THE CITY OF SAN DIEGO

April 14, 2015

VIA EMAIL: Christopher.mukai@citigroup.com

Christopher Mukai, Managing Director
Citigroup Global Markets Inc.
Municipal Securities Division
444 S. Flower Street, 27th floor
Los Angeles, California 90071

Dear Mr. Mukai:

Subject: Underwriting services for the financing of a new Chargers Stadium.

Reference: *Request for Qualifications No. 10013180-11-Z, Furnish the City of San Diego with Qualifications for Investment Banking Services – Underwriter Pool*
Request for Proposals, February 26, 2015, Financing Plan proposal for a new football stadium in City of San Diego

Thank you for your March 12, 2015, response to the City's subject solicitation. The City has selected your firm to assist the City with the development and implementation of a new Chargers Stadium financing plan by serving as the Senior Manager for any future financing(s) that result. Your firm has also been selected to serve as Senior Manager and Bookrunner on the first issuance of municipal bonds ("Bonds") contemplated under the financing plan for a new Chargers Stadium. The core banking team is as identified in your proposal:

- Day to Day Project Managers: Christopher Mukai and Bill Corrado
- Lead Underwriter: Jay Wheatley

Citi is expected to work closely with the City's financial and legal team, consisting of Nixon Peabody and other economic consultants, and is expected to take the lead role in the structuring of the Bonds and related stadium revenues.

In addition to your firm, the City may select other firms to serve in an underwriting syndicate, including co-senior and/or co-manager roles as the scope and type of financing develops. Please also note that your firm's appointment and underwriting compensation is contingent on the City Council's approval of the bond purchase agreement for the Bonds, and the requirements listed or referenced through the Request for Qualifications No. 10013180-11-Z. During any financing plan development, City will pay reasonable out of pocket expenses incurred by Citigroup for Mr. Bill Corrado.

Purchasing & Contracting Department
1200 Third Avenue, Suite 200 • San Diego, CA 92101
Tel (619) 236-6000 Fax (619) 236-5904

Notwithstanding the above, subsequent to the selection, significant changes to the banking team, deterioration in firm's financial condition, mergers, takeovers, bankruptcy filings, or other factors could cause the City to reassess your firm's ability to successfully serve and support your role on the proposed transaction. Under such conditions, the City, at its sole discretion reserves the right to terminate your appointment as underwriter of the Bonds or as a member of the underwriting pool. Prior to this termination, the City will provide advance notice for making this determination which would include the specific factors leading to the decision.

While it is the City's intent to have you serve as Senior Manager for the Bonds, your engagement as underwriter of the Bonds is preliminary, nonbonding and may be terminated at any time by the City. The City is not obligated or committed to approve any project or financing related to the Charger's Stadium at this time.

The provisional award requirements requested below must be submitted to the City of San Diego Purchasing & Contracting Department. Please note that the required documents must be prepared in the manner specified in Attachment 2, and received by the Insurance Coordinator, City of San Diego, Purchasing & Contracting Department, 1200 Third Avenue, Suite 200, San Diego, CA 92101-4195, **no later than April 15, 2015**. A sample certificate of liability insurance has also been enclosed for your reference. If you have any questions regarding insurance and/or business tax requirements, please call the Insurance Coordinator at (619) 236-6254.

PROVISIONAL AWARD REQUIREMENTS: Shall be in accordance with the Section titled "Selection and Award from the Pool" on page 27 of the Request for Qualifications No. 10013180-11-Z, which incorporates the specific requirements by reference at: ftp://ftp.sannet.gov./OUT/Purchasing-Contracting/RFSQ%2010013180-11-Z, and are highlighted below.

1. Commercial General Liability is required and must be for a minimum of $1,000,000.00 Each Occurrence

2. Automobile Liability insurance coverage is required and must be for a minimum of $1,000,000.00 CSL

3. Workers' Compensation policy is required and must contain a waiver of subrogation of rights against the City of San Diego

4. Professional Liability coverage is required and must be for a minimum of $5,000,000.00 (five million) per occurrence, covering the risk of errors and omissions, negligent acts and costs of claims/litigation, including investigation and court costs

5. A Taxpayer Identification number (W-9) form is required, as specified in General Provisions for proposals dated January 18, 2005

6. A signed Equal Benefits Ordinance Certification of Compliance is required. Contractors must certify they will provide and maintain equal benefits as outlined in SDMC 22.4302.

EBO requirements are posted on the City's website at www.sandiego.gov/purchasing/ or can be requested from the Equal Benefits Program at (619) 533-3948

7. A San Diego business tax license certificate is required. Any firm engaged in doing business in the City of San Diego is required to obtain a Business Tax Certificate. Visit http://www.sandiego.gov/treasurer/businesstax/index.shtml for instructions

If Citigroup Global Markets Inc. agrees to be Senior Manager for the underwriting of the Bonds and any future stadium financing and provide the services as explained, please acknowledge by signing below. In addition, the City requires that your firm sign a confidentiality agreement upon appointment. Please acknowledge the enclosed confidentiality requirement (Attachment 1) and return a signed copy to the City.

Please e-mail Ms. Veronica Ford, Procurement Specialist, a copy of your signed response and confidentiality agreement (*excluding insurance)* at VMFord@sandiego.gov by **5:00pm P.T. on Wednesday, April 15, 2015**. Please mail the signed hard copy to Ms. Ford's attention to Purchasing & Contracting Department, 1200 Third Avenue, Suite 200, San Diego, CA 92101-4195.

Please contact Ms. Ford at (619) 236-6032 or at the e-mail address above if you have any questions.

Sincerely,

Dennis Gakunga
Purchasing and Contracting Director

Attachments

cc: Veronica Ford, Procurement Specialist
Scott Chadwick, Chief Operating Officer
Mary Lewis, Chief Financial Officer
Lakshmi Kommi, Debt Management Director
Kandace Soto, Insurance Coordinator

"The undersigned agrees to serve as the Senior Manager for the above referenced financing."

Citigroup Global Markets Inc:

Signature

Christopher Mukai
Print Name

4/14/15
Date

Attachment 1
Underwriter's Confidentiality Agreement

The Underwriter acknowledges, represents, and warrants to the City that in connection with the preparation for the offering and sale of the bonds, the Underwriter, its agents, employees, and counsel involved in the offering have been and will be provided non-public information by or on behalf of the City, including but not limited to drafts of the Preliminary Official Statement and Official Statement; the Underwriter, its agents, employees and counsel involved in the offering have been and will be provided such information for the purpose of the offering and sale of bonds and not for any other purpose; and the Preliminary Official Statement and Official Statement, and any supplements or amendments thereto in accordance with the provisions of the Bond Purchase Agreement constitute the only documents authorized by the City for dissemination of such information.

The Underwriter covenants and agrees to protect and maintain the confidentiality of such information and to take appropriate steps to assure that its agents, employees, and counsel involved in the offering will not make use of such information for any purpose other than the offer and sale of the bonds.

Notwithstanding the preceding two paragraphs, the Underwriter has the right to use or to disclose any information: (i) which is, at the time of disclosure, generally known or available to the public (other than as a result of a breach of this Agreement); (ii) which becomes, at a later date, generally known or available to the public through no fault of the Underwriter and then only after said later date; (iii) which is disclosed to the Underwriter in good faith by a third party who, to the Underwriter's knowledge, has an independent right to such information and is under no known obligation not to disclose it to the Underwriter; (iv) which is possessed by the Underwriter, as evidenced by such Underwriter's written or other tangible evidence, before receipt thereof from the City; (v) to the extent expressly required by any governmental, judicial, supervisory or regulatory authorities pursuant to federal or state law, subpoena or similar legislative, administrative or judicial process or to the extent required, as determined by the Underwriter or its counsel, to establish a defense for the Underwriter in such legislative, administrative, arbitration or judicial proceeding; (vi) in connection with the offering and sale of the bonds if the Underwriter or its counsel determines that confidential information is material (within the meaning of the federal securities laws) and therefore must be disclosed in connection with the offering and sale of the bonds, provided, that the Underwriter shall provide prior notice thereof to the City (to the extent permitted by law); or (vii) the use of which is consented to by the express prior written consent of the City.

This confidentiality agreement shall terminate two years from the date set forth below.

The undersigned agrees to the confidentiality agreement as stated above:

Citigroup Global Markets Inc.

Signature

Christopher Mukai

Print Name

4/14/15

Date

Attachment 2

CITY OF SAN DIEGO • PURCHASING & CONTRACTING DEPARTMENT INSURANCE REQUIREMENTS

ANY QUESTIONS PERTAINING TO THIS NOTICE SHOULD BE DIRECTED TO THE INSURANCE COORDINATOR.

PHONE: (619) 236-6254 • FACSIMILE (619) 533-6115 • E-MAIL: PACVendorinsurance@sandiego.gov

FORWARD THESE REQUIREMENTS TO YOUR INSURANCE AGENT TO ENSURE ACCURACY ON THE INSURANCE CERTIFICATE

The insurance certificate must be prepared pursuant to the requirements listed below. Failure to comply with these requirements in a timely manner may jeopardize the renewal and/or continuation of this contract.

1. **The FULL** name of the Company(s) affording coverage must be named on the certificate of insurance. Insurance Company(s) selected **MUST** be authorized to do business in the State of California and rated "A-, VI" or better by the A.M. Best Key Rating Guide. A Service of Suit Clause must be furnished in the event a Company is a Surplus Lines Company.
2. **Commercial General Liability** insurance should be written on an ISO Occurrence form CG 00 01 07 98 or an equivalent form. There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. (1) The CGL policy shall include wording that the policy is Primary and Non-Contributory.
3. **Commercial Automobile Liability** shall be written on an ISO form CA 00 01 12 90, a later version of this form, or an equivalent form. Insurance certificate shall reflect coverage for any auto.
4. The City of San Diego must be named as **additional insured on Commercial General Liability and Automobile Liability** coverage. (A specific City department shall not be named.) The City requires Contractors to submit: (1) an ACORD certificate with Additional Insured Endorsement naming the "City of San Diego, its respective elected officials, officers, employees, agents and representatives" as an additional insured, (2) a separate Additional Insured Endorsement page (CG 2010, CG 2026, or equivalent) also listing the "City of San Diego, its respective elected officials, officers, employees, agents and representatives" as an additional insured.
5. The Worker's Compensation policy must be accompanied by an endorsement for the **Waiver of Subrogation** of rights against the "City of San Diego, its respective elected officials, officers, employees, agents and representatives."
6. The authorized Insurance Agency Representative's original signature is required.
7. A notation of **"All Operations" or the Bid/P.O. Number and/or Job Title** must be included on the certificate (one (1) per certificate). (**Note:** The "All Operations" endorsement covers all current and future operations with the City of San Diego.) Minimum coverage must be in accordance with bid or contract specifications
8. **Certificate holder information must read as follows:**

   City of San Diego, Purchasing & Contracting Department
   1200 Third Avenue, Suite 200
   San Diego, CA 92101-4195

   ALL said insurance shall be maintained by the Contractor in full force and effect during the ENTIRE PERIOD OF PERFORMANCE under the agreement. Renewal certificates must be received by the Insurance Coordinator, City of San Diego Purchasing & Contracting Department, 1200 Third Ave, Ste 200, San Diego, CA 92101-4195 prior to the expiration date in order to ensure continuation of contracts.

ORIGINAL AND RENEWAL CERTIFICATES MAY BE E-MAILED TO PACVendorinsurance@sandiego.gov or Faxed to 619-533-6115 IF UNABLE TO PROVIDE VIA E-MAIL OR FAX PLEASE MAIL ORIGINAL TO CERTIFICATE HOLDER ADDRESS.