

May 18, 2017

Honorable Kevin L. Faulconer  
Mayor  
City of San Diego  
202 C Street, 11<sup>th</sup> Floor  
San Diego, CA 92101

Dear Mayor Faulconer,

After several weeks of discussions between your team and ours, we are excited to put forward a set of key items that reflect the spirit with which we have worked to craft a consensus that benefits the citizens and taxpayers of San Diego, the region's sports fans, SDSU, and the residents of Mission Valley. We appreciate the detailed review of our proposal and supporting materials by your office.

We hope that the concessions we have made clearly demonstrate our commitment as long-term San Diegans who care deeply about our City. This project is not just about bringing a Major League Soccer team to San Diego for everyone to enjoy and embrace. It is also about remaking the Qualcomm site from a money losing fixer-upper into a world-class civic asset, and being good stewards of it over the long term. The outpouring of support from over 100,000 registered voters in only 2 weeks of signature gathering was a message that San Diegans are ready for a project that draws on the decades of proposals, debate and visions for the Qualcomm site, and which will actually be built. We also heard the clear voice of voters in November 2016 on Measures C and D. San Diegans don't want to spend taxpayer dollars on sports teams, and they want a realistic plan that delivers a river park and a material property tax base on the Qualcomm site. Our plan, by design, is wholly consistent with these wishes.

Our approach since announcing our plans for Soccer City has been guided by the desire to be transparent about our objectives. We believe our proposal will accomplish the following:

- Fills a void by bringing a Major League Soccer team to San Diego, a perfect fit for the region.
- Fully funds the construction and maintenance of a community river park, with park construction starting by 2020.
- Delivers a stadium solution in time for the 2020 college football season, when SDSU needs a new home.
- Converts the current \$12 million per year drain on taxpayers into an asset that generates \$2.8 billion per year in economic activity, 26,000 permanent jobs and \$1.4 billion of tax value for the city, the county and the schools.

Without the voters' approval of this plan, our view is that nothing will happen at the Qualcomm site for a decade because of the tangled intersection of competing interests surrounding this site. The unifying power of a professional sports team and a community river park is the best answer to avoid the years of litigation and paralysis we believe will occur before any other path forward is resolved.

In the interest of transparency for the public, please find below a set of additional commitments (which voluntarily go above and beyond the terms of the Initiative) that our Investor Group agrees to accept in the binding lease should we be the Qualified Lessee following the passing of the Initiative at the November 7, 2017 special election. This letter reflects the core terms to be incorporated in the final lease, which will contain additional detail and conditions and supersede this letter. Our expectation is for the lease terms to be released in advance of the election date, so that San Diegans have complete transparency when casting their vote.

**Taxpayer Commitments:**

- The terms of the lease will draw from the Brown Field precedent identified by the City's Real Estate Assets department as the preferred lease structure for a development of this nature and, importantly, one which was previously approved by the City Council. The lease will allow for periodic review.
- An independent third party appraiser will conduct the appraisal per the Brown Field process, with the goal of making the appraisal publicly available prior to the election date, and will also reflect the Brown Field development agreement precedent.
- The lease will include additional annual payments of 10% of fair market value of the land, creating payments for the City for the duration of the lease.
- As part of the lease, appropriate indemnification protection will be negotiated to help protect the City.
- Our lease will require that we secure a Major League Soccer team for San Diego. If we are not awarded an MLS franchise, the lease will terminate, we will not proceed with any development of the site, and the site will remain with the City of San Diego.
- We will seek additional input from the people of San Diego in the form of at least 8 community meetings (no less than 6 prior to the election and 2 following), soliciting views on design features, architectural style and ethic, place making, transit oriented development features and park amenities for the community's new river park.

**Community and Environmental Commitments:**

- In keeping with our mutual desire to provide a world-class community river park, we will agree to build the park in all circumstances and maintain it through the term of our lease. This cost will be wholly in addition to the amounts we will spend to construct and maintain the remaining 25 acres of population based parks proposed for the site.
- Including some park acreage south of the river, we will provide 60 acres of parks (community + population based) across the leased acreage (much more than the 25 acres required by code) that will be designed consistent with the current adopted goals and objectives of the San Diego River Park Foundation and using the input of members of the Mission Valley community.

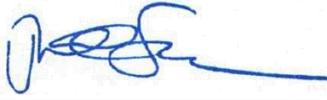
**San Diego State University Commitments:**

We have been longtime supporters of SDSU and hope to be partners together in the new stadium. Because we are required by MLS to build a stadium in time for the start of the soccer season in 2020, we will need to make immediate decisions on its size, which will depend upon whether SDSU commits to fund half of the costs. Therefore, we will commit to the following provisions if SDSU enters into a binding stadium joint venture by December 1, 2017 (a "Stadium Commitment"):

- **Joint Use Stadium.**
  - The Joint Use Stadium will accommodate at least 33,500 people, which is more than the attendance at SDSU's peak game and 30% above the average turnstile in 2016.
  - To plan for growth opportunities for both teams, the Joint Use Stadium will be designed to accommodate expansion to 40,000 seats in a manner that balances cost and revenue for those new seats.
  - The Joint Use Stadium will be made available to both SDSU and our group during the useful life of the building.
- **Room to Expand.** To help accommodate the University's possible future expansion needs, SDSU will have an opportunity to secure up to 47 acres of land for University uses at the Qualcomm site via the options below, which represents 70% of the developable acres. The 47 acre land opportunity is comprised of:
  - 17 contiguous gifted acres (12 underlying the stadium plus 5 adjacent); *PLUS*
  - *One* of the following additional acreage options:
    - **Controlled Destiny** – 10 contiguous acres as a pro rata partner in the land, development and parking preparation expenses
    - **Build to Suit for Near Term Needs** – we will offer to build to suit any amount of the indicated needs for 2,000 units of student housing and 200,000 sq. ft of scientific research facilities for delivery by no later than 2024
    - **Long Term Needs Satisfaction** – 30 acres of developed land can be acquired at fair market value 30 years out, consistent with SDSU's articulated starting point for its long-term needs
- We realize that with a leadership transition and a wide range of opinions from within the University, SDSU may need more time to make any final decisions. If SDSU does not make the Stadium Commitment by December 1, 2017, we intend to design and construct a stadium that accommodates at least 23,500 people, but we reiterate our intent to make the stadium commercially available to the University for its home football games.

We hope the commitments above reflect the "San Diego First" sentiment that has underpinned our discussions, a strong commitment to the taxpayers and the community, and a desire to help SDSU secure the future of their football program, academic facilities, and student housing. We will work tirelessly to deliver on this vision, and we look forward to the special election on November 7, 2017. We cannot wait to revitalize the Qualcomm site into a treasured civic asset and the home of a new MLS soccer franchise, all without spending any taxpayer dollars.

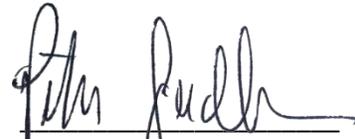
Sincerely,



MLS SD Pursuit LLC  
Mike Stone



MLS SD Pursuit LLC  
Steve Altman



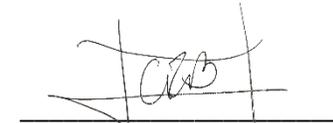
MLS SD Pursuit LLC  
Peter Seidler



MLS SD Pursuit LLC  
Masood Tayebi



MLS SD Pursuit LLC  
Massih Tayebi



MLS SD Pursuit LLC  
Juan Carlos Rodriguez



MLS SD Pursuit LLC  
Landon Donovan



MLS SD Pursuit LLC  
Shannon Mac Millan



MLS SD Pursuit LLC  
Jon Dunbar



MLS SD Pursuit LLC  
Nick Stone