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1 Executive Summary
San Diego has developed a fair, viable, and publicly acceptable plan for financing and constructing a new stadium for use by the San Diego Chargers and National Football League. This world-class stadium will provide fans and corporate partners a premium experience as good as any in the NFL offering the most attractive Super Bowl venue in the country.

A GROWING NFL MARKET DISTINCT FROM LOS ANGELES

For 55 seasons San Diego has proven to be a great NFL city. With a fan base distinctly different from Los Angeles, San Diego sits in the top third of the 32 NFL markets after adjusting for local major league team competition. Its market size and strength, strong economy and natural beauty continue to make it one of the most desirable destinations for NFL fans from across the country. While some NFL cities are declining in population and economic activity, San Diego continues to grow and flourish.

LOYAL FANS & BROAD COALITION OF SUPPORT

San Diego fans have continued to support the Chargers despite the uncertainty about the team’s future. In fact, 2015 ticket sales reached the highest number since 2008. Regional political leadership strongly backs a new stadium, and San Diego’s project has received enhanced certainty from a special certification by the Governor of California.

A WORLD-CLASS STADIUM THAT EMBRACES SAN DIEGO’S BEAUTY

Professionals with decades of experience building NFL stadiums helped complete the highest level of environmental review, develop a comprehensive proposal to fund and construct a $1.1 billion Super Bowl-ready facility, and create a breathtaking design that embraces San Diego’s outdoor lifestyle and beautiful weather. These good-faith efforts have set the stage for a new state-of-the-art home for the Chargers and an exciting new chapter for generations of San Diego Chargers fans. The Chargers must re-engage for final approvals to take place.

READY TO MOVE FORWARD & OPEN A NEW STADIUM BY 2019

San Diego stands ready to negotiate with Chargers’ ownership on a term sheet for the County Board of Supervisors and City Council to approve and place on the ballot, which will provide the project greater certainty by eliminating the risk of a public referendum under California law. The plan can be placed on the next regularly scheduled ballot in June 2016 if the team re-engages. The people of San Diego want the Chargers to remain in San Diego. When the vote passes, construction can begin in a matter of months and the stadium will be ready for the 2019 season – the same opening date as stadium proposals in Inglewood and Carson.

San Diego is home to the Chargers, and we are ready for another five decades of shared success. San Diego’s stadium proposal, growing market, desirable location and loyal fan base will continue to bring economic prosperity to the Chargers and NFL for years to come.
December 30, 2015

NFL Committee on Los Angeles Opportunities
345 Park Avenue
New York, NY 10154

Gentlemen:

The City of San Diego and the County of San Diego are pleased to respond to your invitation dated December 4, 2015, to describe our plan to provide the San Diego Chargers and the National Football League with a viable stadium solution that offers the Chargers the opportunity to maximize its future revenues in the same location that has been its home for 55 seasons.

San Diego is a Premier NFL Community

The San Diego market has, and continues to, support the Chargers. The Chargers are uniformly recognized for their popularity throughout the region. Ticket sales for the 2015 season reached over 56,100, according to The San Diego Union-Tribune, reflecting the highest number sold since 2008 in spite of all the negative publicity surrounding the possible relocation to Los Angeles. During the past several weeks, media reports (including the attached Sports Illustrated story) have marveled at how San Diego fans have remained supportive of the team throughout this process. Despite being out of playoff contention for some time, Qualcomm Stadium has remained packed throughout this season, all the way through the December 20 final home game of the season. Through over five decades of highs and lows, this community continues to support the Chargers.

In contrast to the six professional sports franchises in Los Angeles, there is just one other major league sports franchise in San Diego. Having only two major league teams in the region limits sports competition and increases the revenue generating opportunities of the local teams. In fact, our market demographic rankings improve significantly when accounting for the number of major league teams in each NFL market. After adjusting each market for local competition, San Diego sits in the top third of the 32 NFL cities, ranking 3rd in population, 4th in households and radio population, 5th in corporate base (more than $20 million in sales), 7th in high-income households and companies with more than 500 employees, and 8th in television population.

San Diego’s Regional Economic Growth and Market Strength

San Diego and Los Angeles are distinctly different market areas. The San Diego region has over 3 million people and the CaliBaja mega-region along the international border (San Diego County/Imperial County/Baja California including Tijuana) boasts a combined population of more than 6.5 million. Our proximity to Mexico and the Pacific is one of the region’s greatest strengths. We are home to the busiest international land border crossing in the world, representing billions in international trade every year.

The region is a leading hub for technology and life sciences entities with over 7,000 companies and 150,000 high-tech jobs. San Diego ranks in the top third of the NFL in terms of corporations per franchise and has the largest concentration of U.S. military personnel in the world.

Despite the physical and revenue generating limitations of Qualcomm stadium and the fact that the current lease does not provide the Chargers with any naming rights revenue, the Chargers’ total revenue ranks 22nd in the NFL, ticket revenue ranks 18th, local TV viewerhip was 16th in 2014, and average attendance is 18th this season. Attendance has increased each year since 2012. The Chargers’ operating profit, according to Forbes, was approximately $64 million in 2014. Further, the NFL commissioned study by Convention, Sports & Leisure International indicates strong market support for a new stadium.

Despite being out of playoff contention for some time, Qualcomm Stadium has remained packed throughout this season, all the way through the December 20 final home game of the season. Through over five decades of highs and lows, this community continues to support the Chargers.

The City and County of San Diego (“San Diego”) have come together in an unprecedented fashion to provide the Chargers a stadium solution. Within his first year in office, Mayor Kevin Faulconer began working with Supervisor Ron Roberts and the elected City Attorney Jan Goldsmith to put together a realistic plan that includes a significant funding commitment toward the construction of a new stadium facility – representing the largest public commitment to a multipurpose sports and entertainment venue in the history of the State of California.
San Diego, through a vote of the City Council and County Board of Supervisors, brought on firms with extensive experience working with NFL teams – Nixon Peabody, Citigroup and Barrett Sports Group – to refine our plan and negotiate in good faith with the Chargers. In addition to the City’s and County’s attorneys, San Diego was advised by Michael Zischke, California’s foremost expert on the California Environmental Quality Act (CEQA) who literally wrote the book on this subject and is cited extensively by California courts.

Notwithstanding San Diego’s readiness to negotiate financial terms, the Chargers remained singularly focused on the project’s permitting process under CEQA. Recognizing the requirement of any new stadium to comply with California’s environmental review process requirements, San Diego engaged the Chargers to determine the most expeditious and mutually agreeable way to comply with the statute. After several meetings on options to adhere to state environmental laws and after the Chargers’ legal counsel expressed a preference for a full environmental report, the City of San Diego committed to performing an environmental impact report – the highest level of environmental review in California. The City Council authorized a $2.1 million expenditure, committing substantial resources in order to complete the comprehensive report. More than 100 contractors, scientists, planners, attorneys and City staff, including environmental and engineering firm AECOM, worked around the clock for San Diego to meet the NFL’s stated timeframe of an election by early January 2016 to be able to provide certainty to the league.

Soon after San Diego announced that it was willing and able to call a special election to approve a term sheet by the NFL’s January deadline, the Chargers cut off talks. While San Diego continued to work, the Chargers refused to engage or meet in good faith on stadium financing. When the Chargers walked away from the table after just three meetings, it made it impossible to negotiate a term sheet and, therefore, meet the NFL’s original timing.

Still, San Diego persisted in its efforts to work in good faith. We engaged Populous, designers of 13 NFL stadiums, to create a magnificent NFL stadium of the future, designed to be authentic to San Diego and celebrate the region’s natural beauty and culture of innovation. This stadium can be developed within the identified $1.1 billion budget and will provide fans and corporate partners with a premium stadium experience as good as any in the NFL, offering the NFL the most attractive Super Bowl venue in the country.

Turner Construction, builders of nine NFL stadiums, was retained to verify the construction costs. Turner has confirmed that this state-of-the-art facility can be developed for $1.1 billion, given that there are essentially no out-of-pocket costs for land, infrastructure or remediation, because the new stadium will be built on the same parcel as Qualcomm Stadium.
6. The summary of the financial plan would be as follows:

**Sources:**

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<tr>
<th>Source</th>
<th>Amount</th>
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<tr>
<td>City Contribution</td>
<td>$200 million</td>
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<tr>
<td>County Contribution</td>
<td>$150 million</td>
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<tr>
<td>NFL G-4 Contribution</td>
<td>$200 million</td>
</tr>
<tr>
<td>PSL Sales (net)</td>
<td>$187 million</td>
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<tr>
<td>Chargers Funding</td>
<td>$363 million</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$1.1 billion</strong></td>
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**Uses:**

<table>
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<tr>
<th>Use</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Stadium Construction per Detailed Cost Breakdown</td>
<td><strong>$1.1 billion</strong></td>
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The Chargers Have Always Known That a Public Vote was Required

We were disappointed that the Chargers refused to meet and confer to discuss the development of a proposal for the financing and development of a new stadium to be voted on by the general public. Regardless of whether we would eventually reach an agreement, under Section 3.2 of the 2004 amendment to the Lease Agreement\(^1\) between the City and team, the Chargers have always known that a public vote would be required:

"The Parties shall meet and confer on a mutually convenient basis to discuss the development of a proposal for the financing and development of a new stadium to be voted on by the general public...."

Although we understand that there was no assurance of an agreement, there was assurance that the parties would meet and confer in good faith in a collaborative effort and, should an agreement be reached, the result of that effort would be voted on by the general public.

San Diego is Home to the Chargers, and We Are Ready for Another 50 Years of Shared Success

In a short timeframe, San Diego developed a fair, viable, achievable and publicly acceptable stadium plan. These good faith efforts represent a new state-of-the-art opportunity for the team and an exciting venue for generations of San Diego Chargers fans. However, as we have stated repeatedly, we need the Chargers to engage and agree to a term sheet that will be subject to a public vote, as stated in the Lease Agreement.

The Chargers emphasize that they have tried to achieve a San Diego stadium solution for more than a dozen years. Yet they steadfastly refuse to work in good faith with this mayoral administration, City Council and County Board of Supervisors. In fact, the more San Diego has done, the less engaged the Chargers have become.

San Diego stands ready to negotiate with Chargers ownership on a term sheet for the County Board of Supervisors and City Council to approve and place on the ballot, with the next regularly scheduled election taking place in June 2016 – the same ballot as the mayoral re-election. We are confident that the people of San Diego want the Chargers to remain in San Diego for another 50 years. When the vote passes, construction can begin in a matter of months and the stadium will be ready for the 2019 season.

For more than 50 years San Diego has proven to have the hallmarks of a great NFL city. Its strong market, growing economy and natural beauty continue to make it one of the most desirable destinations for NFL fans from across the country. And, its enduring fans have continued to support the San Diego Chargers despite the uncertainty of the team’s future. With the world-class stadium venue we propose, San Diego – with a fan base distinct from Los Angeles and a regional market that has proven to bring economic prosperity to its franchises – will continue to offer opportunities to enhance the economic success of the Chargers and the NFL.

For your convenience, this packet summarizes the presentation provided to the NFL owners in New York City on November 11, 2015, as well as some additional relevant supporting documentation.

We appreciate all of the time the Committee and the NFL staff have dedicated to San Diego. We look forward to continuing our long-standing relationship.

Sincerely,

Kevin L. Faulconer
Mayor, City of San Diego

Ron Roberts
Supervisor, County of San Diego

---

\(^1\) Lease Agreement, 8th Supplement, page 26, section 3.2
3 Market
Size & Strength
Despite the relatively close proximity of San Diego to Los Angeles, they are distinctly different market areas. Sports Illustrated keenly observed this dynamic, recently writing “San Diego is only two hours south of L.A., but this is not the Nets crossing the Hudson River. It is more like the Eagles moving to New York.” The San Diego market is strong and compares favorably to other teams in the NFL’s 32 markets.

**A DISTINCT NFL MARKET**

In contrast to most other NFL markets, San Diego has two major league professional sport franchises. Los Angeles currently has six. The following is the NFL’s market share when split between San Diego's two professional teams. Having only two major league teams in the region limits competition and increases the revenue generating opportunities of local teams as well as the ability to capture fan support and corporate revenue. After adjusting each market for local competition, San Diego sits in the top third of the 32 NFL cities, highlighting San Diego’s competitive strength for continued success as an NFL region.

**POPULATION**

3,250,417
NFL RANK: 16

**SAN DIEGO COUNTY DEMOGRAPHICS**

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<tr>
<th>Demographic</th>
<th>Percentage</th>
<th>NFL Rank</th>
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<tr>
<td>White</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
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<tr>
<td>Other Race</td>
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<tr>
<td>Black or African American</td>
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<td>Two or More Races</td>
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</tr>
<tr>
<td>Native American Indian</td>
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**AVERAGE HOUSEHOLD INCOME**

$82,986
NFL RANK: 14

**MEDIAN HOUSEHOLD INCOME**

$61,766
NFL RANK: 12

**HIGH INCOME HOUSEHOLDS**

320,259
NFL RANK: 18

**TELEVISION POPULATION**

2,755,000
NFL RANK: 20

**RADIO POPULATION**

2,755,000
NFL RANK: 16

**CORPORATE BASE: 500+ EMPLOYEES**

214
NFL RANK: 18

**CORPORATE BASE: $20+ MILLION IN SALES**

978
NFL RANK: 18

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**NFL RANKINGS WITH ADJUSTED DEMOGRAPHICS**

Sources: Barrett Sports Group
U.S. Census Bureau
SAN DIEGO’S STRONG ECONOMY

While some other major NFL cities continue to shrink in both population and economic growth over time, the San Diego region continues to flourish. In addition to our well-known defense industry and booming tourism economy, San Diego’s innovation economy is now a major driver of the region’s economic growth.

San Diego has one of the most technologically diverse metropolitan areas in the U.S. with an innovation economy that supports 7,000 companies and nearly 150,000 well-paying jobs.

Our region is outpacing all other U.S. metropolitan areas, except San Francisco, in professional, scientific and technical services growth. In 2014, 446 new technology and life science companies were launched – 1.2 new companies per day.

The San Diego metro area has one of the lowest unemployment rates in the country at 4.8 percent – lower than the U.S. national average, St. Louis, and Los Angeles. Our year-over-year population growth is up 3.56 percent and we maintain the third-lowest foreclosure rate in the country at 1.61 per 10,000 homes.

NOTABLE ECONOMIC GROWTH INDICATORS

• San Diego has the most concentrated scientific research and development market in the U.S., contributing $14.4 billion to the region.

• San Diego’s Blue Tech economy has grown to an annual $14 billion industry and employs 45,000 people.

• The life sciences industry is a major driver in San Diego’s economy with more than 1,100 companies that contribute $31.8 billion to the region and pay their employees an average salary of $134,000 annually.

• San Diego’s strong tourism economy will break records in every major category in 2015, underscoring our region’s natural ability to host future Super Bowls.

ADDITIONAL SAMPLE OF SAN DIEGO ECONOMIC RANKINGS

• Forbes ranks San Diego the nation’s best place to launch a startup.

• San Diego was the only city in North America featured in National Geographic’s special series, “World’s Smart Cities.”

• San Diego placed second on Forbes’ “World’s 15 Most Inventive Cities” rankings.

• San Diego ranked fourth best metro area for clean-tech in the nation.

• San Diego now has the third most technology acquisitions in the country behind only Silicon Valley and New York City.

• The San Diego region is ranked second in the nation for patent concentration – 3.6 patents per 1,000 workers.

Sources:
Manpower Employment Report, Nov. 2015
San Diego Regional EDC Economic Impact of Research Institutions report, 2015
Maritime Alliance, 2014
San Diego Tourism Authority
San Diego Clean-Tech Landscape, Oct. 2015
Venturebeat.com
San Diego Regional EDC’s Economic Indicator Dashboard

MORE THAN A CITY: OUR MEGA-REGION

San Diego County, Imperial County and Baja California have become one of the top emerging regions in the world.

This binational mega-region has a combined population of more than 6.5 million people, two major international airports, major seaports and the busiest land border crossing in the world.

As a result, San Diego offers incomparable opportunities for global businesses, tourism and professional sports fan growth.

The previous demographic figures and NFL rankings include demographics for only San Diego County, not the entire mega-region.

Tijuana is the fastest growing city in Baja California with over 1.7 million residents. More than 3.1 million people live in the greater northern Baja area. Like San Diego, Tijuana’s economy is booming. Tijuana has the lowest unemployment rate in Baja California, and its close proximity to San Diego leads to 8.2 percent of Tijuana’s active population working daily in the United States.

Recent expansions at the border crossing have eased cross-border commerce and recreational traffic flow. In December 2015, a new cross-border terminal at Tijuana’s Rodriguez Field opened to provide an additional efficient option for convenient international air travel.

San Diego and Tijuana city governments recently entered into a landmark cooperative agreement, which provides opportunities for further growth and expansion.
ATTENDANCE & VIEWERSHIP

Despite the physical limitations of Qualcomm Stadium and the fact that the Chargers receive no naming rights revenues, the Chargers perform relatively well compared to other NFL teams in several key categories that demonstrate market support – a key indicator that our fan base and regional market is strong.

ESTIMATED TOTAL REVENUE
ANNUAL TICKET REVENUE
AVERAGE TICKET PRICE
AVERAGE CLUB SEAT PRICE
AVERAGE ATTENDANCE 2010-2014

Source: Barrett Sports Group

According to The San Diego Union-Tribune, season ticket sales reached over 56,100 as of September 7, 2015, reflecting the highest number sold since 2008 (when there was an AFC Championship game appearance in the prior season) and attendance has increased each year since 2012.

Despite the negative environment surrounding a potential move and that the Chargers have been out of playoff contention for some time this season, Chargers games were well attended. San Diego ranks 19th of 32 teams with an average attendance of 66,772 (95 percent capacity). Oakland is 30th and St. Louis is last in the league.

NFL MARKET STUDY: SAN DIEGO HIGHLIGHTS

The NFL retained Conventions, Sports and Leisure International (CSL), a leading sports advisory and planning firm, to conduct its own market study. CSL’s study shows San Diego residents support the Chargers and a new stadium. Below is a sample of notable quotes from CSL’s report.

• “...approximately 94 percent of email survey respondents have a positive attitude toward a new stadium…”

• “San Diego has only two major professional sports teams, providing greater opportunities for area residents and corporations to allocate discretionary funds toward the purchase of (personal seat licenses) and tickets in a new stadium.”

• “The Chargers were rated as the most important team in the San Diego market.”

• “Approximately 70 percent of email survey respondents and 78 percent of telephone survey respondents indicated they would attend more games in a new open-air stadium in San Diego.”

• “Approximately 97 percent of email survey respondents and 95 percent of telephone survey respondents indicated some level of interest in purchasing tickets in a new open-air stadium in San Diego.”

• “…San Diego market has the potential to significantly increase PSL and season ticket revenue…”
4 San Diego Stadium Project
PROGRESS TO DATE

POLITICAL LEADERSHIP STRONGLY BACKS STADIUM EFFORTS

Leading elected officials have repeatedly and publicly demonstrated strong support for efforts to keep the Chargers in San Diego. Mayor Kevin L. Faulconer, City Attorney Jan Goldsmith, and County Supervisor Ron Roberts support a new stadium, and the governing bodies of both the City and County have each voted twice to support stadium efforts.

In early 2015, the San Diego City Council and County Board of Supervisors approved a historic Memorandum of Understanding (MOU) to share the costs of the efforts. The MOU authorized the City and County to work together and spend a combined total of $1 million.

On April 7, 2015, the City Council and County Board of Supervisors both unanimously approved the MOU and authorized spending $250,000 each on consultant costs related to stadium financing and development issues.

On August 4, 2015, the County Board of Supervisors unanimously approved an additional $500,000 to cover consultant costs.

In addition, a bipartisan supermajority of the City Council voted July 16, 2015, to authorize $2.1 million for environmental and design costs associated with a new stadium capital improvement project.

GOVERNOR TOOK RARE ACT OF GRANTING EXPEDITED JUDICIAL REVIEW, PROVIDING GREATER PROJECT CERTAINTY

Support for San Diego’s stadium efforts exists at the highest level of California leadership. State leaders assisted with San Diego’s application for expedited judicial review of any litigation challenging the project under legislation commonly known as AB 900. Governor Jerry Brown certified that any litigation on “any project approval” for a new Mission Valley stadium must be complete within approximately 270 days.

Several state agencies reviewed the City’s application for compliance with the California Environmental Quality Act’s streamlining requirements and recommended support.

The Governor’s Office of Planning and Research, California Air Resources Board, and State Legislative Analyst’s Office each performed a review of the City’s technical assumptions, largely from the City’s draft Environmental Impact Report (EIR), and concurred with the City.

The expedited judicial review certification ensures final project certainty with regard to litigation by the end of 2016. Even if the City does not prevail in the litigation, this timeline enables the City to bring any necessary revisions to the City Council in early 2017 for a construction start immediately thereafter, keeping the project on track for an August 2019 opening date.

The Governor’s certification for expedited judicial review took off the table the Chargers’ only stated reason for cutting off negotiations with the City: potential legal uncertainty surrounding the permitting process.

SAN DIEGO STADIUM PLANS HAVE UNDERGONE CALIFORNIA’S HIGHEST LEVEL OF ENVIRONMENTAL REVIEW

On June 16, 2015, the City offered various options to the Chargers for a new stadium project to comply with CEQA. In that meeting, the Chargers’ legal counsel expressed a preference for an EIR over the other options and requested additional details regarding the City’s plan to complete one. An EIR is the most thorough and legally-defensible method of complying with CEQA.

That same day, the Chargers cut off talks before reviewing the City’s detailed proposal for completing the EIR that they had requested.

The City immediately began work to complete a full EIR to ensure that, in the event the Chargers returned to the negotiating table, the City would be prepared to place a stadium measure on the ballot in January 2016 to meet the NFL’s timing requirements.

The draft EIR was expedited to meet the compressed NFL timeframe requesting certainty by January 2016 and the analysis was as thorough as it would have been if there were no time constraints.

The consultant – AECOM – had more than 100 experts work extended hours in an unprecedented effort to complete the draft EIR.

The project included unique factors that saved time compared to a typical EIR. The new stadium would replace an existing facility that has existed on the same property for nearly 50 years so environmental impacts are lower.

The City released the draft EIR on time in August, enabling City Council actions in October 2015 for a term sheet to be placed on the ballot for a January 2016 special election. However, the Chargers refused to return to the negotiating table and the deadline passed to hold a January election.

The City continued to finalize the EIR and, because of the continued work, the City is ready to publish a final EIR as soon as the term sheet has been negotiated in good faith with the Chargers.

Although the City’s efforts on the stadium EIR were extraordinary due to the resources and staffing that were brought to bear, the overall time spent on the EIR was not.

The entire EIR preparation process has spanned seven months thus far and will have lasted nine months if the City Council certifies the final EIR in late February 2016 to allow for a June 2016 ballot measure.

Nine months is similar to the time spent completing EIRs on other large stadium projects such as the 49ers’ Levi’s Stadium.

Based on the comments received, the stadium project EIR has a low level of public controversy or opposition, especially compared to other large projects.

The City received 18 comments on the draft EIR, only one of which was a legal letter, despite very high publicity of the draft EIR public comment period.

The federal, state and local agencies with purview over environmental and transportation issues did not express concern with the EIR’s analysis.
TIMELINE

JANUARY 2015

JAN. 14
Mayor Faulconer announces during his first State of the City address that he supports a new stadium for the Chargers and is forming a Citizens’ Stadium Advisory Group (CSAG) to select a location and recommend how to pay for it.

FEBRUARY 2015

FEB. 20
Chargers and Raiders announce plans for a $1.7 billion stadium in Carson.

MARCH 2015

MARCH 12
Following meetings with the Chargers and other stakeholders, CSAG recommends the current Qualcomm Stadium site in Mission Valley as the best location for a new stadium.

MARCH 26
City and County leaders announce a partnership to hire outside legal and financial experts for stadium negotiations. The City and County agree to split costs of up to $500,000.

APRIL 2015

MAY 18
CSAG releases its final recommendations ahead of schedule, calling for a $1.15 billion stadium in Mission Valley and identifying more than $1.4 billion in revenues to pay for it. The recommended financial framework is the first of its kind in San Diego.

JUNE 2015

JUNE 16
Third negotiation session. City-County negotiators provide the Chargers with several options for a special election by December 2015 or early January 2016, within the NFL’s timeline. All options would comply with applicable laws and regulations, including CEQA. Later that day, the Chargers issue a statement to the media saying they are walking away from the negotiating table.

APRIL 2014

APRIL 20
The City announces the hiring of law firm Nixon Peabody and investment bankier EirGroup as stadium negotiating experts. Both firms have extensive experience with NFL stadiums. Later, the City hires Barrett Sports Group and Populous as consultants.

MAY 2014

JAN. 30 Mayor Faulconer introduces the nine members of CSAG, giving them a fall deadline to make recommendations.

FEB. 23 At the Chargers’ request, CSAG agrees to speed up its timeline and issue its final report within 90 days.

JUNE 2014

JUNE 16
The City of San Diego Mayor Kevin L. Faulconer takes office following a special election.

April
Chargers begin negotiations with Carson officials on a stadium plan, according to a Feb. 20, 2015, report by ESPN. The negotiations are not disclosed to San Diego’s elected officials or the public.

Mayor Faulconer and Chargers representatives have a handful of meetings throughout the year, all at the request of the Mayor’s Office. According to an April 2014 article from The San Diego Union-Tribune, the Chargers are eyeing a November 2016 ballot measure to replace Qualcomm Stadium. “We have for all of this 12-year effort been very careful not to impose any deadlines or drop-dead dates on the city and we aren’t about to do so now,” the Chargers say.

2015

JULY

JULY 14
The San Diego City Council approves spending $2.1 million on environmental and design work for a new stadium at the Qualcomm Stadium site in Mission Valley. Funds pay for City staff time, conceptual designs by Populous and professional services from planning firm AECOM to complete the EIR on an expedited schedule.

OCT. 2015

AUGUST 2015

AUG. 10
City-County team announce a $1.1 billion financial framework for a new Mission Valley stadium (including $350 million in public funds), architectural renderings for the stadium and the on-time completion of the draft EIR.

SEP. 29
City-County team provides draft term sheet to NFL to facilitate further discussions.

NOV. 2015

OCT. AND NOV.

OCT. 11
California Gov. Jerry Brown takes the rare and significant step of approving the Mission Valley stadium project for expedited judicial review, which under state law requires litigation on any project approval, including the EIR, to be completed within 270 days (this includes any and all appeals).

DECEMBER 2015

DEC. 30
City provides overview of stadium plan and term sheet to NFL’s Committee on Los Angeles Opportunities. It outlines San Diego’s good-faith efforts to develop a state-of-the-art NFL stadium, the market’s size and strength, and the ability to break ground in 2017 if the Chargers resume negotiations.

NOV. 11
Mayor Faulconer meets with NFL Commissioners Roger Goodell and members of the NFL’s Committee on Los Angeles Opportunities.

JULY 2015

JULY 14
Deadline to hold a public vote on a new stadium in January 2016 passes with the Chargers refusing to return to the negotiating table.

SEP. 11
Mayor Faulconer meets with NFL Commissioner Roger Goodell and members of the NFL’s Committee on Los Angeles Opportunities.

City-County team gives presentation on stadium progress to NFL owners in New York City.
San Diego's Good-Faith Negotiations

San Diego brought on a world-class group of professionals with extensive experience working with NFL teams – including Nixon Peabody, Citigroup, Barrett Sports Group and Populous – to assist with developing a comprehensive stadium proposal and negotiate in good faith with the Chargers. These professionals have decades of experience in the industry and have worked successfully on numerous NFL stadium projects. In addition to the City’s and County’s attorneys, San Diego was advised by Michael Zischke, California’s foremost expert on the CEQA, who co-authored the legal leading text on the subject, which is the most-frequently cited treatise by California Supreme Court.

Despite San Diego’s offers to negotiate financial terms, these discussions never began due to the Chargers’ sole focus on the project’s permitting process under CEQA. Soon after San Diego announced that it was willing and able to call a special election to approve a term sheet by the NFL’s January 2016 deadline, the Chargers cut off talks. When the Chargers walked away from the table after just three meetings, it made it impossible to negotiate a term sheet and, therefore, meet the NFL’s original timing.

Still, San Diego persisted in its efforts to work in good faith by conducting and completing the EIR, commissioning stadium designs, developing a project budget and construction costs, and drafting a term sheet.

San Diego’s Professional Team

Lead Negotiator & Legal Adviser
Chris Melvin - Nixon Peabody

International law firm Nixon Peabody’s stadium team has worked on 25 facilities, including 12 NFL stadiums. Chris Melvin, the firm’s Managing Director of Stadium, Arenas and Convention Centers practice, serves as the lead negotiator for the San Diego team. He brings a unique skill set and experience, having been an investment banker for more than 25 years. His experience includes representing both team owners and public entities in stadium development.

Finance
Bill Corrado - Citigroup

Citigroup has strong experience and qualifications in the development and execution of both public and private financing plans for stadiums, ballparks and arenas. Bill Corrado’s sports facility experience includes financings on behalf of both public entities and team owners. He recently completed working with the City of Atlanta and the State of Georgia for the public financing for the new Mercedes-Benz Stadium. He won a “Project Finance Deal of the Year” award for his work on MetLife Stadium.

Stadium Design
Scott Radecic - Populous

Populous is a leading global architectural firm that has designed stadiums for the NFL, MLS and the 2012 Olympic Games in London, among others. Populous has designed new and renovated stadiums for five of the six NFL team owners on the NFL’s Committee on Los Angeles Opportunities: the Panthers, Texans, Chiefs, Patriots and Steelers. Scott Radecic, a founder and Senior Principal at Populous, is the firm’s point person on this project. Populous worked directly with Turner Construction to validate the costing of San Diego’s proposed $1.1 billion stadium.

Market Feasibility & Stadium Financing Consultant
Dan Barrett - Barrett Sports Group

Barrett Sports Group assisted the San Diego team in determining the financial and market feasibility for a new stadium and analyze revenue sources, including naming rights and premium seating. Dan Barrett, the firm’s founder and a nationally-recognized sports industry expert, also helped the San Diego team navigate the NFL stadium proposal process.

Environmental Consultant
Michael H. Zischke - Cox, Castle & Nicholson

Michael H. Zischke is the lead partner from Cox Castle advising the San Diego team. He is one of the premier experts on CEQA and land use ballot measures. He co-authored the leading treatise on CEQA, Practice Under the California Environmental Quality Act, which is often cited by California courts. His firm specializes in California environmental and land use law.
AN NFL EXPERIENCE IN THE HEART OF SAN DIEGO

In early 2015, after discussions with Chargers representatives, the Mission Valley site of the existing Qualcomm Stadium was selected as the best location for a new stadium. San Diego has remained open to exploring alternate locations, but Mission Valley has distinct advantages.

It is the only location that can meet the timeline goals of the Chargers and the NFL. Supporting factors include:

CITY OWNS THE ENTIRE PROPERTY

No land assembly is required because the City owns the entire 166-acre site. This expedites the development timeline, lowers costs and reduces potential legal uncertainty surrounding acquisition or eminent domain. The site is vacant of any existing buildings that would need to be relocated before construction could begin, saving time and money.

PLANNED AND DESIGNED FOR A STADIUM

The site is already fully consistent with zoning and other applicable planning documents for a stadium so no land-use changes are required. Existing infrastructure and utilities for a stadium are in place, further lowering costs and saving time.

CENTRAL LOCATION

The Mission Valley site is centrally located within the San Diego metropolitan area with access to four major freeways within 2.5 miles. The site includes a high capacity, light rail station designed specifically to speed arrival and departure for large stadium events on elevated tracks that do not interfere with traffic.

CHARGERS’ STATEMENTS IN SUPPORT

The Chargers have expressed long-standing support for the Mission Valley location. In 2002, the Chargers released a conceptual plan for a new stadium on the Qualcomm site in Mission Valley, and in 2003 the Chargers stated: “Redeveloping the site makes a lot of sense.” In 2013, the Chargers stated, “redeveloping the Qualcomm site is something we’re discussing with our development partner as something of interest.” In June 2015, the Chargers’ special counsel stated that the team is focused on the Mission Valley location and called an alternative Downtown site “academic.”

OVERWHELMING FAN FAVORITE

Fans prefer the Mission Valley location by an overwhelming margin. A November 2015 poll found that 64 percent of San Diegans preferred a new stadium in Mission Valley versus 17 percent Downtown. The Mission Valley site allows for the continuance of tailgating, a San Diego tradition— which also generates substantial parking revenue for the Chargers.
Although the Chargers never expressed a preference for a Downtown location in any meeting or communication with the City-County team, San Diego remains willing to work through the additional logistical, cost and timing issues with a Downtown stadium if the Chargers commit to staying in San Diego during that process. At the earliest, a Downtown stadium could be constructed by 2024. It would take five to seven years to relocate existing facilities on the property, including the expansive bus maintenance facility at the Imperial Avenue Division (IAD) as described in a Feb. 20, 2015, letter from the Metropolitan Transit System. The certification from the governor of California that provides for greater project certainty only applies to the Mission Valley location, not Downtown.

Moving an operation of IAD’s size is not a quick, easy or inexpensive endeavor. If the MTS Board, the Chargers and the City were able to come to an agreement to relocate IAD, the actual vacation of the property at 100 16th Street would take a considerable amount of time, anywhere from 5 to 7 years. The new site would need to be acquired and replacement facilities constructed before the IAD operations could be moved.

Our consultant has estimated it would cost $75-$100 million to construct a project of this size, exclusive of the site acquisition costs. The land value for the IAD site is estimated at $50 million.

The City of San Diego hired Kansas City-based Populous to design a proposed sports entertainment complex in Mission Valley that evokes San Diego’s lifestyle and culture of innovation. The new stadium will provide a fan experience unlike any other in the NFL.

**NEW SAN DIEGO STADIUM OVERVIEW**

The City of San Diego hired Kansas City-based Populous to design a proposed sports entertainment complex in Mission Valley that evokes San Diego’s lifestyle and culture of innovation. The new stadium will provide a fan experience unlike any other in the NFL.

**TOTAL SEATING CAPACITY**

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<th>Description</th>
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<td>Loge Boxes (250 Box Seats)</td>
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**TOTAL STADIUM AREA**

- **1,750,000 SF**
- **65,000 SF**
- **70,000 SF**

**NEW SAN DIEGO STADIUM OVERVIEW**

The City of San Diego hired Kansas City-based Populous to design a proposed sports entertainment complex in Mission Valley that evokes San Diego’s lifestyle and culture of innovation. The new stadium will provide a fan experience unlike any other in the NFL.
Populous designed the stadium to reflect San Diego’s strengths so the stadium will transcend generations and bring fans together around a beautiful city and a shared passion for football. The design incorporates the following San Diego influences:

**LIFESTYLE & WEATHER**
San Diego's outdoor lifestyle and beautiful weather is embraced by enormous end zone party decks that total 70,000 square feet. There are also multiple 360-degree concourses that create informal spaces for fans to gather and watch the game.

**CULTURE OF INNOVATION**
To celebrate San Diego’s culture of innovation, the latest technology will be incorporated throughout the stadium. Color-changing LED lighting will illuminate the expansive, maritime-influenced fabric canopy and video boards in the end zone will be the largest in the National Football League. The design is also flexible and accessible to provide the best possible site for future Super Bowls.

**NEIGHBORHOODS**
Much like San Diego itself, the stadium will be comprised of distinct seating and communities, ranging from social spaces and outdoor decks with views of the field, including field level club seats and end zone suites.

**GEOGRAPHIC INFLUENCES**
The design reflects the geography of San Diego with a moving façade, or wind-powered kinetic skin, that wraps around the stadium to create a fluid, shimmering form that mimics the nearby coastline's waves. The seating bowl is inspired by the city’s mesas and valleys with fractures in the corners to allow views in and out of the stadium.
5 Financing
The San Diego negotiating team has proposed a state-of-the-art, multipurpose facility for the Chargers at an estimated cost of $1.1 billion. Several funding sources have been identified to finance construction costs, and several revenue streams will provide long-term financial stability for the Chargers. San Diego is open to discussing these terms if provided the opportunity to begin negotiations with the Chargers on financing options. The Chargers were not willing to discuss finances in meetings with the San Diego team.

FUNDING OVERVIEW

The City of San Diego is proposing $200 million toward the cost of the new facility. The City anticipates financing its portion using lease revenue bonds.

The County has offered $150 million toward the cost of a new stadium, pending City voter approval. The County proposes to provide $125 million upfront in cash to help begin construction. An additional $25 million in cash would be available for the second year of construction.

San Diego's financing proposal includes a $200 million contribution by the NFL consistent with the NFL's G-4 loan program for teams remaining in their home territory. The San Diego team assumes the terms of the G-4 loan program would be consistent with past league practices for approved facilities.

San Diego's financing proposal estimates revenue from the sale of personal seat licenses of $187 million through a public entity. This number is based on an independent analysis performed for the NFL by Convention, Sports & Leisure International, which studied the strength of the San Diego regional market.

San Diego's financing proposal estimates the Chargers' financial contribution would be $363 million. The San Diego team acknowledges this number is an estimate, and the team may choose to include additional resources for the facility. Naming rights and other corporate sponsor dollars would go toward the Chargers' contribution.

Lease revenue bonds do not involve lease payments from the Chargers. Rather, lease revenue bonds involve lease agreements between the City and a joint powers authority using existing City assets as collateral. The authority acts as the lessor and issuer of lease revenue bonds while the City makes rental payments to the authority for leasing the property. The authority receives the annual rental payment from the City and uses it to make payments on principal and interest to the bondholders. The primary advantage of using lease revenue bonds is that a public vote is not required to issue the debt. In contrast, general obligation bonds must be approved by two-thirds of voters. Lease revenue bonds are an accepted financing vehicle in California and have been consistently upheld in court cases against legal challenges. Typical terms of the City's lease revenue bonds are for a duration up to 30 years with the City's General Fund acting as a backstop, if necessary. The City's lease revenue bonds are rated A1 by Moody's Investor Service, Aa- by Standard and Poor's and A+ by Fitch Ratings.
6 Ready to Move Forward
THE NEED FOR A CITYWIDE ELECTION

San Diego’s proposal has consistently included a public vote for a new facility. This expectation has been set by various regional leaders and is consistent with the City’s lease with the Chargers as well as repeated statements by Chargers’ representatives over the years.

In recent years, the Chargers have publicly stated a preference for a November 2016 election. As it currently stands, the City is able to hold a stadium vote as early as June 2016 if the Chargers reach an agreement with San Diego.

The City took all the necessary steps to prepare for a January 12, 2016, special election, but the Chargers refused to return to the negotiating table and agree to a term sheet by early September 2015 – the deadline to meet that goal. The necessary steps included City Council approval to spend $2.1 million for environmental review and conceptual design for the project – all of which the City completed on time.

The City’s lease agreement with the Chargers discusses a vote by the general public:

“The Parties shall meet and confer on a mutually convenient basis to discuss the development of a proposal for the financing and development of a new stadium to be voted on by the general public…”

San Diego Mayor Kevin L. Faulconer committed to a public vote to secure support for building a world-class, multipurpose facility to keep the Chargers in San Diego. In addition to the Mayor, several City Council members have voiced their preference for a public vote and the County has a Board policy requiring that funds to build a new stadium requires voter approval.

Winning the support of a majority of voters through an election would ultimately provide greater project certainty on a predictable timeline as desired by the NFL and the Chargers.

ELIMINATING THE REFERENDUM RISK

A public vote would protect against a time-consuming referendum process initiated by opponents of a new stadium and provide the project more certainty. If the project were to be approved without a public vote, then opponents could launch a signature-gathering drive to place the issue on the ballot to reverse the decision. A referendum process as outlined under California and San Diego laws freeze any approved legislative action to allow opponents to collect sufficient signatures to force a public vote on an item.

San Diego has experienced several referendums of legislative actions in the past five years. These referendums have covered various controversial issues including development of a large mixed-use project, land-use changes affecting the shipbuilding industry, medical marijuana dispensary permitting and overturning a minimum wage increase. In each case, the final outcome surrounding these issues of citywide concern were greatly delayed by the opponent’s use of the referendum process.

By taking the financing plan to the public from the outset, San Diego can ensure an orderly timeline that best meets the needs of the NFL and the Chargers.

The next regularly scheduled election in the City of San Diego is June 7, 2016. The statutory deadline for all materials relevant to an election being transmitted to the County Registrar of Voters for placement on the ballot is 88 days prior to an election. All materials must be provided to the Registrar of Voters no later than March 11, 2016, to place the item on the June ballot. A vote during the regularly scheduled November 2016 general election is also an option.

COUNTY PROCESS

Providing for a public vote also allows the County of San Diego to meet policy established by the Board of Supervisors to hold a public vote prior to the expenditure of County funds for a stadium. As stated elsewhere, the initial infusion of cash by the County would allow for the project to move forward without legal challenges to the source of the money, thereby ensuring greater timeliness in project completion.
After an agreement is reached between San Diego and the Chargers, several outstanding approvals will be needed in order to place the agreement on the ballot.

**February 1, 2016:** Last day for City Council to direct City Attorney to prepare ballot measure ordinances for June 2016 election.

**February 29, 2016:** Last day for City Council to adopt ordinances and submit to voters as well as approve development permits and certify EIR. County funding approvals and City-County agreement would occur shortly thereafter and would rely on the City’s EIR.

Regardless of possible legal and contractual requirements surrounding the need for a public vote, scientific polling data shows that a ballot financing proposal can succeed if taken to the public. The major driver of support for the stadium initiative include the fear of losing the San Diego Chargers to the Los Angeles market. Furthermore, residents responded favorably to the proposal when learning that it would not raise taxes on residents to fund stadium construction. Additionally, Mayor Faulconer’s strong support for a stadium measure helps with a significant portion of the San Diego electorate.
EXHIBIT 1
SPORTS ILLUSTRATED ARTICLE: “YOU DESERVE BETTER, SAN DIEGO”
You Deserve Better, San Diego

BY LEE JENKINS

The first Chargers game was on Sept. 21, 1960, and their 38-point lead had been cut to four with two minutes left. I was nine, standing above the west end zone at Jack Murphy Stadium with my dad and my four-year-old, and Becky’s receiver Gary Clark was improvising routes because he couldn’t hear the play calls. Despite the 81, Washingtons marched 62 yards in 44 seconds, and Clark split two defenders for the game-winning TD. “I feel sorry for San Diego,” Becky’s coach Joe Gibbs said.

My first Chargers game, if the owner has his way, was Sunday. Quarterback Philip Rivers choked up at the bubble, Safety Eric Weddle cried on the field. The Bills beat the Dolphins 20-14, and “Stay... just a little bit longer” shivered from the headphones. Some players lingered with fans until 6 p.m. “We’re 4-0,” Rivers kept telling himself, “and they act like it’s the playoffs.” It was a beautiful funeral.

On Jan. 13 in Houston, NFL owners will vote on two stadium proposals for the Los Angeles market. One would send the Rams to Inglewood; the other would dispatch the Raiders to Carson. The vote has paralyzed three counties, but I’m raising an old-fashioned finger for the city that supported its team through a half-century without a championship, that drew 150,000 people to a Super Bowl parade after a loss, that permitted when the organization opened the parking lot five hours before kickoff instead of seven.

My hometown is not Green Bay or Dallas, but it doesn’t need to top the upper deck. This season the Chargers rank 16th in home attendance, the Rams 26th and the Raiders 28th. Last season they ranked 16th in local TV ratings, the Rams 27th and the Raiders 82nd. When the Bills were good, from 2006 through ’08, they sold out every home game and drew 16,600 people to rallies after big wins. Since the Spanos family bought the franchise in 1984, the Chargers have advanced past the divisional round twice. They hired Marty Schottenheimer who won 14-2 and kept one (Diele Riley) who won 1-13. They drafted Ryan Leaf and said goodbye to Drew Brees. But the community never turned. The team’s blood drive broke the world record for the largest single-day, single-location donation. The football campus once housed 14,000 kids. The city government agreed for nearly a decade to buy every unused ticket.

EXHIBIT 2
PROJECT COST SUMMARY
### San Diego Chargers - New NFL Stadium

#### Project Cost Summary

**November 11, 2015**

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**Notes**
- Construction start in June 2017
- Stadium gross area 1,750,000 sf; 67,500 seats

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**EXHIBIT 3**

**STADIUM POLL RESULTS**

- [San Diego Chargers - New NFL Stadium Project Cost Summary](#)
MEMORANDUM

TO: The National Football League
FROM: John Nienstedt, Competitive Edge Research & Communication
RE: Stadium Measure Poll Results
DATE: Saturday, July 25, 2015

These highlighted findings are based on results from the poll of 402 randomly selected likely voters in the city of San Diego which we conducted as an issue advocacy poll for The Lincoln Club of San Diego County June 25-26. The poll models a 50% turnout. Interviews were conducted by trained professionals in San Diego, CA. The max margin of sampling error is +/- 4.9% at the 95% confidence level.

About half the likely electorate would vote to approve a stadium measure ("Proposition 1") which reads: "It approves building a roughly 1 billion dollar modern football stadium, which the City and County would own, on the Qualcomm Stadium site. About two-thirds of the cost would be paid by the National Football League, the Chargers and corporate sponsors. About one-third of the cost would be paid by city and county government." Only 41% are opposed, although as many voters express strong support as express strong opposition.

Sixty-two percent believe losing the San Diego Chargers to Los Angeles would be a bad thing for the city and only 5% see losing the team as a good thing. This sentiment drives much of the support for the measure.

Separately, we told respondents that Prop 1 would not raise taxes and asked whether this information made them more inclined or less inclined to vote for approval. An overwhelming 62% offered that they are more inclined to vote 'yes' based on the absence of a tax increase. Clarifying that the stadium would be built without a tax increase would significantly help the ballot measure’s prospects. Placing the measure on the November 2016 ballot would also significantly boost its chances. Moderate and low propensity voters are more likely to support the measure.

We tested Mayor Kevin Faulconer’s image and again found widespread favorability. Given his strong support of a new stadium, Faulconer’s popularity is another key positive for the measure.
The project applicant has provided documentation reflecting a binding agreement establishing the requirements set forth in Public Resources Code section 21113(c)(1), (e), and (f). (See Exhibit 1, Attachment D.) For this project, the applicant must ensure that the proposed travel demand management strategy (as set forth in the Project Application) is incorporated into the project or identified as mitigation for the project, that the management strategy will be monitored and adjusted to ensure a ten percent reduction in motor vehicle trips, and that project construction-generated greenhouse gas emissions and project operation-related greenhouse gas emissions will be offset.

Therefore, I hereby certify that the Qualcomm Stadium Reconstruction Project is an eligible project under the Jobs and Economic Improvement Act of 2011, Public Resources Code section 21173 et seq.

EDMUND G. BROWN JR.
Governor of California

October 21, 2013
EXHIBIT 5
DRAFT TERM SHEET
The City of San Diego | Stadium Proposal | Addendum

SAN DIEGO CHARGERS

NEW STADIUM TERM SHEET

This term sheet (the “Term Sheet”) is entered into as of [September __], 2015, by and among the City of San Diego (“City”), the County of San Diego (the “County”) and the San Diego Chargers NFL franchise (the “Team” or the “Chargers”), for itself and on behalf of Chargers Stadium Company, an affiliate of the Team to be formed (the “Stadium Company”). This Term Sheet is intended to set forth basic terms of a proposed transaction to finance the costs of developing and constructing a new stadium (the “Stadium”) and demolishing the existing stadium located in the City of San Diego in Mission Valley that would be the new home of the Team. Capitalized terms contained in this Term Sheet shall have the meanings given such terms in Attachment A to this Term Sheet.

INTRODUCTION

The purpose and intent of this Term Sheet is to memorialize the basic terms that have been negotiated among the parties and to inform the public regarding the goals and principles identified by City Staff, City Council, County Staff and County Supervisors that will guide the proposal to develop the Stadium throughout the public review process. As further described below, the development and construction of the Stadium shall not proceed unless and until the parties have negotiated, executed and delivered mutually acceptable agreements based upon information produced from the California Environmental Quality Act (“CEQA”) review process and other public review and hearing processes, subject to all applicable governmental approvals.

The new Stadium will be located in Mission Valley adjacent to Qualcomm Stadium, the current home of the Team. The Stadium will have a permanent seating capacity of 68,000 seats with expansion to approximately 72,000 seats for larger events, such as NFL Super Bowls and college football championship games. The Stadium project includes demolition of the existing stadium, parking and transit connection improvements and implementation of mitigation measures (collectively, “Stadium Project”).

The Stadium will be owned by a newly created joint powers authority (the “Stadium JPA”). The City, the County, the Team (acting for itself and, prior to formation of the Stadium Company, acting for the Stadium Company), upon its formation, the Stadium Company, or a subset of such parties as the context requires, are hereinafter collectively referred to as the “Parties.” The City will enter into a ground lease with the Stadium JPA pursuant to which the City will lease the Stadium footprint as further described in Attachment B to this Term Sheet (the “Stadium Site”) to the Stadium JPA upon the terms and conditions contained in Article 4 of this Term Sheet and other terms and conditions acceptable to the Parties (the “Ground Lease”). The Stadium JPA will, in turn, enter into a lease of the Stadium Site and the Stadium to the Stadium Company (the “Stadium Lease”). The Stadium Company will sublease the Stadium to the Team (the “Team Sublease”). Each of these leases will have an initial term of thirty (30) years, with extension options that could extend the term for a total of another ten (10) years. All references herein to the term of the Ground Lease, Stadium Lease, Team Sublease and the Non-Relocation Agreement, as defined below, shall be to such term as the same may be extended from time to time.

The City and County will contribute funds to the Stadium Project, as described below, as an investment in the City’s and County’s goals of maintaining an entertainment destination in the Mission Valley area and retaining the Chargers as an integral part of the San Diego community and will provide significant economic benefits to the City and the County and its residents and businesses. The Team will play its home games at the Stadium, including pre-season, regular season and post-season games for the term of the Stadium Lease and Team Sublease. The Stadium will also be used for certain non-NFL events (such as concerts and other sporting events) and certain civic events.

The Stadium Project will be developed and the Stadium will be operated in accordance with the following guidelines:

- The City will ground lease the Stadium Site to the Stadium JPA;
- The Stadium JPA will own the Stadium;
- The Stadium JPA will lease the Stadium Site and the Stadium to the Stadium Company;
- The Stadium Company will sublease the Stadium to the Team;
- Investment by the City in the Stadium Project shall not exceed one hundred million dollars ($100,000,000), exclusive of debt service and other financing costs;
- Investment by the County in the Stadium Project shall not exceed two hundred million dollars ($200,000,000), exclusive of debt service and other financing costs;
- Neither the City nor the County shall seek to impose a special tax to raise funds for development or construction of the Stadium Project;
- Stadium Company will be responsible for managing the design and construction of the Stadium and demolishing the existing stadium and will be responsible for all costs in excess of the sum of the City Investment, the County Investment and the Stadium JPA Investment in addition to any construction cost overruns and for payment of Base Rent and Facility Rent, each as defined in Section 5.4, to the Stadium JPA in accordance with the Stadium Lease; and
- The Team will enter into a Non-Relocation Agreement, further described below, committing it to play, after completion of construction of the Stadium, its pre-season, regular season and post-season home games in the Stadium, except as may otherwise be prescribed by the National Football League, for thirty (30) years, which period shall be automatically extended to correspond to the term of the Stadium Lease, as the same may be extended in accordance with its terms.
ARTICLE 1. 
EFFECT OF TERM SHEET

Section 1.1 Intent and Effect of Term Sheet. The purpose and intent of this Term Sheet is to provide a general framework for the subsequent negotiation of the terms of the definitive agreements regarding the development, design and construction, operation, management, use and occupancy of the Stadium Project and to allow the public the opportunity to vote on such terms. Provided that the electorate authorizes the City to proceed, the Parties agree that this Term Sheet contains the primary terms and conditions for agreements between the Parties necessary for the Stadium Project and will serve as the basis upon which all of the Parties intend to proceed to expend time and resources to obtain such necessary approvals and consents and to negotiate and execute the agreements required to accomplish the tasks outlined herein and, although the planning, development, design and construction, operation, management, use and occupancy of the Stadium Project shall be subject to the terms of more definitive agreements which will encompass issues not addressed in this Term Sheet, the Parties agree that the terms and conditions of the Term Sheet will be incorporated into such other documents. It is the intent of the Parties that this Term Sheet and the authorizing ordinance to be voted on by the City electorate constitute the only legislative acts necessary to establish policy for the City, County and Stadium JPA on these matters and provide the ways and means for the implementation of that policy by such administrative and non-legislative acts as may be necessary and appropriate to carry out the purpose and intent provided for herein.

It is the further intent of the Parties that this Term Sheet not provide for entitlements in land or development, such entitlements being the subject of other actions by public entities or of permits to be sought at later times. The Parties intend that the planning, development and construction of the projects set forth in this Term Sheet be a cooperative, mutual endeavor in which the Parties actively participate and work together, in good faith and with due diligence -- a public/private partnership.

Section 1.2 Voter Approval. The Stadium will not be constructed unless and until the voters of the City approve a ballot measure endorsing the development of the Stadium consistent with this Term Sheet.

Section 1.3 Public Agency Discretion Under CEQA. The Parties fully recognize the importance of and need for analysis, review, and approval of the proposed Stadium Project, including environmental review, approval of a ballot measure for a public vote, and approval of discretionary permits. The City, as lead agency, has initiated environmental study and review of the Stadium Project, and has made a Draft Environmental Impact Report (“DEIR”) available to the public for review and comment, consistent with the California Environmental Quality Act. Prior to consideration of this Term Sheet by the City Council, and prior to any action for a vote of the City’s electorate on this Term Sheet, the City Council will review and consider a final EIR (“Final EIR”) for the Stadium Project. The Parties fully understand and acknowledge that the City, as lead agency for environmental review, and the County and the Stadium JPA, as responsible parties, will fully consider the information presented in the Final EIR and that each retains and must exercise its independent judgment and discretion to (i) propose modifications to the project or additional mitigation measures as may, in its sole discretion, be necessary to comply with CEQA, (ii) select other feasible alternatives to avoid significant environmental impacts, including the no project alternative, (iii) balance the benefits of the Stadium project against any significant environmental impacts prior to taking final action if such significant impacts cannot otherwise be avoided, and/or (iv) determine not to proceed with the Stadium project.

No legal obligations will exist unless and until the Parties have negotiated, executed and delivered mutually acceptable agreements, subject to all applicable governmental approvals.

Section 1.4 National Football League Approval. Prior to the Certification Date (as defined in Attachment A), the Team shall obtain such consents and approvals of the National Football League, its committees and its affiliates as may be necessary for the Team to enter into and perform its obligations under this Term Sheet and the additional documents required by this Term Sheet (to the extent such documents exist at such time).

Section 1.5 Effective Date; Termination. The Mayor shall be directed and authorized to sign this Term Sheet on behalf of the City on the Certification Date. An authorized representative of the County shall be directed and authorized to sign this Term Sheet on behalf of the County on the Certification Date. The Team shall execute this Term Sheet on behalf of the Team and the Stadium Company no later than [Month/Day], 2015, and, by its signature on this Term Sheet, the Team irrevocably accepts the terms of this Term Sheet and agrees to be bound by it if the Certification Date occurs, in which case, upon receipt of the Team’s signature, the City and the County shall deliver a fully executed copy of this Term Sheet to the Team. This Term Sheet shall become effective upon its execution by all Parties and, unless otherwise agreed to in writing by the Parties, shall expire on the earlier of [Month/Day], 2017 or the date of Closing (as defined below).

ARTICLE 2. 
CITY AND COUNTY CONTRIBUTION

Section 2.1 City and County To Form Stadium JPA. A joint powers authority will be formed creating the Stadium JPA. The Stadium JPA’s governing board will consist of [number] members of the City Council and [number] members of the County Board of Supervisors. [The City and County will each also appoint [number] non-elected persons to the governing board.]. The Stadium JPA will have all powers granted to it in its joint powers agreement. The Stadium JPA will be a separate and distinct legal entity, and neither the City nor the County will be liable for the debts or obligations of the Stadium JPA.

Section 2.2 City to Lease Stadium Site. The City will enter into the Ground Lease with the Stadium JPA pursuant to which the City will lease the Stadium Site to the Stadium JPA upon the terms and conditions contained in Article 4 of this Term Sheet and other terms and conditions acceptable to the Parties. The Stadium Site consists of the land representing the JPA on these matters and provide the ways and means for the implementation of that policy by such administrative and non-legislative acts as may be necessary and appropriate to carry out the purpose and intent provided for herein.

Section 2.3 City Contribution. The City shall make cash payments, at the time(s) set forth in the Finance Plan described in Section 7.2 below, in the aggregate amount of $200,000,000 to be used for payment of the costs of the Stadium Project (“City Investment”). These funds shall be provided from the proceeds of the financing(s) of the City’s choice (i.e.,
lease revenue bonds, certificates of participation, or other). The City shall determine in its sole discretion the sources of support for its contribution.

Section 2.4 Limitation of City Liability. No City funds, investments, contracts or property interests, including cash balances of and revenue streams to the City’s general and enterprise funds, will automatically be extended for the corresponding extension term. The City shall determine in its sole discretion the sources of revenue to support its investment; however, existing sources of revenue in the City’s general fund and other non-general fund sources are available to support the County Investment.

Section 2.5 County Contribution. The County will make cash payments, at the time(s) set forth in the Finance Plan described in Section 7.2 below, in the aggregate amount of $150,000,000 to be used for payment of the costs of the Stadium Project (the “County Investment”). The County shall determine in its sole discretion the sources of revenue to support its investment; however, existing sources of revenue in the County’s general fund and other non-general fund sources are available to support the County Investment.

Section 2.6 Limitation of County Liability. No County funds, investments, contracts or property interests, including cash balances of and revenue streams to the County’s general and enterprise funds, will be used for the construction or operations of the Stadium or pledged or loaned for the payment of any Stadium construction financing, at any time, except for the amounts set forth in Section 2.3 above.

ARTICLE 3.
DEVELOPMENT AGREEMENT

Section 3.1 Development Agreement and Preconditions to Financial Closing. The Stadium JPA will enter into a Development Agreement (“Development Agreement”) with Stadium Company. The Development Agreement will set forth the predevelopment activities to be performed, the preconditions to commencement of construction of the Stadium Project and the amount and timing of City, County, Stadium JPA and Stadium Company funding of construction costs, establish a trust account into which the sources of construction funding from each of the Parties shall be deposited and set forth the requisition and disbursement provisions for the withdrawal of monies from such trust account. The execution of the Ground Lease, the Stadium Lease and related documents (the “Closing”) will be conditioned on the satisfaction of various conditions ("Conditions to Closing"), including without limitation, the following:

(a) The Parties’ approval of the design of the Stadium;
(b) The Parties’ approval of a schedule for the commencement and completion of construction of the Stadium and demolition of the existing stadium;
(c) The Parties’ approval of a guaranteed maximum price contract between the Stadium Company and a contractor for the design and construction of the Stadium Project, procured in accordance with applicable laws ("Construction Contract");

(d) The Parties’ approval of the Development Budget and the Project Management Agreement, each as defined below;
(e) The Parties’ approval of a detailed Finance Plan as described in Section 7.2 below;
(f) The Parties’ approval of the Ground Lease, Stadium Lease, Team Sublease and the Non-Relocation Agreement;
(g) The Parties’ approval of a parking plan for NFL Events; and
(h) All entitlements and other regulatory approvals necessary to commence construction are final.

Section 3.2 Leasing the Stadium Site and the Stadium. At such time as all Conditions to Closing, as more fully set forth in the Development Agreement, are satisfied, the following will occur:

(a) Execution of Ground Lease. The City will lease the Stadium Site to the Stadium JPA pursuant to the Ground Lease;
(b) Execution of Stadium Lease. Stadium Company will concurrently lease the Stadium Site from the Stadium JPA, and the Stadium Company will commence construction of the Stadium;
(c) Execution of Team Sublease and Non-Relocation Agreement. Pursuant to the Team Sublease, the Team will concurrently sublease the Stadium from Stadium Company for the same initial term and optional extension terms as contained in the Stadium Lease. The Team will also concurrently enter into a separate agreement with the Stadium JPA, the City and the County (the “Non-Relocation Agreement”) pursuant to which the Team will commit to play in the Stadium, after the completion of construction thereof, not less than one pre-season game each year (so long as there are at least two scheduled pre-season home games in that year) and all of its regular season and post-season home games for the term of the Team Sublease, including any extension thereof, except as may be prescribed by the NFL or as may be otherwise agreed upon by the Team, the Stadium JPA, the City and the County in the Non-Relocation Agreement (e.g., during reconstruction in the event of a casualty).

ARTICLE 4.
GROUND LEASE

Section 4.1 Term. The Ground Lease for the Stadium Site will be for an initial term of thirty (30) years, with two (2) separately exercisable extension options, each for an additional term of five (5) years, and will be co-terminous with the Stadium Lease, Team Sublease and Non-Relocation Agreement. Upon the Stadium Company’s exercise of any extension option pursuant to the Stadium Lease, the Ground Lease and Non-Relocation Agreement will automatically be extended for the corresponding extension term.
Section 4.2 Ground Rent. During the term of the Ground Lease, the Stadium JPA will pay to the City, annually, as ground rent (“Ground Rent”), an amount equal to [__________ dollars ($__________)] for each year commencing in the first year of Stadium operations (i.e., the first year in which NFL Games will be played in the Stadium).

ARTICLE 5. STADIUM LEASE AND TEAM SUBLEASE

Section 5.1 Term. The Stadium Lease and the Team Sublease will each have an initial term of thirty (30) years, with two (2) separately exercisable extension options, each for an additional term of five (5) years. The same terms and conditions of the Stadium Lease will apply during each option term. Stadium Company may only exercise an option to extend the term of the Stadium Lease if the Team Sublease is concurrently extended by the Team for the same term as the option term and the Non-Relocation Agreement remains in full force and effect for such extension term. In such event, the Ground Lease shall be automatically extended for the same term.

Section 5.2 General Operation of the Stadium. Subject to the terms of the Stadium Lease, including those relating to capital improvements and modifications, the Stadium Company will have the right to direct all aspects of the operation, repair, maintenance, management and control of the Stadium at all times during the term of the Stadium Lease and the Stadium Company will have the discretion in the operation, repair, maintenance, management and control of the Stadium as may be needed to perform its responsibilities under the Stadium Lease. The Parties recognize that the Stadium JPA will have a substantial interest in the manner in which the Stadium is operated and maintained and has a responsibility to the public to ensure that the Stadium is operated and maintained in a manner consistent with public facilities and the same will be reflected in the Stadium Lease.

Section 5.3 NFL Events. Stadium Company will have the exclusive right to host professional football games in the Stadium (“NFL Games”). Each year during the term of the Team Sublease, the Team will play its home games in the Stadium, as provided in Section 3.2(c) above. Use of the Stadium for NFL Games will include time reasonably necessary for practice or warm-ups by the home and visiting teams, the installation of equipment, including advertising and media equipment, and same day concerts and other special events in conjunction with the NFL Games. In addition to the use of the Stadium for NFL Games, Stadium Company and the Team will be entitled to use the Stadium in connection with community relations, promotional and corporate partner private events (together with NFL Games, “NFL Events”), provided that Stadium Company and the Team will coordinate the scheduling of NFL Events (other than NFL Games) with the Stadium JPA to avoid conflict with Civic Events (as hereinafter defined). In all events, however, the Stadium JPA will recognize that, during the NFL pre-season, regular season and post-season, the Stadium Company, the Team and all NFL Events will have scheduling priority over all Non-NFL Events and all Civic Events to be held in the Stadium.

\[\text{The annual Ground Rent is expected to be a nominal amount.}\]

Section 5.4 Facility Rent to Stadium JPA: Net Operating Expenses. Prior to completion of the Stadium, the Stadium Company will pay to the Stadium JPA as rent an amount equal to [______ Dollars ($______)] per year (“Base Rent”). Following completion of the Stadium, Stadium Company will pay to the Stadium JPA, as rent for the Stadium an amount equal to [______ Dollars ($______)] per year (“Facility Rent”).

Section 5.5 Demolition of Stadium. At the end of the term of the Stadium Lease and Ground Lease, the Stadium Company, at the option of the City, will be operationally and financially responsible for the demolition of the Stadium. If the City elects not to require that the Stadium be demolished at the end of the term of the Ground Lease, the City will become the owner of the Stadium without payment to the Stadium JPA, Stadium Company or any other entity.

ARTICLE 6. DESIGN AND CONSTRUCTION OF THE STADIUM

Section 6.1 Application for Land Use Approvals. Stadium Company, with the cooperation of the City, County and Stadium JPA, will obtain land use approvals necessary for construction of the Stadium Project not already obtained by the City prior to execution of the Project Management Agreement (defined below). At the request of the Stadium Company, the City and the County will assist in the application process.

Section 6.2 Project Management Agreement. The Stadium JPA will enter into a project management agreement (the “Project Management Agreement”) with Stadium Company pursuant to which Stadium Company will direct and manage all design and construction for the Stadium Project, subject to certain oversight responsibilities of the Stadium JPA, in accordance with procedures to be defined in the Project Management Agreement that recognize Stadium Company’s responsibility for all construction costs above the City Investment, the County Investment and the Stadium JPA Investment and all construction cost overruns. The design of the Stadium Project will be developed by Stadium Company in consultation with the Stadium JPA, subject to approval as set forth in Section 3.1.

Section 6.3 Compliance with Applicable Laws. Each Party shall be responsible for compliance with all laws and regulations, including but not limited to prevailing wage and non-discrimination in contracting, that may apply to the planning, development, construction, operation, management, use and occupancy of the Stadium Project to the extent that such Party is responsible for that aspect of the Stadium Project. The Team shall have the lead responsibility during the Stadium Project design and construction for ensuring compliance with all licensing, permitting and construction requirements, including prevailing wage requirements and with the design and access requirements of the federal Americans with Disabilities Act and any similar laws. To the extent the Parties purchase insurance or obtain contract protection with respect to construction of the Stadium Project, each Party shall ensure that each other Party has the same protections available to it with respect to coverage, including insurance and contract protection.
from general contractors, architects and other professionals, from claims resulting from the Americans with Disabilities Act and any similar laws (if such protection can be obtained without significant additional cost; however, each Party may elect to pay any such significant additional cost). All actions required by this Term Sheet shall be subject to all requirements of law, including any required hearings and findings.

All Parties to this Term Sheet shall assure that equal opportunities are provided in contracting, sub-contracting and employment and will not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of employees, subcontractors, vendors, or suppliers. The Parties’ agreements will contain language requiring compliance with existing federal, state, and local discrimination laws, and requiring such language in contracts with subcontractors, vendors, and suppliers on the Stadium Project.

Section 6.4 Permit, Inspection and Development Fees: Demolition of Existing Stadium

Stadium Company will pay, as part of the Development Budget, (i) any permit processing and inspection fees legally required, (ii) any development fees required to be paid as part of development of the Stadium Project and (iii) the costs of demolition of the existing Stadium.

ARTICLE 7.

STADIUM CONSTRUCTION FINANCING

Section 7.1 Financing Overview. Based on current projections, Stadium Project development and construction costs will be in the range of one billion one hundred million dollars ($1,100,000,000) assuming construction starts in 2016 and is completed prior to the National Football League’s 2019 season. This cost projection may change as the Stadium Project design process moves forward. As further described in the succeeding Sections of this Article 7, funding for the development of the Stadium Project will be provided by the City, the County, Stadium JPA and Stadium Company. The City Investment will not exceed a total of sixty million dollars ($60,000,000), exclusive of debt service and other financing costs. The County Investment will not exceed a total of one hundred fifty million dollars ($150,000,000), exclusive of debt service and other financing costs. The Stadium JPA will raise funds through the sale of stadium builders licenses as set forth in Section 7.3 hereof and invest the amounts received from such sales into the construction of the Stadium Project (the “Stadium JPA Investment”) in accordance with the Finance Plan described below.

Section 7.2 Finance Plan. The Parties understand and acknowledge that the actual amounts of the potential revenue streams that are planned to be used by the Stadium Company to finance the development of the Stadium Project, as generally described in this Article 7, and the specific requirements of the various bond underwriters and lenders that will provide financing in the future, are uncertain at this point in time. In recognition of these facts, the Parties acknowledge that it is critical to maintain flexibility in the approach to financing of the Stadium Project, subject in all events to the limitations on the City Investment and the County Investment. As provided in Section 3.1 above, it will be a Condition to Closing that the City and the County approve a detailed plan for the financing of the Stadium Project (the “Finance Plan”). The Finance Plan will set out in reasonable detail the amount and timing of the Stadium JPA Investment, the timing of the City Investment and the County Investment, and the timing of the Stadium Company Investment, and will demonstrate, to the reasonable satisfaction of the Stadium JPA, that the Stadium Company will have sufficient assets, credit and revenue streams to timely fund the Stadium Company Investment. The Parties understand and acknowledge that there will be available on or about the later date of July 1, 2016, or sixty days after the Certification Date, no less than $125,000,000 in public funds for use in Stadium Project development costs. These funds will be from the County Investment to the Stadium Project and will count against the County Investment of $150,000,000. These funds may be used exclusive of the City Investment or Stadium Company funds until such time as the City and Stadium Company Investment funds are available for use. At that time, the respective contributions of the City and the Stadium Company will be made exclusive of the County’s contribution until such time as each of the City and Stadium Company has contributed a proportional share of its respective funds in relation to the funds already contributed by the County, and thereafter, each Party’s contribution will be a proportional share of its remaining obligation.

Section 7.3 Stadium JPA Investment. The Stadium JPA, in consultation with Stadium Company, will market and sell “Stadium Builders Licenses” (“SBLs”). The Stadium JPA, in consultation with Stadium Company, will identify and select an entity experienced in the marketing and sale of SBLs, provided that the Team, or an affiliate of the Team may act as the Stadium JPA’s marketing agent in the sale of SBLs, including in marketing to the Team’s current season ticket holders. SBLs will provide buyers with the right to purchase season tickets for NFL Games as long as the Team plays its home games at the Stadium and a preferential right to purchase tickets for Non-NFL Events. The Stadium JPA will use good faith efforts, in cooperation with Stadium Company, to maximize the amount available for construction of the Stadium Project from the sale of SBLs subject to fiscal prudence and consistent with the City’s and County’s policies.

The Stadium JPA will be liable for the Stadium JPA Investment only to the extent that proceeds of sales of SBLs, net of the expenses of such sales, are actually available. The Stadium JPA will be obligated to provide funds for the Stadium JPA Investment solely from the proceeds of the sale of SBLs.

Section 7.4 Stadium Company Investment.

(a) Determination of Stadium Company Investment. The portion of the Stadium Company Investment to be deposited to the trust account referenced in Section 3.1 and required in order for construction to commence will be determined at such time as the following have been accomplished:

(i) The Stadium JPA and Stadium Company have each approved a guaranteed maximum price Construction Contract and a development budget which includes the guaranteed maximum price for construction of the Stadium Project and any other project costs not covered by the Construction Contract (the “Development Budget”); and
(ii) The Stadium JPA and Stadium Company have approved the Finance Plan identifying the amount of proceeds of SBLs expected to be available to fund the Stadium JPA Investment.

The Construction Contract shall be in form and substance reasonably satisfactory to the Stadium JPA and shall provide for indemnification by the construction contractor of the Stadium Company, the Stadium JPA, the City and the County and shall require each of the foregoing to be named insureds and loss payees on insurance policies maintained by the construction contractor.

(b) **Amount of Stadium Company Investment, Including Cost Overruns.** Stadium Company will pay, in accordance with the Finance Plan, (i) any actual costs of construction of the Stadium Project that exceed the sum of the City Investment, the County Investment and the Stadium JPA Investment and (ii) any actual costs of construction of the Stadium Project in excess of the Development Budget.

(c) **Investments Separate.** Stadium Company will fund its contribution from its own funds and in no event will any proceeds from the City Investment, the County Investment or the Stadium JPA Investment be used to fund any obligations of Stadium Company.

**Section 7.5 Disbursement of Construction Financing; Costs for Negotiation and Preparation of Documents.** There will be an equitable schedule, to be agreed upon in the Finance Plan, for the City, the County, Stadium JPA and Stadium Company to deposit the amounts of their respective investments in the trust account referenced in Section 3.1 and for the disbursement of such amounts to fund Stadium Project construction costs. Each Party shall be responsible for its own legal, accounting, consulting and other professional expenses and fees incurred in connection with the planning and negotiation process for the Stadium Project and the negotiation and preparation of all agreements and documents required to implement the terms herein. If the Stadium Project proceeds, the City, the County, the Stadium JPA, the Team and the Stadium Company will be entitled to receive from the trust account referenced in Section 3.1 reimbursement of any previously incurred development expenses and other soft costs related to the Stadium Project to the extent such costs have been included in the Development Budget.

**ARTICLE 8. STADIUM OPERATIONS**

Section 8.1 Stadium Operations Generally. The Stadium Company will be responsible for the management and operation of the Stadium for NFL Events, Non-NFL Events and Civic Events (as defined in Section 12.1), and Stadium JPA will cooperate as necessary with the Stadium Company in the operation of the Stadium. Certain operational and maintenance standards will be negotiated by the Parties and will be set forth in a mutually agreed operation and maintenance plan for the Stadium designed to achieve a safe and well-maintained Stadium for all events at the Stadium in a first class manner (the “Stadium Operation and Maintenance Plan”). The Stadium Operation and Maintenance Plan and a capital expenditure plan designed to ensure the Stadium will remain in good condition and repair in accordance with applicable laws and NFL rules and regulations (“Capital Expenditure Plan”) will be adopted annually by the Stadium Company, subject to the approval of the Stadium JPA. The Capital Expenditure Plan will include an annual projection of capital expenditures, as well as a five (5) year projection of anticipated expenditures. An annual budget for the Stadium operations (the “Annual Stadium Operating Budget”) will be adopted annually by the Stadium Company, in consultation with the Stadium JPA, and will be filed with the Stadium JPA.

(a) **Management Company.** The Stadium Company may, with the prior approval of the Stadium JPA, contract with a management company to oversee the day-to-day operations of the Stadium. The Parties will identify a mutually acceptable process for selecting the management company. Any agreement with a management company shall be in form and substance reasonably satisfactory to the Stadium JPA and shall provide for indemnification by the management company of the Stadium Company, the Stadium JPA, the City and the County and shall require each of the foregoing to be named insureds and loss payees on insurance policies maintained by the management company. The Stadium Company shall not enter into any contract or grant any rights with respect to the operation of the Stadium that extend beyond the Team’s term of occupancy of the Stadium or that are not terminable by the Stadium JPA upon default by the Team or the Stadium Company under any agreement for the occupancy of the Stadium.

(b) **Concessionaire.** The Stadium Company may, with the prior approval of the Stadium JPA, contract with an experienced and responsible concessionaire to operate the concessions within the Stadium. The Stadium Company, in cooperation with Stadium JPA, will be responsible for managing the concessionaire. The Parties will identify a mutually acceptable process for selecting the concessionaire. Any agreement with any concessionaire shall be in form and substance reasonably satisfactory to the Stadium JPA and shall provide for indemnification by the concessionaire of the Stadium Company, the Stadium JPA, the City and the County and shall require each of the foregoing to be named insureds and loss payees on insurance policies maintained by the concessionaire.

(c) **Stadium Parking.** The City will provide reasonable assurance that a minimum of [_____] parking stalls will be available for NFL Events, Non-NFL Events and Civic Events during the term of the Stadium Lease. Pursuant to a parking facilities agreement between the City and the Stadium Company, the Stadium Company will be responsible for managing and operating parking for the Stadium and shall determine the fees to be charged for parking at the Stadium for NFL Events and Non-NFL Events, and, with the approval of the Stadium JPA, Civic Events. The Stadium Company, after consultation with the Stadium JPA, may subcontract with an experienced and responsible parking operator to manage the parking areas. The Parties will identify a mutually acceptable process for selecting the parking operator. Any agreement with any parking operator shall be in form and substance reasonably satisfactory to the City and shall provide for indemnification by the parking operator of the Stadium Company, the Stadium JPA, the City, the County and the Team and shall require each of the foregoing to be named insureds and loss payees on insurance policies maintained by the parking operator.

Section 8.2 Crowd Control, Security and Enforcement Control. Except as may be otherwise agreed by the Stadium JPA and Stadium Company in a stadium security agreement (the “Stadium Security Agreement”), the Stadium Company will be responsible for non-police officer crowd control and security enforcement within the Stadium and shall provide for...
appropriate personnel therefor. The Stadium Company will also be responsible for crowd control and security in the parking areas. In the event that the Stadium Company elects to have police officers from the San Diego Police Department assist in crowd control and security enforcement personnel at the Stadium to augment non-police officer crowd control and security enforcement personnel, then the costs of the overtime hourly wages associated with providing such San Diego police officers shall be paid for by the Stadium Company. The Stadium Company shall reimburse the City for its share of police officer costs within thirty (30) calendar days after each event.

**ARTICLE 9.**

**BUDGET**

Section 9.1  **Budget Overview.** As provided above, the Stadium Operation and Maintenance Plan, including the Annual Stadium Operating Budget and the Capital Expenditure Plan, will be adopted annually by the Stadium Company and submitted to the Stadium JPA for approval prior to the beginning of each fiscal year of the City. The Annual Stadium Operating Budget will include an annual operating plan indicating the type and nature of events that are then contemplated for the Stadium and a projection of the Stadium Operating Revenue (as defined in Article 10 below) and overall Stadium expenses for that year, including Base Rent, Facility Rent and any amounts payable under Section 8.2.

**ARTICLE 10.**

**STADIUM OPERATING REVENUE**

Except as provided herein, the Stadium Company will be entitled to and will receive all “Stadium Operating Revenue,” which means, for each year during the term of the Stadium Lease, all revenue from operation of the Stadium, excluding Team Revenue (which will be paid to the Team) and any net revenue from Civic Events (which will be paid to the Stadium JPA). Stadium Operating Revenue will include, without limitation, the following:

Section 10.1  **[Ticket and Parking Surcharges. To be discussed].**

Section 10.2  **Naming Rights Revenue.** The Stadium Company, in consultation with the Stadium JPA, will have the exclusive right to market and sell the naming rights to the Stadium. The Stadium Company will receive all net revenue from the sale of naming rights to the Stadium itself pursuant to a naming rights contract (“Naming Rights Revenue”). The Parties acknowledge that the naming rights sponsor may also enter into a separate sponsorship contract with the Team, and revenue under such separate sponsorship contract will be Team Revenue, which, as provided herein, is excluded from Stadium Operating Revenue. Any name proposed to be associated with the Stadium shall be tasteful and shall not be a cause for embarrassment to the City or the County and, to ensure this protection, shall be subject to the Stadium JPA’s consent (which consent will not be unreasonably withheld or delayed).

Section 10.3  **SBLS Revenue.** All net revenue from the sale or transfer of SBLS, except to the extent used to pay initial development or construction costs of the Stadium Project.

Section 10.4  **Parking Revenue.** Except as otherwise agreed by the Stadium JPA and Stadium Company, all net revenue from the operation of parking areas for NFL Events and Non-NFL Events other than Civic Events, provided, however, that a certain amount of parking in designated areas agreed upon by Stadium Company and the Stadium JPA will be made available at no charge for Stadium Company and Stadium JPA use. Pricing of parking for Civic Events will be subject to the approval of the Stadium JPA. Net revenue from the operation of parking areas during Civic Events shall belong to the Stadium JPA.

Section 10.5  **Concession Revenue.** Except as otherwise agreed by the Stadium JPA and Stadium Company, all net revenue from concessions authorized by the Stadium Company to engage in the sale of food, beverages and other goods in the Stadium or in parking areas managed by the Stadium Company (“Concession Revenue”), provided, however, that Concession Revenue does not include any of the following, which will constitute Team Revenue: (i) revenues from retail activities associated with the retail store(s) in the Stadium designated as a “Team Store,” (ii) Team Service Revenue (defined below); or (iii) NFL Advertising and Sponsorship Revenue (defined below).

Section 10.6  **Third-Party Rent.** Except as otherwise agreed by the Stadium JPA and Stadium Company, the Stadium Company will receive all net rent from the lease of other leasable space in the Stadium, but excluding any and all space occupied or controlled by Stadium Company or the Team, including, without limitation, the suites and the Team’s locker rooms, offices, Team Store and any other areas to be specified in the Stadium Lease. Any such leases to third parties of other leasable space in the Stadium will be subject to the reasonable approval of Stadium JPA.

Section 10.7  **Revenue from Non-NFL Events, other than Civic Events.** Net revenue received from the promoter or other sponsor of any Non-NFL Event for the right to occupy the Stadium for such Non-NFL Event, including ticket sales to Non-NFL Events sponsored by the Stadium Company, other than the net revenue resulting from Civic Event which shall be transferred to the Stadium JPA; provided, however, that Stadium Company will have the exclusive right to market and authorize the right to occupy suites and similar specified facilities for Non-NFL Events upon purchase of admissions tickets for such Non-NFL Events, and the premium charged, if any, by Stadium Company to occupy such suites or similar facilities for Non-NFL Events will constitute Team Revenue.

Section 10.8  **Non-NFL Event Advertising Revenue.** Net revenue received from transient electronic advertising on designated areas of the Stadium scoreboards that is purchased exclusively for and displayed exclusively during Non-NFL Events as well as promotional events and activities occurring exclusively during Non-NFL Events (“Non-NFL Event Advertising Revenue”). To the extent legally and operationally feasible, the City and the Stadium JPA will not engage in or authorize at any time, including during Non-NFL Events, any advertising or promotional activities in or around the Stadium or in parking areas owned or controlled by the City or Stadium JPA that conflict with the terms of contracts that Stadium Company negotiates with its advertisers or sponsors (“Sponsor Contracts”). Net revenue received from transient electronic advertising on designated areas of the Stadium scoreboards that is purchased exclusively for and displayed exclusively during Civic Events as well as promotional events and activities occurring exclusively during Civic Events shall be the property of the Stadium JPA.
ARTICLE 11.
TEAM REVENUE

Section 11.1 Definition of Team Revenue. Stadium Company, the Team or their affiliates will receive all Team Revenue; and, as provided in Article 10 above, Stadium Operating Revenue will expressly exclude all Team Revenue. As used herein, “Team Revenue” means (a) all NFL Events Revenue, (b) all NFL Advertising and Sponsorship Revenue and (c) except as expressly provided herein, all other NFL-related revenue or revenue from NFL operations, whether or not occurring at the Stadium, including, without limitation, all revenue from any broadcast or other dissemination of the sound, visual or written depiction of NFL Events and all revenues from retail activities associated with the retail store(s) in the Stadium designated as a “Team Store.”

Section 11.2 NFL Events Revenue. As used herein, “NFL Events Revenue” means any and all revenue arising directly or indirectly out of NFL Events, including, without limitation, the following:

(a) Ticket Revenue. All revenue from the sale of tickets to NFL Games or other NFL Events; and

(b) Team Service Revenue. All revenue from the delivery of services, rental of any equipment, goods or devices, or the use of technology at or in connection with any NFL Events at the Stadium or provided by Stadium Company, the Team or their affiliates (collectively, “Team Service Revenue”).

Section 11.3 NFL Advertising and Sponsorship Revenue

(a) Right to Sell. Except for advertising and promotional activities included in the Stadium Company’s Non-NFL Event Advertising Revenue, Stadium Company, the Team or its affiliates will have the exclusive right to sell advertising and space for promotional displays and activities and other marketing media in or on the Stadium and on Stadium-related signage, whether fixed or otherwise, and sponsorships and promotional activities within the Stadium or associated with the Team and/or the NFL (“NFL Advertising and Sponsorships”), including without limitation, (i) the sale of rights to name or enhance components of the Stadium, including, without limitation, Stadium gates, levels, plazas and concession areas, and (ii) the sale of promotional displays, kiosks or similar facilities in the Stadium or on parking lots or structures owned or controlled by the Stadium JPA.

(b) Revenue from NFL Advertising and Sponsorship. Stadium Company, the Team or their affiliates will receive exclusive rights to any and all revenue, except for Naming Rights Revenue, from NFL Advertising and Sponsorships (“NFL Advertising and Sponsorship Revenue”). NFL Advertising and Sponsorship Revenue will not include any Non-NFL Event Advertising Revenue.

ARTICLE 12.
NON-NFL EVENTS AND CIVIC EVENTS

Section 12.1 Annual NFL and Non-NFL Event Plan. In addition to NFL Events, the Stadium Company will have the right to conduct events in the Stadium, such as concerts and sporting events other than NFL Events (“Non-NFL Events”). The Stadium Company shall establish a plan and schedule for NFL Events and Non-NFL Events for each calendar year (the “Annual NFL Event and Non-NFL Event Plan”) and submit such Annual NFL Event and Non-NFL Event Plan to the Stadium JPA on or before a date to be determined and set forth in the Lease Agreement. The Stadium JPA will have the right, without any obligation to pay rent to the Stadium Company, to use the Stadium and parking areas for up to [_____] days in each calendar year (“Civic Event Dates”) to schedule events (“Civic Events”) that are not included in the Annual NFL and Non-NFL Event Plan by providing written notice to the Stadium Company of its intent to conduct a Civic Event at the Stadium. If the Stadium JPA does not use all of its Civic Event Dates in any calendar year, it shall not be permitted to carry such unused dates forward to any future calendar year. Civic Events may include civic, cultural and community events, high school and college football and soccer games and other athletic or educational events as well as the provision of meeting space in the Stadium for community groups and not-for-profit organizations, convention center and other public uses. Such events may take place year-round subject to the scheduling priority for NFL Events established in Section 5.3 hereof. [Discuss continued use by Aztecs and certain other entities.]

Section 12.2 [Ticket and Parking Surcharges. To be discussed.]

Section 12.3 Net Revenue from Civic Events. The Stadium JPA shall be entitled to all net revenue attributable to Civic Events, including net parking revenue, and any net revenue from Civic Events received by the Stadium JPA may be transferred in the discretion of the Stadium JPA to the City’s or the County’s general fund, as applicable. The Stadium Company will actively assist the Stadium JPA in operating Civic Events so as to maximize the Stadium JPA’s net revenue from such events.

ARTICLE 13.
CAPITAL RESERVES

Section 13.1 Reserve Deposits. The Stadium Company will fund a capital reserve maintained by the Stadium Company (the “Stadium Capital Expenditure Reserve”) and funded by an annual deposit to the Stadium Capital Expenditure Reserve made by the Stadium Company in the amount of [_____] dollars ($[_____] ), escalating [_____] percent (____%) per year, beginning in the second year of operation of the Stadium, and continuing each year thereafter for the term of the Stadium Lease, plus any additional amounts agreed by Stadium Company.
Section 13.2 Use Of Reserve. The Stadium Capital Expenditure Reserve will be used by the Stadium Company for replacements and capital improvements to the Stadium as provided in the annual Capital Expenditure Plan. Any amounts in the Stadium Capital Expenditure Reserve upon termination of the Stadium Lease will be used to pay for the costs of the demolition of the Stadium with any amounts remaining after such demolition is completed to be paid to the Stadium Company. In the event the Stadium is not required to be demolished, any amounts remaining on deposit in the Stadium Capital Expenditure Reserve upon termination of the Stadium Lease shall be paid to the Stadium JPA.

ARTICLE 14.

MISCELLANEOUS

Section 14.1 Possessory Interest Taxes. The use and occupancy of the Stadium may create possessory interests subject to taxation by the State of California. The City, the County and the Stadium JPA shall have no liability for such possessory interest taxes. Any further or additional agreements regarding the Stadium shall contain a provision that relieves the City, the County and the Stadium JPA of any liability for the use and occupancy of the Stadium.

Section 14.2 Modification of Term Sheet. Except as may be specifically set forth in this Section 14.2, this Term Sheet may not be modified or amended without the affirmative vote of a majority of the electorate of the City voting at an election held for that purpose. The City Council, on behalf of itself, and the County, on behalf of itself, may agree to modify or amend this Term Sheet without a vote of the electorate if needed to administer and carry out the intent of the voters and purpose of the Term Sheet and only if the amendments or modifications contemplated do not materially: (1) decrease the rights of the City, the County or the Stadium JPA, (2) increase the financial commitments of the City, the County or the Stadium JPA or (3) compromise funding for the Stadium Project. Any such modifications or amendments must be in writing and signed by all of the Parties, including the Team on behalf of the Stadium Company, if the latter has not yet been formed, and the Stadium JPA, if the Stadium JPA has been formed.

Section 14.3 Other Provisions. The other documents required or contemplated by this Term Sheet shall contain such other provisions, representations, warranties, covenants and indemnities as are customarily included in similar documents related to the development, construction and operation of National Football League facilities owned by a municipal entity.

Section 14.4 No Third Party Beneficiaries. This Term Sheet is solely for the benefit of the Parties and no person or entity not a Party hereto shall have any rights under this Term Sheet.

Section 14.5 Counterparts. This Term Sheet may be executed in counterparts, and each counterpart, once executed, shall have the efficacy of a signed original. A true and correct copy of a signed counterpart of an original signature transmitted to the other Parties is effective as if it were an original.
By signing below, the Parties evidence their general agreement with the provisions of this Term Sheet and agree to use this Term Sheet as the framework for the good faith negotiations of binding definitive agreements. Any agreements resulting from negotiations will become effective only if and after such agreements have been considered and approved by the Stadium JPA, the County and the City following conduct of all legally required procedures.

CITY OF SAN DIEGO, CALIFORNIA,
a chartered California municipal corporation,

APPROVED AS TO FORM:

City Attorney

Mayor

ATTEST:

City Clerk

“City”

COUNTY OF SAN DIEGO, CALIFORNIA,
a chartered California municipal corporation,

APPROVED AS TO FORM:

County Attorney

Authorized Representative

ATTEST:

County Clerk

“County”

SAN DIEGO CHARGERS NFL,
for itself and on behalf of the Stadium Company to be formed

APPROVED AS TO FORM:

[Title]

“Team”

[Signature Page to Term Sheet]
“Facility Rent” has the meaning set forth in Section 5.4.
“Final EIR” has the meaning set forth in Section 1.3.
“Finance Plan” has the meaning set forth in Section 7.2.
“Ground Lease” has the meaning set forth in the Introduction.
“Ground Rent” has the meaning set forth in Section 4.2.
“Naming Rights Revenue” has the meaning set forth in Section 10.2.
“NFL Advertising and Sponsorship Revenue” has the meaning set forth in Section 11.3(b).
“NFL Advertising and Sponsorships” has the meaning set forth in Section 11.3(a).
“NFL Events” has the meaning set forth in Section 5.3.
“NFL Events Revenue” has the meaning set forth in Section 11.2.
“NFL Games” has the meaning set forth in Section 5.3.
“Non-NFL Events” has the meaning set forth in Section 12.1.
“Non-NFL Event Advertising Revenue” has the meaning set forth in Section 10.8.
“Non-Relocation Agreement” has the meaning set forth in Section 3.2(c).
“Parties” has the meaning set forth in the Introduction.
“Project Management Agreement” has the meaning set forth in Section 6.2.
“SBLs” has the meaning set forth in Section 7.3.
“Sponsor Contracts” has the meaning set forth in Section 10.8.
“Stadium” has the meaning set forth in the preamble of this Term Sheet.
“Stadium Capital Expenditure Reserve” has the meaning set forth in Section 13.1.
“Stadium Company” has the meaning set forth in the preamble of this Term Sheet.
“Stadium Company Investment” has the meaning set forth in Section 7.1.
“Stadium JPA” has the meaning set forth in the Introduction.
“Stadium JPA Investment” has the meaning set forth in Section 7.1.
“Stadium Lease” has the meaning set forth in the Introduction.

“Stadium Operation and Maintenance Plan” has the meaning set forth in Section 8.1.
“Stadium Operating Revenue” has the meaning set forth in Article 10.
“Stadium Project” has the meaning set forth in the Introduction.
“Stadium Security Agreement” has the meaning set forth in Section 8.2.
“Stadium Site” has the meaning set forth in the Introduction.
“Team” has the meaning set forth in the preamble to this Term Sheet.
“Team Revenue” has the meaning set forth in Section 11.1.
“Team Service Revenue” has the meaning set forth in Section 11.2(c).
“Team Store” has the meaning set forth in Section 11.1.
“Team Sublease” has the meaning set forth in the Introduction.
“Term Sheet” has the meaning set forth in the preamble to this Term Sheet.
ATTACHMENT B
STADIUM SITE

ATTACHMENT C
OTHER STADIUM AREA PROPERTY