



STANFORD UNIVERSITY
OFFICE OF THE PRESIDENT

October 5, 2000

The Honorable Liz Kniss
Mayor
City of Palo Alto
250 Hamilton Avenue
Palo Alto, CA 94301

Dear Mayor Kniss:

Thank you for meeting with Stanford representatives last week.

In response to your request, we have considered ways to assist the City's efforts to replace community services that would be lost if the Jewish Community Center were displaced from the Terman site. We have explored the suggestion that development rights might be transferred between Stanford properties in the City in such a manner that would permit creation of a new community center.

We have also given further consideration to the City's concern that future new academic facilities or housing approved under a Santa Clara County Community Plan and modified General Use Permit might create a burden on Palo Alto's community services. We do not believe that such a burden exists or would exist. Nevertheless, we are mindful of the City's concerns, and we are pleased to address them.

Accordingly, in order to permit the City to create a new community center, that could include the Jewish Community Center should it be relocated from Terman, Stanford is prepared to make the following offer to the City of Palo Alto. This offer is a package, and each provision must be accepted by both the City and Stanford.

Stanford proposes to make the Mayfield site (approximately 6 acres at the intersection of El Camino and Page Mill Road) available on an as-is basis to the City of Palo Alto for a non-profit community center (e.g., the Jewish Community Center) on the terms described below.

Stanford will lease the property to the City of Palo Alto for 51 years at a rent of \$1 per year provided that equivalent development rights are transferred by appropriate action of the City to a site or sites in the Stanford Research Park acceptable to Stanford on the terms described below. The lease shall not be effective until the transfer of development rights is completed.

The transferred development rights shall allow uses permitted by the current zoning and Comprehensive Plan provisions applicable to the Stanford Research Park and shall be vested for 25 years by a Development Agreement (as provided in sections 65864 *et seq.* of the Government Code), the terms of which are consistent with this proposal and acceptable to Stanford. The Agreement shall establish a vested right of Stanford to the existing improvements on the site or sites (and replacements that do not exceed the current density) plus 100,000 square feet of new construction (or the amount the City puts on the Mayfield site, whichever is larger) representing the transfer of equivalent development rights from the Mayfield site.

Although Stanford does not believe that a modified GUP would result in a community services burden on the City of Palo Alto, the City will agree that conveyance of the lease on the Mayfield site will constitute full mitigation of any community services impact that might be deemed to occur under a modified General Use Permit now under consideration by Santa Clara County. Furthermore, this offer is contingent upon (i) approval by Santa Clara County of a modified General Use Permit that is acceptable to Stanford, in its sole discretion, and (ii) final resolution of any litigation that may arise in connection with the Community Plan and modified General Use Permit. If the preceding conditions are not fully met by March 31, 2001, then Stanford shall have the right to terminate this offer.

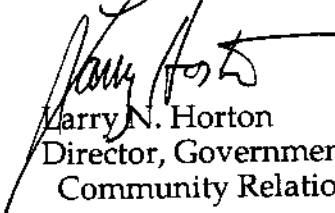
Stanford is willing to offer the Mayfield site now, which has a fair market value of tens of millions of dollars, even though Stanford may not exercise its transferred development rights for many years. We do this in the hope that this offer will break the deadlock that has developed in finding a solution to the difficult problem of opening a new middle school and still retaining a community center. For more than a year now, Stanford has worked with the

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Palo Alto Unified School District, the Jewish Community Center, and the City to help find such a solution. We are deeply appreciative of the dedicated work by all parties to find a solution. Yet we worry that without a bold new approach there may not be timely resolution of the pressing problem.

We look forward to working with the City and other parties to strengthen this community which is a source of pride to all of us.

Sincerely,



Harry N. Horton
Director, Government and
Community Relations

cc: John L. Hennessy, President
Issac Stein, Chairman, Stanford University Board of Trustees