

# FAN-OWNED SAILGP TEAM

## DAO WHITEPAPER FOR POTENTIAL OWNERS/MEMBERS

### What is this document?

Welcome to the whitepaper for the proposed Fan-Owned [SAILGP TEAM](#). This document is meant to inform and inspire participation into this new Decentralized Autonomous Organization (DAO) owned SailGP Team. We are looking for a group of like-minded sail racing enthusiasts who want to join together to acquire rights in a new SailGP Team. This document is meant to be an overview and works in conjunction with the PPM (Private Placement Memorandum) for investment specifics and the DAO Constitution for governance specifics.

---

## PREAMBLE

*Jackson Hole, Wyoming, February 2022*

The founders and team members of **Bernoulli | Locke** ([BL](#)) is focused on creating and investing in member-based businesses organized around passions and experiences) sat around a large wooden table, just outside of the window, the incredible Grand Tetons and the perfect ski resort competing for our attention. We had just finished an exhilarating and successful three days of “**The Wild West of NFTs**” conference that we had hosted. We were firmly entrenched into the world of web3, and how these new constructs create new opportunities for building businesses, creativity, inclusion, and energy towards a new world. Powered by this experience – we discussed what would be next for this team and the **Bernoulli | Locke** principles were at the front of our thoughts...

1. Experiences are powerful, we want to enable deep, meaningful experiences that are both enlightening, entertaining and rewarding
2. Focus on passions – motorsports, sailing, music, entertainment – where passionate fans are at the heart
3. Engage new structures and technology to drive business creation and operation: DAOs, blockchain and Web3 thinking are all top of mind

Sitting around that table, talking about these things, one idea kept rising to the top – can a DAO own a sports franchise? Was it possible to have an operating business with a core asset that is run as much as possible by its fans? This idea captivated us and propelled us.

We had exposure to **SailGP** and the USA **SailGP** team through one of our founders. Sailing, racing, and boating in general was a part of our team’s DNA. What **SailGP** was doing as a sports innovator captivated us. Racing close to shore made spectating live engaging, the video product was filled with incredible camera angles and data that gave the fan a new perspective on the racing. The boats themselves are at the pinnacle of current racing technology, generating unheard of speed and challenges for the top professional crews around the world.

Would SailGP consent to a DAO owned team? We started a dialogue with SailGP to find out. Simultaneously, serendipitously and in a sure sign of synchronicity, SailGP had just formed a partnership with the **NEAR** Foundation, a layer 1 blockchain and web3 technology ecosystem. We began to dig in to understand how we could do this, how to make it legally compliant, be fair to owners, and be more than a DAO in name only – and instead be an operating entity with

meaningful decentralized decision making, while balancing the needs associated with managing an operating business – a sports team no less – 365 days a year. We also started to explore NEAR – and what their benefits and advantage could be, and we were impressed. In return, as it happens, SailGP and NEAR in digging into their partnership, put a DAO-owned team as a core goal. Again, serendipity.

It was in the stars so to speak – so we began almost a year of thinking, planning, meetings and more; a journey that leads us to this point of putting out this whitepaper to inspire others to join our mission, be owners of a team in the SailGP racing league and be a part of sports ownership leadership and innovation. This has been a massive learning process, we are in unexplored territory – and there are many points of view, and opinions, the legal side of DAOs are still a work in progress. We have had to close down some options and open up others. Ultimately, in order to accomplish our goals, we have refined our approach. We needed a new type of DAO and a construct that would bridge the old world and the new. A summary of those goals, challenges and our response follows.

**What we want to accomplish: Build a successful team with a large passionate fan base: and have fun! That requires:**

- Securing a territory for the team that is exciting and commercially viable while working within the SailGP league structure that to date has single nations competing against each other.
- Successfully launch a top tier sports team that's owned by its fans
- Providing two options for fan participation, governance, and engagement:
  - ownership, governance and experiences for one group; and
  - governance input and experiences for a second group
- Supporting the SailGP league in fan growth, excitement, and innovation
- Establishing a unique, fan-centric ownership structure using DAO principles
- Building a bridge to blockchain investing for the more traditional investor but compelling to crypto natives

**The challenges:**

- Decentralized control isn't conducive to split-second decision making and team operations have very demanding requirements. Sports teams are traditionally centralized by definition. So, in lieu of a *completely* decentralized operation – we need a way to approve general direction and allow team personnel to execute on that direction, while keeping the community involved and enhancing engagement over time
- Being compliant with securities laws and regulations and limiting liability for all parties
- Leveraging a structure that can provide governance, access and participation opportunities beyond the investors to a broader number of fans
- Significant costs arising from development efforts and obligations to SailGP under a participation agreement (the "Participation Agreement") including a license fee for a team, as well as team operations expenses create significant fundraising requirements, i.e. 2 years of operations + the license fee will cost at least \$30 million dollars
- Financial operations should be transparent, yet allow for traditional contracts and payments to occur, essentially on-chain smart contracts that activate off-chain financial transactions

## How we are meeting these challenges:

In order to find solutions to these challenges we have consulted experts, spoken to different firms for their points of view and opinions, we have coordinated with SailGP and with the NEAR Foundation to create a solution that attempts to thread the needle on these topics. We are continuously seeking counsel in various ways to validate and refine our approach.

Is our solution final and perfect? We would love to think so. However, the next step in this journey is to bring in outside opinion and most importantly the community of interested and potential investors/DAO members (you the reader of this whitepaper). We are doing this for all of us – and require the community to be involved as an active participant in this process.

- We are creating a new kind of “limited DAO” – bridging TradFi and DeFi – for:
  - up to 2,000 equity token holders (owners); and
  - 10’s of thousands of non-owner fans.
- This DAO operates in most respects like any DAO, with individuals able to propose and vote on proposals that are to be implemented. The main DAO connects to a sub-DAO of Season Pass NFT holders. The NFT holders can create proposals in the sub-DAO and pass them to the main DAO to be fully voted on and passed.
- The DAO Constitution will mandate specific operational processes, like an annual budget proposal that allows the DAO to vote to empower specific actions – like a sporting director hiring the athletes, or specific marketing plans.
- A management services agreement (MSA) with a 3<sup>rd</sup> party management entity (Bernoulli | Locke – the founders of the DAO) will be executed to ensure day-to-day operations and fiscal management happen in a timely and professional manner for the benefit of the DAO, and in a manner as set forth in the DAO Constitution and MSA. This MSA would be proposed and voted on by DAO for each term of the MSA.
- The equity token holders will have votes in the main DAO, they can make any proposals they want. Smaller subject area committees (marketing, technology and security, etc.) decide on which proposals go to a full vote, and if passed get executed by the appropriate owner of this decision (typically the management team).
- Season Pass NFT holders have votes delegated to the NFT Sub-DAO. They can make proposals and all NFT holders may vote to pass or reject proposals. Passed proposals go to main-DAO for a full vote and final decision. Some topics may be fully delegated to the NFT sub-DAO along the way, by a proposal or amendment to the Constitution.
- SailGP’s expansion of the Participation Agreement to allow for a multi-country region as a team territory
- Team name and livery will be subject to a DAO vote.

---

## VISION

**Fans will become a part of sporting history, getting closer to the sport than ever before as owners and DAO community members of a new SAILGP Racing Team.**

**SailGP** is a purpose-led, global racing league. It is one of the fastest growing sports properties and the world's most exciting racing on-water. Now in its third season, SailGP features national teams battling in short, intense races at iconic stadium-style venues across the globe, with sailing's top prize money of US\$4.3 million at stake. The high-tech, high-speed action features the sport's best athletes racing in identical, hydro foiling F50 catamarans, flying at speeds approaching 100 km/h.

The **SAILGP** Team DAO mission is to create a decentralized community giving governance to DAO members with a class of limited (2,000) equity token holders as team owners and an unlimited number of Season Pass NFT holders who get access to experiences and governance rights but not ownership or any right to the profits from the business.

The team's territory combines the Caribbean and Bermuda, an internationally recognized sailing and business destination, providing the team with a diverse, culturally vibrant, and historic sailing region to mount a competitive SAILGP team.

---

## THE DAO

As a DAO, the community of token holders has governance and decision-making benefits regarding efforts to be competitive, commercially successful, and a global leader and innovator in fan experience. Every DAO member will be a part of the adrenaline, exhilaration, excitement, and competition of this new race series at the very pinnacle of global racing.

We believe this DAO, through its community of members, can be a powerful catalyst for the SailGP league's continued growth and success, stimulate deeper penetration across global audiences, support the SAILGP team and the league in ways that a traditional single owner could not do.

Developing and showcasing the power of this new model of professional sports-team ownership will pave the way for others to follow, bringing more and more fans closer to the sports they love.

## HOW

The Sail GP Team will be an ecosystem of three entities working together to bring a diverse group of participants to this support new experiment in team ownership, specifically:

1. WY DAO LLC (DAO) – technically the team resides here – this entity will contract with SailGP to hold license rights to the team and make and receive payments to SailGP. This entity will enter into a management services agreement with Bernoulli | Locke to help ensure compliance, management of funds and execution of decisions.
2. Equity LLC (expected to be an LLC in WY or another jurisdiction) will sell DAO Equity Tokens to up to 2,000 token holders who must be accredited investors. Token holders will have governance rights with decisions flowing through to the DAO.

3. An offshore entity or foundation (the NFT Season Pass Entity) for NFT sales that will have contractual rights to sell NFTs, provide NFT holders with the “Season Pass” and voting rights relating to make proposals for the DAO.

## WHAT

### ***Specifics on Each Entity in the Ecosystem:***

#### *The DAO*

Governed by the DAO Constitution, the DAO is responsible for:

- Raising funds necessary to pay the fees to SAILGP League required to activate the license for a team as well as for 2 years of operating expenses as required by the Participation Agreement through its contractual relationship with the Equity LLC.
- Paying such amounts to SailGP as required by the Participation Agreement.
- Hiring (and supporting) the managing entity (initially Bernoulli | Locke, LLC for the first two years, (subsequent years supported by DAO vote) to run the business affairs of the DAO within a cost limit of 15% of the overall operating budget as set forth in the PPM, or \$1,000,000, whichever is less. Bernoulli | Locke is also receiving founders tokens for its role in establishing the DAO and shepherding this opportunity to completion.
- Passing an annual operating budget through a proposal submitted by the managing entity and voted on as per DAO Constitution.
- Hiring and supporting the Sporting Director who in turn will be responsible for the critical sporting related decisions to operate a high-performance sports team - management of the sailing team, hiring and training, and all racing decisions
  - DAO will vote to hire this position
  - The DAO can establish proposals to the Sporting Director, subject to the DAO Constitution
- Promoting the awareness of the team, sport, and events.
- Supporting the overall commercial efforts and revenue generation, executed by the management team, across key revenue streams including sponsorships, media sales, merchandise, NFT Season Passes, Special Experiences and Event sales.
- Focusing on environmentally responsible sport and protection of our oceans, through:
  - Selecting a team charity (in accordance with SAILGP Participation Agreement and DAO Constitution)
  - Supporting the selected charity
- Adhering to the Participation Agreement.
- Contracting with NFT Season Pass Entity to provide rights to issue the “Season Pass”, NFT’s and voting rights relating to make proposals for the DAO.
- Distributing any profits in from the DAO in accordance with the DAO Constitution to Equity LLC for its token holders.

#### *The Equity Token Owner Benefits:*

- The right to any profits distributed by DAO as result of the SAILGP Participation Agreement.
- Insider access to racing content, data and events as available.
- Access to committees and “Sub-DAOs” that are expected to be created covering specific areas of need and expertise, in order to leverage the energy and passion of the community for the betterment of the team and the benefit of the DAO.
- Connection and direct access to DAO ecosystem members and community.

- Ability to propose, comment and vote on DAO proposals across a broad range of potential governance topics including event participation (allocation of tickets and special experiences during race weekend), allocation of limited opportunities, commercialization, fan engagement opportunities, marketing and promotion, annual budget approval, team decisions and other team related decisions which will be set forth in the DAO's constitution.
- First access to new efforts of commercialization including merchandise, Season Pass and other NFTs, among other things.
- Equity tokens are expected to be tradeable, subject to restrictions and holding requirements under existing securities regulations and contractual restrictions to be highlighted in the PPM.

*The Season Pass NFT Holder Benefits:*

- Annual Season Pass NFTs will be issued, and holders are expected to have a limited set of rights and access that will be designed with input from the DAO to further create fan engagement.
- Proposal and voting rights within a sub-DAO (as proposals are passed, they are passed up to DAO for final voting).
- Season Pass insider access to racing content, data and events as available.
- Early window to purchase the next year's season pass.
- Season Pass NFTs can be sold and traded as NFTs, but are only valid for the Season for which they are intended.
- Price range for NFTs is expected to be within \$100-\$500 to any interested fan
- NFTs are not equity interests. NFT owners will have no rights to profits from the DAO or any other entity.

**Simple Governance (Governance will be detailed out in the constitution)**

- The DAO technically has two members: Equity LLC and the NFT Season Pass Entity; however, all equity token holders of Equity LLC will vote on instructions to be provided to the DAO with votes delegated to token holders based on their investment.
- Votes by Equity LLC token holders will be passed through to the DAO as the vote of Equity LLC.
- The DAO Constitution will outline different quorum and voting options as well as specific proposals that are mandatory (license and operational fees to SailGP, annual budget funding, athlete funding, and other operational requirements).
- The main DAO will accept passed proposals from sub-DAOs including the Season Pass NFT holders and enter these proposals into the main DAO voting process.
- The treasury is unhooked from the DAO and is managed by the operating partner according to the budget and approved proposals.

## WHEN

Our objective is to be ready to compete for the start of season 4 in June 2023.

- DAO ecosystem will be launched for equity token holders in Equity LLC and founders in mid-December, 2022.
- Season Pass NFTs will begin to be sold by NFT Season Pass Entity in early January, 2023.

- As individuals commit to purchase tokens, their money will be held in escrow. Potential token purchasers will then be on boarded to the DAO as voting members and will participate in voting on key proposals prior to completion of the raise.
- Final closing is anticipated at end of February in order to compete in Season 4. Assuming this deadline is met:
  - Team/Athlete selection will be completed in February
  - Training and initial team operations will begin in March, leading to Season 4 first event 1 in June
- Should the requested funds not be raised within this timeline, the DAO may choose to continue to raise funds to launch in Season 5. Once this decision is made, if requested within 30 days, individuals who have committed to purchase tokens, and placed funds on deposit shall have the right to receive their funds back.

## How to participate:

- Potential investors can begin their journey on <https://Fanvest.io>
- Official Telegram Channel is: [Fan Owned SailGP Team](#)
- Investors will be able to read further documentation, invest, purchase their equity token and become DAO participants at <https://NewSailGPTeam.com> (with a targeted live date of December 10<sup>th</sup>, 2022)
- Must go through a “know your client” (KYC) process
- Documents required for equity tokens: Non-disclosure agreement, PPM, Subscription Agreement for equity tokens, as well as proof of accredited investor status
- Documents required for NFTs: NFT purchase agreement
- How equity tokens are acquired: Once documents are signed, an ACH gateway to accept funds will be available. Equity Tokens are \$20,000. We will also accept crypto.
- Transferability Restrictions: Equity Tokens will not be transferrable for 1 year from closing. After the first year of operation, a secondary market will potentially be provided through the DAO.
- In the event that the deadlines for funding Season 4 or other launch requirements are not met, a decision will be made by relevant parties regarding whether to continue moving to Season 5 or returning funds back to the investors and purchasers of NFTs. Until the agreement with SailGP and the DAO (the Participation Agreement) is activated, all funds will be held in escrow.
- Season Pass NFTs will be available at the same site at a future date.

### Additional Specifics:

- The DAO and tokens are being built on the **NEAR** blockchain, a partner of **SAILGP** and a leading, energy efficient, blockchain ecosystem.
- Our new team is anticipated to be the 10<sup>th</sup> team in the league, and we are aggressively targeting a launch for Season 4 (June 2023) with 14 events currently scheduled worldwide including one within the home territory.
- Approvals of the DAO Constitution and the Bernoulli | Locke initial management agreement will be part of the initial DAO setup.
- Equity Owners are expected to be able to vote on further proposals commensurate with their tokens.
- We expect that the new team’s name, flag, nickname and livery will be proposed and voted on by founding DAO group if time allows.



- Inclusion of regional participation from the Bermuda and Caribbean territory in the DAO community is anticipated and will be encouraged. The DAO will provide ways to integrate in and participate with the region through its leadership, potential commercial interests, culture, athletes, and fan-base in the region.

## **About Bernoulli | Locke:**

Bernoulli | Locke is focused on creating and investing in member-based businesses organized around passions and experiences. We invite individuals to explore their interests in new ways by utilizing the tools of Web3 to create unique and innovative community engagement and to invest in and own businesses leveraging the benefits of a DAO to better serve their passions.

## **About the Caribbean & Bermuda Territory**

Rather than a single country for the team we wanted to pay tribute to one of the greatest sailing grounds in the world – the Caribbean & Bermuda. This includes all countries that the Caribbean Sea touches across the island chain up into the Atlantic to Bermuda including Central American countries touching the Caribbean Sea. The region is home to remarkable islands, legendary sailing, rich history, diverse culture and is a perfect home for this team.

The territory of the team is Bermuda, Antigua and Barbuda, Bahamas, Barbados, Cuba, Dominica, Dominican Republic, Grenada, Haiti, Saint Kitts, Nevis, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Trinidad, Tobago, St. Martin/Marten Turks and Caicos, Puerto Rico, US Virgin Islands, British Virgin Islands, St. Barts, Anguilla, Aruba, Cayman Islands, Curacao, Guadeloupe, Martinique, Montserrat, St. Eustatius, Honduras, Nicaragua, Costa Rica, Panama, Belize, & Guatemala.

We believe this broad region gives the team the opportunity to maximize athlete potential and growth, enhances possible commercial potential, counts on the appeal of the region, its colors, culture, and beauty to help drive the fan base, and factors in other opportunities:

- A base of operations in Bermuda (business, crypto, tourism and sailing friendly location for the new team)
- Supports both the Caribbean and Bermuda causes through fund-raising efforts and exposure
- Allows a wide variety of sponsorships
- Work with media partners where our focus and story resonate (primarily serving media markets across the region)
- This team will hire and recruit from the world's top sailors while following the SailGP Nationality Requirements as an "Other Country" with the territory being any of the individual countries specified in the region. Initially 3 of 6 athletes will need to be from the territory growing to 5 of 6 by the fourth season of participation.