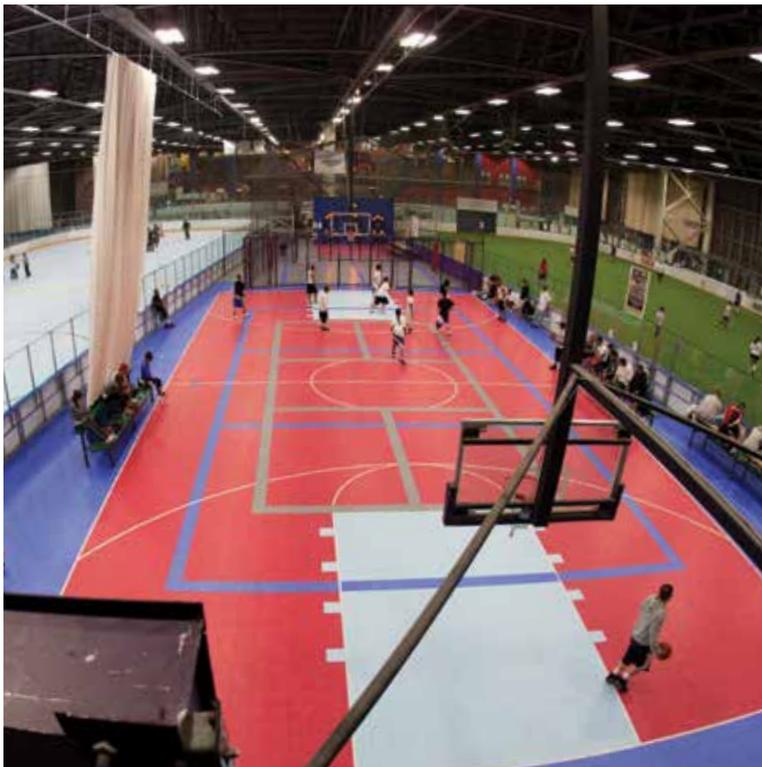
53,000 sq. ft.

\$3.0 million redevelopment

The success of Bladium SF inspired a search for another welcoming community with similar demographics and psychographics, as well as an available building of sufficient size. At that time, the City of Denver was looking for catalyst tenants for the redevelopment of the former Stapleton International Airport and Bladium was awarded a lease and purchase option on an vacant hangar.

Bladium Denver expanded the club's concept beyond inline hockey to include soccer, basketball, volleyball, a skatepark, and community fitness center. The pro shop and cafe elements were also expanded.

Bladium now owns that property, continues to improve and expand both the facility and operations, and plays a vital role in serving the residential and commercial community that has since developed around it.



Alameda / 2001

800 West Tower Ave.

110,000 sq. ft.

\$5.0 million redevelopment

As Bladium SF searched for a new home, the City of Alameda was also searching for transitional tenants and adaptive reuses for its former Naval Air Station. Highly motivated to develop a community recreation center for the West end of the island, Alameda already had tentative plans to repurpose the Navy base's former gym. Seeing the opportunity to offer a much larger facility, financed and operated by a private business with strong local ties, Alameda instead granted Bladium a long-term lease and purchase option on Building 40, a 110,000 square foot hangar and part of the base's inventory of historic structures. The lease was awarded after a fiercely competitive RFP process for the property.

Bladium Alameda has been a wildly popular addition to the community, both as a family-oriented sports and fitness destination, but also for its active involvement in activities and causes important to the people of Alameda. This includes hosting civic events, donating time to the Alameda Unified School District, and sponsoring local organizations.

Testimonials

“Bladium has been a great community partner. They over-delivered on their promise to offer a wide variety of affordable recreational programs and activities to Alamedans. We feel very lucky to have them within our community.”

Marie Gilmore / former Mayor of Alameda

“Bladium has been a fantastic partner. It’s a win/win for everyone: the community gets exceptional recreation options; the City gets rental income; and they get a permanent home. They took a dilapidated hanger from us and turned it into a state of the art recreational facility. We couldn’t be happier with our relationship.”

Marilyn Ezzy Ashcraft / Alameda Vice Mayor

“What a great addition to any city. Bladium provides a service that would otherwise cost the City of Alameda hundreds of thousands of dollars to provide. I’m confident that the San Francisco Recreation and Park Department would never regret partnering with Bladium.”

Rob Bonta / California Assembly Member District 18

“Denver’s relationship with Bladium spans the better part of 20 years, from when I was Planner with the Stapleton Development Corp. We have seen Bladium take over an empty hangar and turn it into a vibrant community asset. They are a great community partner.”

James Chrisman / Senior Vice President, Forest City Stapleton, Inc.

Historic Preservation



September 5, 1945. Bladium Alameda is within the NAS Alameda Historic District.

All three of Bladium's development projects have involved the preservation and adaptive reuse of large scale properties under lease by the company. The projects were noteworthy for significantly upgrading mechanical systems and overall usability of the space, while preserving the original design of the structure.

In the case of Bladium Alameda, Building 40 is a highly prized and important part of the NAS Alameda Historic District. The City of Alameda has applauded Bladium for its sensitive redevelopment of the property at a time when public funding of such ventures was difficult. Upgrades continue a full 15 years after the project was initiated and Bladium has been pivotal in demonstrating the base's future as a viable destination for public recreation and commerce.

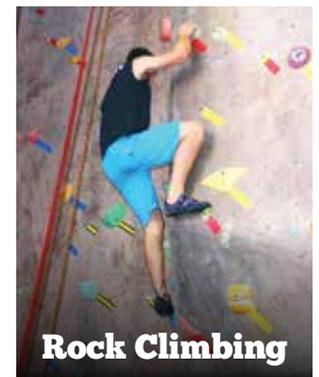
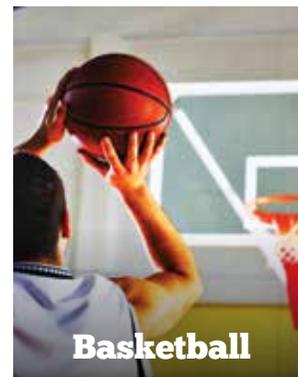
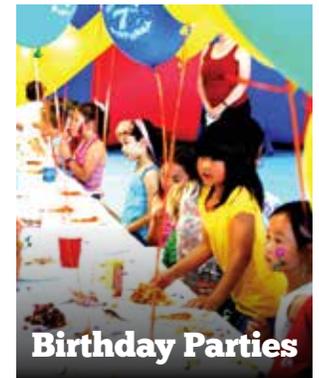
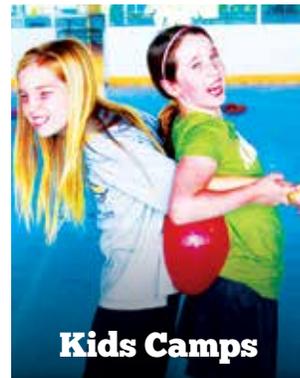
In addition to Building 40, Bladium's architect has worked on several historic preservation projects, including the historically registered Fort Mason Officer's Club (circa 1880); Coronado High School's historic library building; and turn-of-the-century Fort Ward, in compliance with Federal standards for historic preservation.

Also worth noting is that one of Bladium's four founders, Pete Halberstadt, has led large, historic redevelopment initiatives, including Alameda's historic Park Street Business District; Alameda's Jackson Park (oldest municipal park); and an historic former bakery that now serves as professional office space.

- ✓ Proposed Use
- ✓ Proposed Improvements
- ✓ Link to Surrounding Areas
- ✓ Parking, Traffic, Noise
- ✓ Enhance Visitors' Experience
- ✓ Goals & Objectives
- ✓ Protecting the Palace

Request for Concept Proposals

Concept Proposal Project Summary



*Redefining the
“Fine Art” of
Public Recreation*

Proposed Use

Description of Proposed Use for the Site

Bladium Sports & Fitness Club proposes to transform the Palace of Fine Arts into a vibrant hub of recreational activities that will include indoor soccer, Little Kickers Soccer, Little Sluggers Baseball, basketball, lacrosse, volleyball, flag football, group fitness, kids camps, kids birthday parties, Kids Club, and community events.

We envision a light, bright, safe, and welcoming environment that promotes healthy activities to children, young adults, couples, families, seniors, and other subsets of the community.

Description of Public Access

We are the public. The owners and employees of Bladium are a mirror of the people we serve. We vary in age, ethnicity, interests, and economic backgrounds. Our shared objective is to share our passion for our respective sports and fitness activities. We become a team member of the communities we enter, actively involved at both the individual and business levels.

Specifically, every Bladium has been open to the public in a very meaningful sense:

- Our services are affordable to the majority of people within our communities
- Our product offerings are diverse and appeal to a wide range of ages and groups
- Our doors are open to spectators, free of charge, and often to community events
- Our track record of community involvement starts at the highest levels of the organization

How the Project Meets a “Recreational Purpose”

Bladium is, by definition and mission, a recreational business. It was founded by recreational athletes to serve friends, and now family, in the broadest sense of those terms. We have expanded our services in response to the changing recreational interests of the communities we serve.

Proposed Improvements

Description of Proposed Improvements - Plan Option 1

Our highest priorities for each new project have always been: 1) condition of structure, 2) convenient and equal entry and egress, and 3) interior safety and comfort. Without that foundation, activity-specific tenant improvements are marginalized.

1. Integrity of Structure

As a “retail” enterprise, Bladium must ensure the operational integrity of the buildings it occupies, all the way to their cosmetic appeal. The Palace, with its grandeur and historic significance, warrants the utmost attention to preserving and protecting the structures condition.

2. Convenient Entry and Egress

The satisfaction of our customers begins with the intangibles. Clean, well-lit, easily navigated parking is just one example. Clear directional signage, easily operable doors, spacious entries, and logical interior traffic patterns are similarly critical items. All of these elements will be given focused attention during the design of physical improvements to the Palace.

3. Interior Safety and Comfort

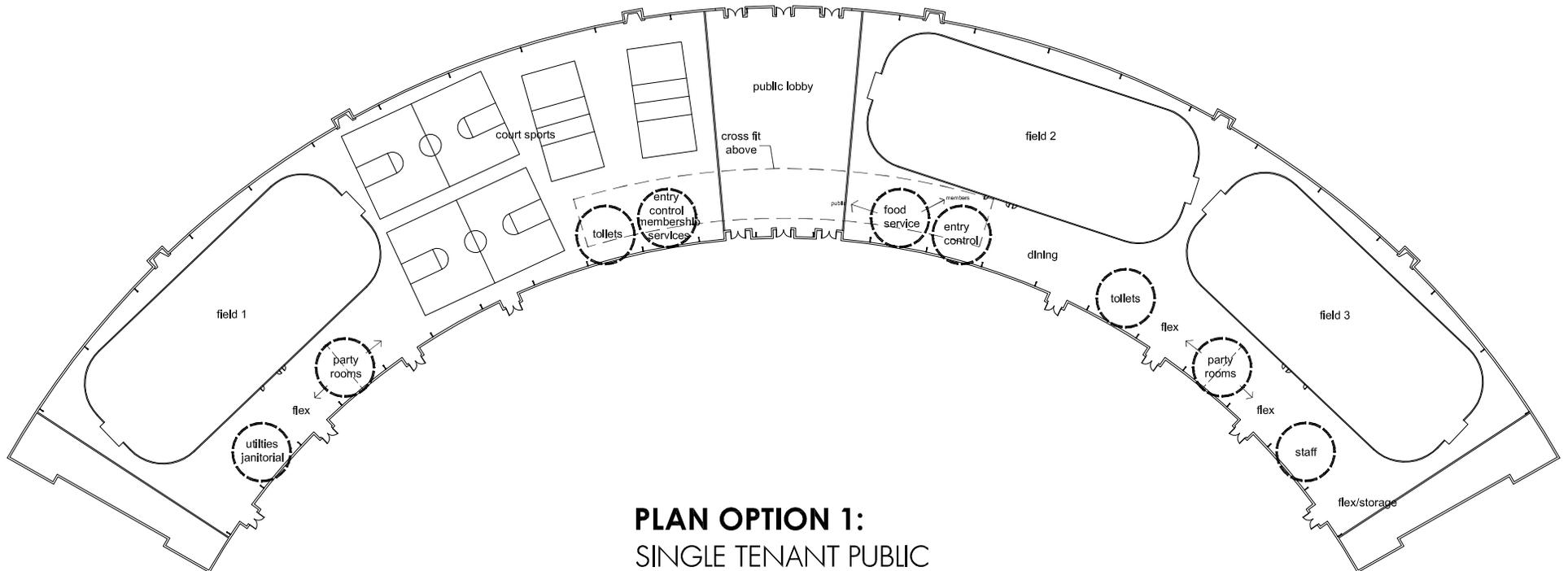
As demonstrated by Bladium’s Alameda and Denver projects, significant upgrades and/or overhauls of the HVAC, lighting, plumbing and ADA access points were completed. These improvements were made to match these structures’ use as recreational facilities in hopes of attracting participants of all ages and socio-economic levels.

The exterior will remain essentially unchanged, with the exception of amenities and signage to convenience the public. Amenities may include exterior sitting areas, bicycle racks, stretching stations, and drinking fountains.

Interior improvements will capture and enhance the Palace’s expansive industrial design, augmented to add a sense of vibrance and reflect current aesthetics. Our goal is to create a “friendly” atmosphere.

Specifically, 3 to 4 indoor multipurpose sports fields will be constructed, each enclosed within professional-grade walls or “boards”, topped by protective safety glass and netting. Additionally, “flex space” will accommodate uses such as group fitness, kids activities, community events, etc. To support these uses, changing rooms, a small cafe, observation areas, and a child care facility are proposed.

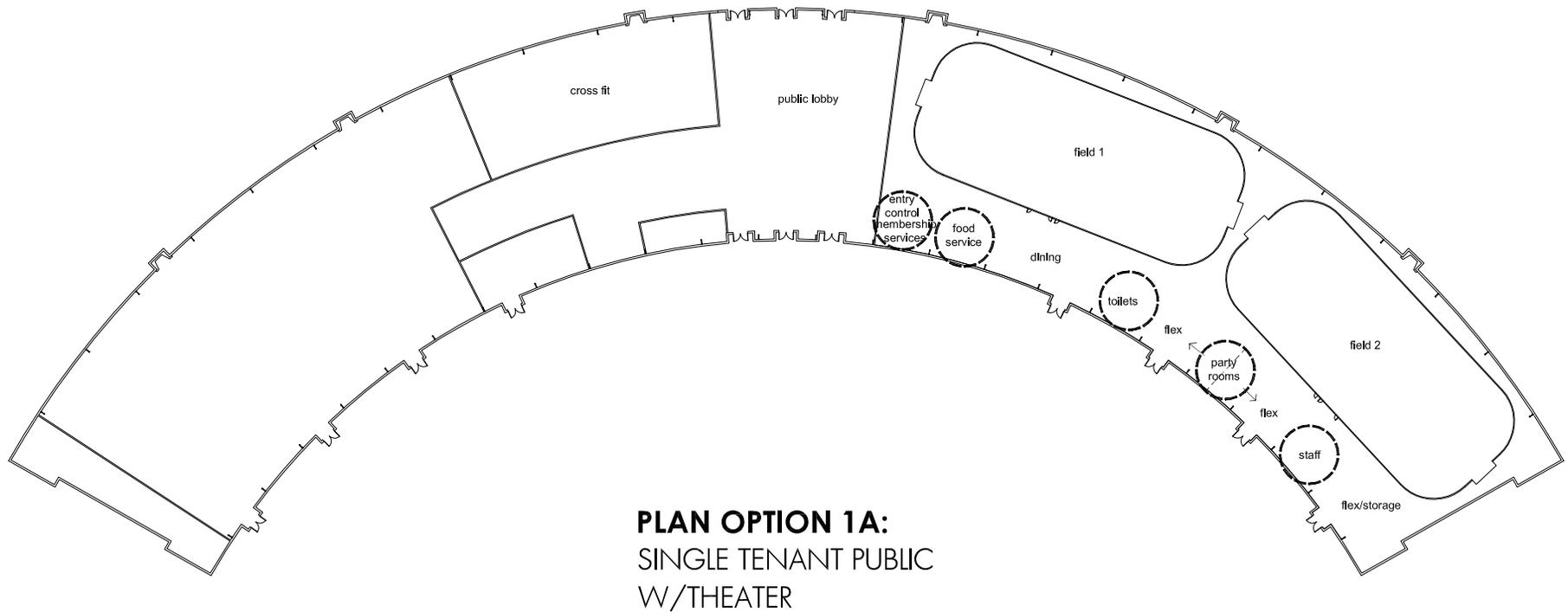
Plan Option 1



PLAN OPTION 1:
SINGLE TENANT PUBLIC

Per the RFCP, Bladium would assume 100% of the area and convert the entire structure – including the theater – to recreational uses consistent with our business model. The lobby would remain public, allowing for pedestrian traffic between the park and parking lot.

Plan Option 1A



Under this scenario, Bladium leases the entire space but occupies only the middle and north end of the building. A viable operator is found to utilize the theater for its intended use. The lobby is configured to allow for pedestrian traffic between the park and parking lot, as well as for access to the theater.

Link to Surrounding Areas

Description of How the Project will Complement and Link to Surrounding Areas

As important as its specific uses, the activities within Bladium and the new Palace will likely spill to the surrounding areas in the form of the following activities:

- Activities consistent with field sports and fitness, such as walking, jogging, yoga, tai chai, and other outdoor “workouts”
- Members patronizing nearby restaurants and retail shops before and after visits to Bladium
- Friends and family members who come to spectate and/or wait for spouses and/or children to complete their activities, who ultimately step outside to enjoy the Rotunda and surrounding grounds
- Public events that are hosted by Bladium and introduce people to the Palace’s new life
- Sporting events that attract participants from a wide geographic area who may ultimately seek lodging in San Francisco, spend time on the park grounds, and/or explore neighboring business districts

Parking, Traffic, Noise

Description of How the Project will Mitigate Parking, Traffic, and Noise

The nature of activities at Bladium are inherently low-density and spread over a wide range of days and times. This means very low volume traffic and parking demand. While the interior of Bladium's clubs are active and pulsing with the sounds of kids, athletes, and music, these noises do not project beyond the building's walls.

The exceptions to the above are if and when Bladium's reincarnation of the Palace would serve as host to sporting or community events. These would be well-orchestrated activities, designed to serve recreational athletes and families, or for the benefit of the local community.

In no case do we anticipate parking or traffic demands exceeding the Palace's prior uses. Additionally, the uses are likely to be at times other than peak commute hours.

Enhance the Visitor's Experience

Description of How the Project will Enhance the Visitor's Experience to the Site and Surrounding Park Property

Bladium will breathe new life into the Palace and park in the form of ongoing public use by local residents. It will reacquaint the San Francisco community with the Palace and park by changing its focus from the occasional visit, often by tourists, to a hub of regular activity by the very people who live and work nearby.

Additionally, Bladium attracts a wide range of ages and groups that value an active lifestyle. These are precisely the people who will find creative ways to enjoy the Rotunda and surrounding grounds. They will bring family and friends to share the experience, thereby creating an environment that is alive and inviting.

Department Goals & Objectives

How the Proposal Meets or Exceeds Goals and Objectives

- A tenant capable of restoring the Palace of Fine Arts Building

Bladium has demonstrated both its ability and skill at restoring spaces of this size with the opening of three prior sports and fitness clubs. Beyond our business interests, we have a passion for restoration projects.

- A financially viable tenant to enter into a long term lease agreement

Bladium is a financially sound and profitable business that has been in operation for 20 years. We are in exceptionally good standing with banks and investors. As evidence, Bladium was a finalist in the SBA's "Small Business of the Year" awards for its first venture in 1995. It is operated by two of the four founding partners, all four of whom hold MBA's from USC and UC Berkeley.

- A tenant that will complement and connect with the surrounding areas

Bladium is not an island. We are a regular destination for people with active lifestyles who live and/or work in the community. As such, and in that we focus on leisure-time activities, our patrons spill into the surrounding areas, seeking various products and services.

- Enhance the visitor's experience to the Palace of Fine Arts and park

Bladium will keep an active flow of San Francisco residents coming to the Palace, which will project a sense of activity and vibrance that will attract others. Additionally, we anticipate that Bladium's clientele will find ways to make recreational use of the park's features. We will also serve as a place of interest to those visiting the Palace and park to appreciate its architecture and beauty.

- Provide significant public access to the Palace

By definition, we exist to serve the public. While Bladium offers relatively low cost sports and fitness memberships, we are also open to those who want to use our facility on a one-time or infrequent basis by paying a very affordable day-use fee. Additionally, we are open to any member of the public who would like to attend our many kids camps or to host a kids birthday party. Finally, Bladium Alameda and Bladium Denver frequently host school field trips and community events.

Department Goals & Objectives (continued)

- Provide a use that will continually engage the public

Bladium's success as a business has hinged on our ability to evolve and serve public demands for recreational activities. We began as purely an indoor inline hockey rink, catering primarily to young males in their 20's and early 30's. As evidence of our ability to continually engage the ever-changing preferences of the public we serve, inline hockey has given way to more popular services such as Youth and Adult soccer leagues and clinics; group exercise; camps for kids; and birthday parties. This philosophy of adapting to the desires of our communities will continue.

- Provide a central entryway concept

First impressions are critically important to any business that hopes to attract and serve the public. Bladium is acutely aware that we compete with a myriad of options that vie for our audience's time. For that reason, we hope to engage people with a sense of "Wow!" upon entering the Palace.

- Restore the Palace of Fine Arts Building to its original architectural state

Part of our excitement for this project is the honor of occupying one of the world's most spectacular architectural sites. As our Country's culture has evolved in its dedication to fitness and active recreation, we see our role as redefining the Palace's history as an exposition venue and museum, into a celebration of community and the art of healthy activity. The preservation of the Palace of Fine Arts Building will be an immediate reflection of how we run our business, so we will be diligent in preserving the very special place it holds within San Francisco.

Protecting the Palace

How the Palace of Fine Arts Building will be Protected and Preserved

The attraction of the Palace as a home for Bladium is not its layout, but rather its architectural significance. It is in our best interests to protect that asset. To allow it to deteriorate under our stewardship would be immensely detrimental to our image as a positive contributor to the community.

Additionally, a Bladium Sports and Fitness Club is, in many ways, the facility that houses it. As a result, we are highly attentive to any structure we occupy.

We will educate ourselves on the care and maintenance of a building of this construction and dutifully inspect and attend to both routine upkeep and any needed repairs.

The Palace's history will be communicated to our clientele and they will help us celebrate and respect its significance.

And we look forward to working with the City of San Francisco in its role as landlord and ultimate custodian of this landmark.

- ✓ Lease Terms
- ✓ Static Pro Forma
- ✓ Overall Proposal Budget
- ✓ Market Justification
- ✓ Sources & Amounts of Debt
- ✓ Guarantees, Bonds, or Other

Request for Concept Proposals

Financial Materials

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Lease Terms

Bladium Sports and Fitness Club is pleased to submit the following summary Term Sheet proposal for the lease of the Palace of Fine Arts.

Lessee:	Bladium, Inc. or entity controlled by Bladium Inc.
Premises:	Approximately 103,000 square foot Palace of Fine Arts Building. Please refer to Exhibit 1 for further details.
Term:	55 years
Rent:	\$0.45 psf per month or 10% of gross revenues whichever is greater.
Capital Improvements:	Lessee shall be responsible for the capital improvements contemplated to the lease premises which are further defined in Exhibit 2 and include shell improvement costs as well as tenant improvements.
Use:	Public recreational use including but not limited to arena soccer, volleyball, basketball, boxing, martial arts, crossfit , fitness, birthday parties, summer camps, clinics, etc.
Rent Credits:	The Lessee shall receive rent credits in an amount equal to the costs of the shell improvement as defined in Exhibit 2. These rent credits shall be applied on a monthly basis at 80% of the total monthly lease amount until paid in full. We also propose that the cost of the capital be applied to any outstanding shell improvement balance.
Security Deposit:	TBD
Construction:	Construction of improvements are contemplated to take approximately 9-12 months. Lessee shall not be charged rent during this initial construction phase.
Lease Commencement:	The lease shall commence upon an issuance of a Certificate of Occupancy.
Taxes & Expenses:	Lessee shall be responsible for all the normal taxes and expenses.
Hours of Operation:	Lessee's hours of operation are Monday to Friday from 5 am to midnight and Saturday and Sunday from 7 am to midnight.
Repairs & Maintenance:	Lessee shall be responsible of all repairs and maintenance of the leased premises during the term of the lease.
Leasehold Encumbrance:	Lessee will be seeking financing for the capital improvements and will most likely have to encumber its interest in the lease with the lender.
Insurance:	Lessee will be responsible for providing appropriate insurance during the term of the lease.

Sources & Amounts of Debt

Financing

Bladium has excellent relationship with its lenders over the past 20 years, has an excellent history of profitability and has sufficient internal and personal equity available. Bladium has borrowed over \$10mm over this time, and has an excellent repayment and credit record. Bladium anticipates funding the large initial investments through a combination of internal equity, bank financing and rent credits.

BANK FINANCING.....	\$9,000,000
BLADIUM EQUITY.....	\$2,233,007
TOTAL BUDGET.....	\$11,233,007

Rent Credits

Bladium is proposing a lease rate of \$0.45 per foot, equating to \$556,740 per year. To cover the funding of the EHDD required improvements we propose that 80% of this be classified as rent credits to Bladium each month. This would leave the SF Park and Rec Department with a net rent of \$111,348 per year, until the EHDD Required Improvements are fully amortized. As Bladium would be funding a large part of these Required Improvements through bank financing, we also propose that the cost of the capital be applied to any outstanding EHDD Required Improvements balance.

Guarantees, Bonds, or Other

At this time, we do not anticipate using any guarantees, bonds, or other mechanisms to ensure timely completion. If need be, this can be addressed at the RFP and/or lease negotiation stage.