

RESOLUTION NUMBER R- 288375

ADOPTED ON FEB 25 1997

WHEREAS, on May 30, 1995, the City of San Diego ("City") and the Chargers Football Company and the Chargers Associates (collectively the "Chargers") entered into the Facilities Use and Occupancy Agreement, 1995 Agreement for the Partial Use and Occupancy of San Diego Jack Murphy Stadium, and the 1995 Agreement for Use and Occupancy of the Skybox Areas of San Diego Jack Murphy Stadium (collectively the "1995 Agreement"), which called, in part, for the Chargers to pay additional rent to the City and for the City to construct certain improvements to San Diego Jack Murphy Stadium ("Stadium") and a practice facility, in an amount not exceeding \$60 million. Copies of those documents are on file in the Office of the City Clerk as Document Nos. OO-18182-1, 2 and 3, respectively, and

WHEREAS, to accomplish the construction at the Stadium the City entered into certain agreements with the Public Facilities Financing Authority of the City of San Diego ("Financing Authority") whereby the City would lease the Stadium property to the Financing Authority, the Financing Authority would issue lease revenue bonds to finance the construction and would award a construction contract, and the Financing Authority would then lease the improved Stadium back to the City for a consideration sufficient to pay the debt financing on the lease revenue bonds, and

WHEREAS, the Financing Authority, after delay due to meritless legal challenges, issued lease revenue bonds in an amount sufficient to make available \$60 million for the construction of the improvements to the Stadium and the practice facility, and

WHEREAS on December 10, 1996, pursuant to Resolution No. R-288213, the City authorized and empowered the Financing Authority to award a construction contract in the amount of \$55 million for the construction of improvements to the Stadium, contingent upon available financing, and

WHEREAS, on December 10, 1996, pursuant to Resolution No. FA-97-3, the Financing Authority awarded a construction contract to Nielsen-Dillingham Builders Joint Venture for the construction of improvements at the Stadium (the "Construction Contract"), contingent upon available financing, and

WHEREAS, on December 10, 1996, the City adopted Ordinance No. O-18365 which authorized certain amendments to the 1995 Agreement (the "Amendments") whereby, in part, the Chargers would pay additional rent to the City, and the City committed to construction of additional improvements to the Stadium, for which the Financing Authority would issue additional lease revenue bonds.

WHEREAS, these amendments were necessitated in part by the delay resulting from litigation filed by various persons concerning the financing of improvements at the Stadium, and

WHEREAS, Ordinance No. O-18365 was successfully referred by a group of citizens and was therefore repealed by the City Council by the adoption of Ordinance No. O-18380 on February 3, 1997, and

WHEREAS, the repeal of Ordinance No. O-18365 effected only the repeal of the Amendments, which means that the City is no longer obligated to the Chargers to build the additional improvements with lease revenue bond financing and the Chargers are no longer obligated to pay additional rent sufficient to finance the construction of those additional improvements, and

WHEREAS, the City still desires that the additional improvements to the Stadium authorized by the Financing Authority in the Construction Contract be constructed even though the City is under no obligation to the Chargers to do so, and

WHEREAS, there are insufficient monies in the initial issuance of lease revenue bonds for the Financing Authority to construct all the improvements at the Stadium contemplated in the 1995 Agreement and the additional improvements that the City and the Financing Authority desire to make at the Stadium pursuant to the Construction Contract, and

WHEREAS, a prominent local company, QUALCOMM Incorporated ("QUALCOMM"), has offered to purchase the naming rights to the Stadium from the City for a period of twenty (20) years, the purchase of which will provide sufficient funds for the City to undertake all the improvements to the Stadium contemplated in the current Construction Contract between Nielsen-Dillingham Builders Joint Venture and the Financing Authority, but without the need for additional lease revenue bonds, and

WHEREAS, the City Council desires to implement certain administrative matters contemplated by the Amendments and to accept certain additional rent from the Chargers, and

WHEREAS, the City Council also desires to reach certain other agreements with the Padres, L.P. ("Padres") and the National Football League ("NFL") to implement the necessary agreement with QUALCOMM for the conveyance of the naming rights to the Stadium, NOW  
THEREFORE,

BE IT RESOLVED by the Council of the City of San Diego the City Manager be and he is hereby authorized to sign a term sheet with the Chargers, the form of which is enclosed as Exhibit A to this Resolution, with such non-material, non-substantive changes as the City Manager shall approve as being necessary or in the best interests of the City and which, in the


opinion of the City Attorney, do not: 1) increase the financial commitments or the scope of the obligations of the City, or 2) decrease revenue to the City. The executed term sheet shall be on file in the Office of the City Clerk as Document No. RR - 288375

BE IT FURTHER RESOLVED that the City Manager be and he is hereby directed to negotiate an agreement with the Chargers that implements the terms and conditions of the term sheet.

BE IT FURTHER RESOLVED that the City Manager be and he is hereby directed to negotiate for and on behalf of the City any agreements with the Padres, the NFL, or any other person or organization, necessary to implement the provisions of the term sheet signed with QUALCOMM that sets forth the terms and conditions of the conveyance of the naming rights at the Stadium, which term sheet is on file in the Office of the City Clerk as Document No. RR - 288374

BE IT FURTHER RESOLVED that any and all final agreements negotiated pursuant to this resolution are subject to final approval by the City Council before they become effective and binding.

APPROVED: CASEY GWINN, City Attorney

By   
Leslie J. Girard  
Assistant City Attorney

LJG:KJS:pev  
02/24/97  
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EXHIBIT A

TERM SHEET

CITY OF SAN DIEGO & SAN DIEGO CHARGERS

Purpose: To implement certain administrative or executive provisions of those agreements approved by Ordinance No. 0-18365, which ordinance was subsequently repealed pursuant to a valid referendum petition, and to provide for the implementation of an agreement with QUALCOMM Incorporated for the conveyance of naming rights at San Diego Jack Murphy Stadium for a consideration sufficient to pay for certain additional improvements at the Stadium.

The City and Chargers will negotiate an agreement that contains the following basic terms and conditions (all capitalized terms have those meanings ascribed to them in the 1995 Agreement for Partial Use and Occupancy of San Diego Jack Murphy Stadium [the "1995 Agreement"], on file in the Office of the City Clerk as Document No. 00-18182-2):

1. Subject to obtaining a Sponsor, the City agrees to replace all the seats not included in the current stadium improvements. The new seats will include cupholders acceptable to the Chargers.
2. Commencing with the 1997 season, for a ten-year term the Chargers agree to pay 50¢ per admission ticket sold to each Home Game at the Stadium. This amount is in addition to the \$1.50 fee payable to the City under the 1995 Stadium Agreement. Both fees are excluded from the definition of Gross Income for purposes of computing the 10% rent obligation.

Corrected 3/3/97

3. For the 1997, 1998 and 1999 football seasons, the Chargers agree that the Skybox Revenue will be subject to the rent provisions set forth in the 1996 addendum. Therefore, for this period, these revenues will not be included in the definition of Gross Income for purposes of computing the 10% rent obligation. In addition, the Chargers will be entitled to a credit against the 1997 through 1999 Skybox rent obligation in the amount of any ticket fee due the City as a result of the new 50¢ per ticket assessment discussed in Item 3 above.

4. Commencing with the 1997 season, if the consideration paid to the City under the 1995 lease and this addendum exceeds the Projected Consideration, then the Chargers shall have the right to retain the remaining consideration otherwise due to the City up to \$109,000 per season. Any shortfall shall be carried forward to the next season and multiplied by 8% and added to the amounts then due to the Chargers.

The projected Consideration for each season shall be the sums set forth in the 1996 addendum less \$640,000 per season for the 1997 through 2006 seasons, and \$960,000 per season beginning with the 2007 season through the year 2020.

Any sums payable to the Chargers shall be excluded from the definition of Gross Income.

5. The Guaranteed Attendance language in the 1996 addendum should be included in the new addendum.

6. The 1996 addendum provisions setting forth the Service America revenue participation should be included in the new addendum.
7. The Signage Arrangement with the Padres and the City set forth in the 1996 addendum should be included in the new addendum.
8. The revised language on the City's Rights of First Refusal as set forth in the 1996 addendum should be included in the new addendum.
9. The Sponsorship provisions pursuant to our prior agreement should be set forth in the new addendum.
10. The City acknowledges that, for the 1996 Pre-Season and Regular Football Season, in addition to other consideration, the Chargers have paid to the City an amount equal to seventy five cents (\$.75) per admission ticket sold to each Home Game at the Stadium, which amount was not included in Gross Income.
11. The agreement will also incorporate the provisions of paragraph 16 of the First Amendment, to the extent not inconsistent with paragraphs 1 and 2, above, and further revised to reflect the payment of \$ 1.50 per admission ticket sold as called for in the 1995 Agreement and approved by the NFL.

12. The Chargers will acknowledge that they have either given their approvals as set forth in Sections 3.(a)(i), 3.(a)(ii) and 3.(a)(iii), and 3.(b)(i), 3.(b)(ii) and 3.(b)(iii) of the 1995 Agreement or waive their right to give such approvals.

13. The City agrees, pursuant to sections 3.(a)(v) and 3.(b)(v) of the 1995 agreement to construct improvements at the Stadium and Chargers' Facilities not exceeding and not less than \$78 million.

14. The agreement will also incorporate the provisions of that letter agreement dated December 13, 1996, and on file in the Office of the City Clerk as Document No. 00-18365-4.

15. The Chargers agree to waive any claim or right to revenues from the naming of the Stadium through and including the 2017 Regular Football Season.

16. The Chargers agree to provide at their sole expense a skybox suite for QUALCOMM between the 30 yard lines through and including the 2017 Regular Football Season. The suite will have 17 seats in the box, and the City will provide an additional 14 general admission seats to QUALCOMM immediately adjacent to the suite on or before December 31, 1997. QUALCOMM will be responsible for event tickets, food and beverage. The skybox suite will be available for all events at the Stadium including the Super Bowl, Holiday Bowl, Padre games, Aztec games and other NCAA events. QUALCOMM will receive ten (10) Press Level passes for executives and



shall receive a reasonable number of field passes for Charger games. QUALCOMM shall be released from its current skybox commitment.

17. Pursuant to that letter agreement dated April 25, 1995, the City and Chargers agree that Exhibits A and B to the First Amendment be substituted for Exhibits A and B to the 1995 Agreement.

18. The Chargers agree that all press releases, publicity and references to the Stadium by the Chargers and their personnel, including television and radio announcers, shall be to "QUALCOMM STADIUM."

19. The Chargers agree to cooperate with QUALCOMM and use their best efforts to promote all NFL events, including exhibition and regular season, post-season and special games played at the Stadium.

20. The Chargers shall arrange with the NFL to ensure that QUALCOMM is provided a suite and seats for all NFL events played at the Stadium.

21. The Chargers will assist QUALCOMM in meeting with the NFL to discuss other possible promotional considerations available to QUALCOMM.

22. Commencing with the 1997 season, the Chargers have the right to establish parking fees for Chargers games.

23. QUALCOMM will purchase 254 general admission preferred season tickets for all Chargers home games for the 1997 through and including 2001 Pre-Season and Regular Football Seasons, plus season tickets for the 14 seats adjacent to the suite provided to QUALCOMM for the term of this Agreement.

24. The Chargers shall have the right during the term of the current advertising and signage contracts to sell advertising, signage and sponsorships to other telecommunications companies.

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