OFFER TO PURCHASE
MISSION VALLEY STADIUM SITE

This offer identifies fair and equitable terms upon which San Diego State University ("SDSU")\(^1\) proposes to purchase the stadium site in Mission Valley from the City of San Diego ("City"). Terms with initial capital letters that are not otherwise defined in this offer have the meaning given in San Diego Municipal Code section 22.0908 (the "Code"), the law that governs the City’s sale of the Existing Stadium Site to SDSU. SDSU believes the terms of this offer are consistent with the Code, which codified the Measure G Initiative that was approved by a majority of the electorate. SDSU looks forward to implementing the mandate of our mutual constituents by completing the purchase and sale of the Existing Stadium Site so that SDSU can proceed with timely development of the Project described below.

1. **Property:** Approximately 132.63 acres out of the approximately 232.77 acres Existing Stadium Site (see attachment). This includes the portion of Murphy Canyon Creek running along the eastern perimeter of the site adjacent to Interstate 15. The City will retain ownership of approximately 34.6 acres of River Park land and a portion of the Murphy Canyon Creek land.

2. **Purchase Price.** Sixty-Eight Million Two Hundred Thousand Dollars ($68,200,000). This is the appraised fair market value of the Property.

3. **Existing Stadium Maintenance and Capital Costs:** Concurrent with the closing of the transaction, SDSU will take responsibility for the ongoing maintenance and upkeep of the Existing Stadium estimated at an annual cost of $5mm-$10mm. From and after the Closing Date, the City shall not be required to pay for any Joint Use Existing Stadium operating costs, Joint Use Existing Stadium maintenance costs or Joint Use Existing Stadium capital improvement expenses. The City shall continue to provide public safety, fire and emergency management services to the Project as required by Applicable Law.

4. **Fenton Parkway Bridge:** The Draft Environmental Impact Report ("DEIR") does not include the Fenton Parkway Bridge as a Project component. Nevertheless, SDSU understands the City desires the Bridge as a separate facility that is part of its long-term traffic circulation plan for the Mission Valley Community Plan area, and the City therefore believes that the Bridge has independent utility without regard to the Project. SDSU does not have detailed information from the City at this time regarding the Bridge. With the

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\(^1\) San Diego State University, a California State University, with authority delegated by the Board of Trustees of the California State University, which is the State of California acting in its higher education capacity.
cooperation/collaboration/support of SDSU, the City will pursue the Fenton Parkway Bridge as a separate City facility in the future and the Bridge must be and remain a separate City project for CEQA and all other purposes. Subject to the necessary CEQA compliance having been completed by or through the City and all other necessary parties, SDSU will construct the 2-lane, all weather, at grade with the trolley crossing (with turn lane) Bridge and fund its environmental review, design, permitting and construction (est. cost $22mm). SDSU believes that the Project’s share of future traffic under the DEIR’s “with bridge” scenario is approximately 25%, and on that basis, SDSU’s allocated contribution for Bridge costs would be approximately 25% of the total costs. SDSU will receive development impact fee credits or other reimbursement from the City to the extent it incurs costs exceeding the approximately 25% share. SDSU will also be entitled to use the City’s existing Capital Improvement Project funds allocated to the Bridge (est. $1.3mm) for Bridge costs. The City will grant SDSU an easement, license and/or other rights necessary for SDSU to construct the Bridge. SDSU agrees that it will construct the Bridge before occupancy of more than 65% of planned equivalent dwelling units for the Project.

5. **Murphy Canyon Creek:** As discussed in the DEIR, the Project does not impact Murphy Canyon Creek. However, at the City’s request, SDSU will acquire the approximately 2.6-acre Murphy Canyon Creek property owned by the City, provided the City remains responsible to perform any deferred maintenance and agrees to design, permit and construct any previously identified capital improvements at its cost. The capital improvements will be completed in a manner that does not negatively impact any proposed Project improvements. SDSU will maintain the Murphy Canyon Creek property on a go-forward basis at an estimated annual cost of $125,000 (after the City’s completion of the deferred maintenance and capital improvement obligations).

6. **No New or Additional City Taxes:** The Sale will not raise or impose any new or additional taxes on City residents.

7. **Possessory Interest and Other Taxes:** SDSU’s non-state private development partners constructing improvements in the Project solely for private use and not for the benefit of or in support of SDSU’s governmental mission (“Non-SDSU Facilities”) will be required to pay sales tax, possessory interest tax, and/or transient occupancy tax, as required by applicable law. SDSU and other publicly developed property will be exempt from paying property or possessory interest taxes.

8. **Project.** SDSU will construct the following project (“Project”) to further its educational mission: (i) a new multi-use stadium for SDSU Division I collegiate football and other sports; (ii) a River Park; (iii) other shared parks and open space; (iv) facilities for educational, research, entrepreneurial and technology programs; (v) residential housing for faculty and staff, graduate and undergraduate students and the local community; (vi) campus and neighborhood serving retail; (vii) hotels for campus uses, conferences, programs, and other community uses, and (viii) other uses as further described in the Code and the San Diego State University Mission Valley Campus Master Plan Draft.
Environmental Impact Report ("DEIR"). The new stadium will be completed within 7 years after execution of the PSA.

9. **River Park Construction and Maintenance.** SDSU will design and construct the 34-acre River Park (est. cost $30mm). The River Park will be completed no later than 7 years after execution of the PSA and prior to occupancy of any building in the Project other than the stadium. SDSU will also maintain the River Park in perpetuity (annual cost $578k). The River Park will contain storm water retention and bioswales serving the Project, which SDSU will also maintain. The City will retain ownership of the River Park after the closing and will grant SDSU an easement to construct and maintain the River Park.

10. **Other Recreation Space:** SDSU will design, improve and maintain at least 22 additional acres of parkland/recreation space. This additional park space will be owned by SDSU, but made available for general community use and enjoyment.

11. **Future City Recreation Center Site:** SDSU will reserve an approximately one-acre site upon which the City may construct and operate a Recreation Center in the future, as called for in the Mission Valley Community Plan.

12. **Additional Traffic Improvements.** As described in the DEIR, SDSU intends to provide approximately $21,000,000 in off-site and major on-site traffic improvements, pursuant to the mitigation measures identified in the DEIR. SDSU will also provide $5,000,000 in additional traffic improvements as an accommodation to the City, provided SDSU does not become responsible for other traffic improvements.

13. **Development Impact Fees.** SDSU’s non-state private development partners constructing Non-SDSU Facilities will pay development impact fees ("DIFs") (excluding park DIFs, as discussed in the next sentence), but SDSU and other publicly developed and occupied facilities will be exempt. The Project will contain parks in excess of the City’s requirements and therefore no party constructing any improvements in the Project will be required to pay park DIFs. A credit against all other DIFs will be given to the extent SDSU incurs costs for the Fenton Parkway Bridge exceeding its approximately 25% contribution amount.

14. **Affordable Housing:** At least ten percent (10%) of housing units, which may include student housing units, will be set aside as affordable housing and built on site (no in-lieu fee option) as follows: Rental Units- for a period of 55-years to tenants with an average household income that is 65% of the area median income ("AMI"); For-Sale Units- an initial buyer whose household income does not exceed one hundred percent (100%) of AMI, or an initial buyer whose household income does not exceed 150% of AMI for units containing two or more bedrooms; For Student Housing - students eligible for Cal Grant A or Cal Grant B awards (similar to what is provided in State Density Bonus Law, Government Code section 69519(b)(1)(F)), and students who were previously in the foster care program, or students enrolled in a job training program receiving assistance under the
15. **Groundwater Wells for Pure Water.** City will be permitted to install groundwater wells within a predetermined area of the Property that will not impact Project development or improvements.

16. **Monitoring and Extraction Wells:** City will remove and close, or cause the removal and closure of all monitoring and extraction wells and related facilities existing on the Property on a timeline and in a manner reasonably acceptable to SDSU.

17. **Environmental:** SDSU will not assume liability for existing environmental contamination of a nature similar to that which was previously the subject of on-site remediation.

18. **City Cooperation Commitments:** Although SDSU will be the party issuing grading, building and all other permits for the Project, the City agrees to timely cooperate with SDSU in all of its efforts to facilitate and implement the terms of this offer. In particular, the City will actively cooperate on the following: (i) expedited Development Services Department Review and Permitting for Non-SDSU Facilities (SDSU and other publicly developed improvements will not require any City permits), (ii) River Park Right of Entry Access and Operational Agreement, and (iii) the relocation of existing on-site utility lines and recordation of associated easements.

19. **Connection Fees:** SDSU will receive a credit against water and sewer connection fees and charges for all existing facilities.

20. **Compliance with CEQA:** The execution and closing of the PSA is conditioned upon compliance with CEQA, which will include the Board of Trustee’s certification of the Mission Valley Campus Master Plan Final EIR and the City’s making of Responsible Agency findings under the Final EIR, among other things. SDSU, by delivering this offer, and the City, by accepting this offer, are not bound or committed to a definite course of action with respect to the PSA or the Project. Consistent with CEQA Guidelines 15004(b)(4), nothing in this offer shall commit or be interpreted to commit SDSU or the City formally or as a practical matter to a definite course of action, to preclude the consideration of feasible mitigation measures and alternatives, or to restrict denial of the PSA or the Project, prior to the certification or approval of said Final EIR. The terms proposed in this offer are subject to CEQA compliance through the DEIR and Final EIR, and do not constrain meaningful consideration during the CEQA review process of all feasible mitigation measures or alternatives, including the “No Project” alternative required by CEQA.
21. **Code Compliance**: In addition to the items described above, SDSU will comply with all other Code requirements, including GHG reduction goals and applicable prevailing wage laws consistent with SDSU’s policies.

Please note this offer assumes the following: (i) SDSU and City staff will finalize negotiating the terms of a purchase and sale agreement ("PSA") by November 2019, (ii) the Board of Trustees will review, approve and certify the Final EIR for the Project and approve the PSA in January 2020, (iii) the City will make responsible agency findings under the Final EIR and approve the PSA shortly after the Board of Trustee’s certification and approval, and (iv) the closing will occur in February 2020. The economics of SDSU’s offer are greatly impacted if the above scheduling milestones are not achieved. SDSU is fully committed to working with the City beginning this week to meet this schedule.

SDSU believes these terms proposed above are fair and equitable. We look forward to working with City staff on a PSA that implements these terms as soon as possible.