

Sun Microsystems, Inc.  
2550 Garcia Avenue  
Mountain View, CA 94043  
415 960-1300  
TLX 287815

December 19, 1988



Mr. William Vines, Mayor and the City Council  
CITY OF EAST PALO ALTO  
2415 University Avenue  
East Palo Alto, CA 94303

Regarding: East Palo Alto Business Park

Dear Ladies and Gentlemen:

SUN Microsystems, Inc. would like to take this opportunity to express our interest in redeveloping the East Palo Alto Business Park, totalling approximately 170 acres. We have had preliminary meetings with all City Council members and the City Manager, Stan Hall to explore the City's plans related to the proposed project. Topics covered during the meetings were the formation of a redevelopment project area, the acquisition of the land by the Redevelopment Agency through the eminent domain process, the preparation of a redevelopment plan for the project area, the development of an alternative route from Highway 101 to the Dumbarton Bridge, and the history and business of SUN Microsystems.

These discussions and preliminary planning have focused on the future development of the area as a high tech research and development park with SUN Microsystems as the major owner and user. We believe that SUN, working with the City, can achieve the rapid development of the area, creating a project which is both visually exciting and economically solid for the City. Our proposed project would benefit the City directly by increasing the property tax base and indirectly through the development of commercial establishments to provide services for the site's ultimate workforce.

Because of our strong interest in this site, we propose that the City of East Palo Alto and SUN Microsystems enter into a preliminary agreement on the following points:

1. The City would agree to not consider, or accept, any other proposals for development of this site or its immediate surroundings. Upon execution of this agreement, SUN Microsystems would deliver to the City the non-refundable sum

of \$50,000. The time period needed for SUN Microsystems to perform preliminary due diligence studies is 180 days. During this period SUN Microsystems, in addition to performing its studies on the site, would work with the City in developing the general scope of the redevelopment plan for the project area, including design and use alternatives.

2.
  - A. At the end of the 180 day period or at any other time mutually agreed upon, the City and SUN Microsystems would execute a Memorandum of Understanding providing for SUN's exclusive right to negotiate a disposition and development agreement for the redevelopment of the East Palo Alto Business Park site and its immediate surroundings. The "MOU" would outline the basic terms and conditions of the agreement. Upon execution of the MOU, SUN Microsystems would deliver to the City the non-refundable sum of \$150,000.
  - B. In compliance with the terms and conditions of the MOU, SUN Microsystems would compensate the City for consultants' services and administrative costs deemed necessary by the City to responsibly meet the objectives of the MOU, and to begin the redevelopment process as it specifically relates to this project area. A budget not to exceed \$500,000, including City fees and consultants' services would be established in advance. No expenditure would be made without SUN Microsystems' consent.
3. Upon the formation of a redevelopment project area, SUN Microsystems would deliver to the City the non-refundable sum of \$50,000.00. Upon the execution of the disposition and development agreement, SUN Microsystems would deliver to the City the non-refundable sum of \$150,000.00.

We also agree to meet with the California State Department of Transportation and to work with them to ensure improved freeway access between Highway 101 and the Dumbarton Bridge.

Mr. William Vines  
CITY OF EAST PALO ALTO

December 19, 1988  
Page - 3 -

We look forward to hearing from you regarding this proposal at your earliest convenience.

Sincerely,

**SUN MICROSYSTEMS, INC.**

Crawford Beveridge  
Vice President, Corporate Resources

CB:ss

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

---

Mr. William Vines, Mayor  
CITY OF EAST PALO ALTO

Attested to by:

---

Stan Hall, City Manager  
CITY OF EAST PALO ALTO