DEED OF GIFT AND CONDITIONS OF RACE

SAN DIEGO SIR THOMAS LIPTON CHALLENGE CUP

Whereas, the San Diego Sir Thomas Lipton Challenge Cup was created in 1903, and deeded to the San Diego Yacht Club in 1913, under a deed of gift which provides:

Know all men by these present: That I, Sir Thomas Lipton, of London, England, for the purpose of encouraging yachting on the Pacific Coast of America, and especially in the way of friendly contest in sailing and seamanship, do hereby give to the San Diego Yacht Club of San Diego, State of California, U.S.A., the Silver Cup delivered herewith, to be held, carried and sailed for under the following conditions:

FIRST: The name of the Cup shall be the San Diego Sir Thomas Lipton Challenge Cup.

SECOND: The title to the Cup shall always be in the San Diego Yacht Club of San Diego. In the case the Club should, for any cause, be dissolved, then the title shall revert to me. Should the Club holding the Cup be dissolved, then the Cup shall be returned at once to the San Diego Yacht Club. It is to be distinctly understood that the Cup is the property of the San Diego Yacht Club, and not that of the owner or owners of the vessel winning it in a match.

THIRD: There shall be at least two consecutive days racing each year under the sailing rules specified by the San Diego Yacht Club, and over the courses selected by the said Club, on the waters of San Diego.

Therefore, we, the Officers and Directors of the San Diego Yacht Club, in order to further the purposes for which the Sir Thomas Lipton Challenge Cup was granted to San Diego Yacht Club, do hereby adopt the following conditions to govern the conduct of future races for this Cup:

GENERAL DESCRIPTION OF THE EVENT

The San Diego Sir Thomas Lipton Challenge Cup shall be awarded to the winner of a series of at least three races, sailed over two or more days, on the waters of San Diego, California. Races shall be sailed under the rules of the ISAF (or any successor organization), as adopted by the US Sailing, the deed of gift and the conditions of race, and the rules of an offshore one-design class, or of a national measurement handicap role, or of a handicap offshore class, or under the rules of any other class or rule as shall be selected by the Board of Directors of the San Diego Yacht Club.

INVITATIONS TO CHALLENGE

Prior to February first of the year of the competition, San Diego Yacht Club will issue a Notice of Race and Invitation to Challenge to all yacht clubs which are members of the Southern California Yachting Association or the Yacht Racing Union of Southern California, and to all local associations of yacht clubs on the Pacific Coast and other yacht clubs selected by the San Diego Yacht Club's Board of Directors. In the event it is necessary to place a limitation on the number of participating yacht clubs, the selection by the San Diego Yacht Club's Board of Directors shall prevail.

The Notice of Race and Invitation to Challenge shall include the date of the series, the class or handicap rule selected for competition, the Challenge Rating and the rating range of the competition, any class rules, equipment rules, safety regulations, or special procedures applicable to the series, the entry fee, if any, and the procedure for issuance of a challenge.

CHALLENGES

Subject to the Notice of Race issued by the San Diego Yacht Club, which shall be the governing document of the event, the event may be held in either Offshore One-Design or Handicap Rule or Handicap Classes as more particularly described below.

Offshore One-Design:

If the event is to be sailed in an offshore one-design class, any invited yacht club may accept the invitation in writing to the San Diego Yacht Club at least 60 days prior to the date of the first race, and shall include any applicable entry fee, subject to the San Diego Yacht Club's Board of Directors action required to place a limitation on the number of challengers.

Handicap Rule or Handicap Classes:

If the event is to be held under a handicap rule, or under the rules of a handicap class, any invited club may issue a written challenge to San Diego Yacht Club prior to March 1, and shall set forth the name and rating of the challenging yacht, which shall be within the rating range set forth in the Notice of Race and Invitation to Challenge, In the event of a challenge under the a handicap rule which uses a wind speed matrix for the purpose of determining whether yachts are within the rating range, handicaps will be those applicable to an Olympic course in ten knots of wind. Prior to March 10, San Diego Yacht Club will inform all challenging clubs of the identity and rating of its representative. If the event is a fleet handicap race, the San Diego Yacht Club's representative shall not rate within 20 percent of the top of the rating range.

ELIGIBILITY OF CREW AND YACHT

Every invited yacht club of the Pacific Coast of America, and all other invited clubs shall be eligible to enter a challenge. Each club shall enter only one yacht, and each member of the crew shall be a member of the club which the yacht represents, and shall have been such a member no less than 180 days prior to the first day of the racing. Spouses of eligible members and eligible members' children (dependents) through the age of twenty-two years shall be eligible to compete. The age limit for dependents may be increased to the age specified in the bylaws of the club, but in no cases shall the age exceed 26 years old without prior approval. If the event is to be sailed under a handicap rule, or under the rules of a handicap class, then a yacht must be wholly owned by, or under construction for a member or members of the club it is to represent on the date of the challenge, and must have a valid rating certificate of its rating for the competition at least 30 days prior to the date of the first race. If the event is to be sailed in an offshore one-design class, an eligible yacht club may charter a yacht to enter in the competition.

MEASUREMENT CERTIFICATES

If the event is to be sailed under a handicap rule, thirty days prior to the date of the first race, all challenging clubs shall send San Diego Yacht Club a copy of the valid rating/measurement certificate of the yacht with which it is challenging, and San Diego Yacht Club will send each club a copy of the rating/measurement certificate of it representative. San Diego Yacht Club will maintain copies of all certificates in a file at the Club office, and will have all certificates verified as conforming to the Conditions or Race by a measurer certificated by the National Authority. In the event that a yacht's rating has been changed since the challenge, her rating must be within one percent of her challenge rating, and must comply with all other restriction of this Condition of Race.

If the event is to be sailed under the rules of a racing class, then each participating club shall meet all class rules for participation in class races thirty days prior to the date of the first race, and each challenging club shall send San Diego Yacht Club a copy of the measurement certificate (if any) of its representative and all other evidence of eligibility required by the rules of the class, and San Diego Yacht Club will send copies of the above documents to each challenging club.

PROTEST COMMITTEE

Protests shall be resolved by a Judges' Committee in a manner deemed most appropriate by the Judges Committee, which shall be comprised of a judge appointed by San Diego Yacht Club, a judge appointed by the defending club, and a judge appointed by a third challenging club designated by San Diego Yacht Club. If San Diego Yacht Club is the defending club, San Diego Yacht Club shall appoint only one judge, and will designate two challenging clubs to each select an additional judge. To the extent possible, all members of the panel shall be judges certified by the National Authority. No member of

the panel shall be considered an interested party, under US Sailing Rules, solely by the virtue of the circumstances of his appointment to the Judges' Committee. The names of the membership of this panel shall be sent to all challenging clubs at least 45 days prior to the first race.

RACE COMMITTEE

The races shall be conducted by San Diego Yacht Club. The Race Committee shall prepare the Sailing Instructions and submit them for approval to the Judges' Committee at least seven days prior to the first race.

SPECIAL REGULATIONS AND MEASUREMENT

Thirty days prior to the first race, San Diego Yacht Club will advise each challenging club of any special regulation applicable to the series, and of the schedule of any inspection or measurement of yachts or their sailor or equipment prior to the first face of the series.

TROPHIES

Appropriate trophies will be provided for the winning yacht club. The name of the winning yacht and other particulars of the race will be engraved on the base of the Sir Thomas Lipton Challenge Cup Trophy, which will remain on permanent display at the San Diego Yacht Club or at the winning yacht club subject to the terms of a separate custody agreement.

DISPUTES

The Board of Directors of San Diego Yacht Club shall determine any matters not covered hereunder, or any disputes arising out of the Deed of Gift and Conditions of race. Questions regarding the interpretation, clarification, or modification of the Deed of Gift and Conditions of Race should be addressed to the Board of Directors.

Adopted on August 15, 2013.

Charles B. Hope, Jr. Commodore

Brian D. Thomas Secretary