

RESOLUTION NUMBER R- 287861 (NEW SERIES)

ADOPTED ON SEP 30 1996

WHEREAS, the City desires to construct, acquire, and install improvements to and expansion of San Diego Jack Murphy Stadium (the "Stadium") and a practice facility for the use of the San Diego Chargers Football Company (the "Practice Facility"); and

WHEREAS, to provide funds for such construction, acquisition, installation, improvement, and expansion of the Stadium and Practice Facility, it is proposed that the City enter into a Term Loan Agreement (the "Loan Agreement") with the Sumitomo Bank, Limited (the "Bank"), in an amount not to exceed \$15,000,000; and

WHEREAS, the City intends to repay the Term Loan from Revenues from the Stadium, deposited into a special fund to be known as the Stadium Operations Fund; and

WHEREAS, the City is authorized to undertake all of the above pursuant to its Charter and the California Constitution and other applicable laws of the State of California; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, that the following method is hereby established for administering, maintaining and utilizing the Stadium Operations Fund as a special fund:

1. For purposes of this resolution, the following capitalized terms have the meanings set forth below:

"City Agreement" means any contract, lease or other written agreement with any person, corporation, association or governmental body to which the City is a party which is secured by amounts in the Stadium Operations Fund or any account or subaccount thereof.

"Revenues" means all income, revenue, payments, right to payment, accounts receivable, rent, fees, license payments, reimbursements, vending machine income, advertising income and any other rights to money arising under or payable in connection with the Stadium Tenant Agreements, or any other events held at the Stadium, excluding, however, Revenues generated by the Admission Assessment imposed by the City Council pursuant to Ordinance No. O-18339, and by the parking assessment established pursuant to the 1995 Agreement for Partial Use and Occupancy of San Diego Jack Murphy Stadium dated May 30, 1995 with the Chargers Football Company.

"Stadium" means the San Diego Jack Murphy Stadium, the multi-purpose facility located on 160 acres in the Mission Valley area of the City, plus all structures, buildings, equipment and fixtures related thereto and all other real and personal property acquired, constructed, operated or utilized by the City in connection with owning, operating and maintaining the Stadium, and all additions, extensions and improvements thereto and any renewals or replacements thereof.

"Stadium Expenses" means all expenses, encumbrances and commitments of the City related to the owning, operating and maintaining of the Stadium, including continuing appropriations

for capital improvement projects, any amounts due and owing to service any obligations of the City for money borrowed, or as lease obligations or installment payment obligations which by their terms are payable solely from the Stadium Operations Fund.

"Stadium Tenant Agreements" mean and include the following: the Agreement dated April 1, 1996 with Ace Parking Management, Inc.; the Agreement dated October 31, 1995 with Service America; the 1995 Agreement for the Partial Use and Occupancy of Skybox Areas at the San Diego Jack Murphy Stadium dated May 30, 1995 with Chargers Associates; the 1995 Agreement for Partial Use and Occupancy of San Diego Jack Murphy Stadium dated May 30, 1995 with Chargers Football Company; Facilities Use and Occupancy Agreement dated May 30, 1995 with the Chargers Football Company; the 1995 Agreement for Partial Use and Occupancy of San Diego Jack Murphy Stadium dated May 31, 1994 with San Diego State University; the Agreement for Partial Use and Occupancy of San Diego Jack Murphy Stadium with Padres, L.P.; the Agreement dated December 5, 1994 with the San Diego Bowl Game Association; and all other concession agreements, lease agreements, use agreements, license agreements, rental agreements, service agreements and other agreements relating to the use, occupancy (or right to the same) of the Stadium, including agreements for bowl games, special events, concerts, shows, tractor pulls, religious events, etc., including as well any modifications, extensions, amendments, or superseding agreements entered into in connection with or related to the above-described existing Agreements.

2. All Revenues collected by or on behalf of the City shall be deposited promptly into the Stadium Operations Fund, and except as set forth below, shall only be used for the following purposes: (a) paying the cost of maintenance and operations of the Stadium (including financial covenants and obligations under the Stadium Tenant Agreements); (b) paying principal and interest, (including payments into any reserve or sinking fund) and premiums, if any, upon redemption, of bonds or other financial obligations which by their terms are payable from the Stadium Operations Fund; and (c) paying all or any part of the cost and expense of reconstructing or improving the Stadium or any part thereof or making additions to the Stadium. No Revenue shall be transferred from the Stadium Operations Fund to the general fund of the City or any other fund or account of the City (except for the Debt Service Fund authorized by this resolution), either at the end of a Fiscal Year or at any other time, until the contractual obligations to be met from the Stadium Operations Fund are fully satisfied (including all obligations that would be due in future periods), unless the City agrees to assume the obligations of the Stadium Operations Fund and to meet those obligations from the general fund of the City. Notwithstanding the foregoing, money may be advanced by the Stadium Operations Fund to the City provided that the City agrees to repay the advance. Any advance by the Stadium Operations Fund to another fund or account of the City shall be evidenced by an act of the City Council committing the City to repay the Stadium Operations Fund which shall contain an appropriation covering the full

amount of the commitment. Any money held in the Stadium Operations Fund may be invested at the sole discretion of the Treasurer of the City.

3. The City's Annual Budget shall set forth in reasonable detail the estimated Revenues and Stadium Expenses, the estimated payments required on City Agreements and the estimated payments required to be made from the Stadium Operations Fund. In addition, the Annual Budget may provide for reserves for unanticipated expenditures.

4. The City shall keep proper books of record and account in which complete and correct entries shall be made of its transactions relating to the Stadium. The City shall cause its books and accounts to be audited annually as of the end of each Fiscal Year by an independent certified public accountant.

BE IT FURTHER RESOLVED, that there is hereby established a separate Debt Service Fund for the purpose of paying principal and interest on the Loan Agreement.

APPROVED: JOHN W. WITT, City Attorney

By Theresa C. McAteer  
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