

RESOLUTION NUMBER R-297537

ADOPTED ON JANUARY 13, 2003

WHEREAS, on May 30, 1995, the San Diego City Council [City Council] adopted Ordinance No. O-18182 authorizing the City Manager to execute on behalf of the City of San Diego [City] the 1995 Agreement for the Partial Use and Occupancy of [then] San Diego Jack Murphy Stadium [Original Agreement] between the City and the Chargers Football Company [Chargers]; and

WHEREAS, on April 7, 1997, the City Council adopted Ordinance No. O-18398 which authorized the City Manager to execute on behalf of the City the Supplement Number One to the 1995 Agreement [Supplement Number One]; and

WHEREAS, the Original Agreement and Supplement Number One [collectively “the Agreement”] provided in part for the expansion of (now) Qualcomm Stadium [Stadium], and the use and occupancy of the Stadium by the Chargers under certain terms and conditions; and

WHEREAS, the Agreement also provided for certain renegotiation rights on the part of the Chargers, to be exercised under defined circumstances and at defined times, initiated by the sending of a Renegotiation Notice (as defined in the Agreement); and

WHEREAS, pursuant to the terms of the Agreement, and subject to the satisfaction of the conditions in them, the Chargers have the right to send a Renegotiation Notice at any time between December 1, 2002, and January 29, 2003; and

WHEREAS, on June 18, 2002, by Resolution No. R-296701, the City Council established the Citizens Task Force on Chargers Issues [Task Force] to examine and report back to the City Council by February 15, 2003, on a number of issues related to the Chargers and the National Football League; and

WHEREAS, the Chargers have proposed that the commencement of the period during which the Chargers may send the Renegotiation Notice be postponed from December 1, 2002 to March 1, 2003; and

WHEREAS, such a postponement would permit the Task Force to complete its work and report back to the City Council prior to the time in which the Chargers could send the Renegotiation Notice; and

WHEREAS, on December 23, 2002, the Task Force, by a 14-1 vote, recommended that the City agree to the Chargers' proposal on the condition that no other modifications or changes be made to the Agreement; and

WHEREAS, no such other modifications or changes are proposed to be made; and

WHEREAS, it may be necessary and appropriate to provide for a Saving Agreement in the event the proposed action is found invalid, ineffective or unenforceable for any reason; and

WHEREAS, a proposed Saving Agreement has been prepared for consideration by the City Council; and

WHEREAS, the Task Force has not had the opportunity to review and comment upon the proposed Saving Agreement; and

WHEREAS, the proposed action is administrative in nature and not legislative; and

WHEREAS, the proposed action is in the best interests of the City and the Task Force, and does not increase the financial commitments or the scope of the obligations of the City;

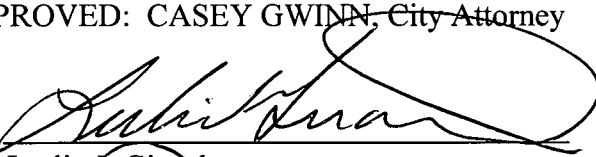
NOW THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego that the foregoing Recitals are true and correct, and the City Council so finds and determines as being in the best interests of the City.

BE IT FURTHER RESOLVED, that the City Manager is hereby authorized and directed to execute for and on behalf of the City the Supplement Number Two to the Original Agreement, attached hereto as Exhibit 1, on the condition that additional language be included in the document making explicit that no rights or obligations of the parties are being waived. The City Attorney shall have the authority to determine the language to be included in the document. When the document is fully executed it shall be kept on file in the Office of the City Clerk as Document No. RR-297537.

BE IT FURTHER RESOLVED, that the proposed Saving Agreement is referred to the Task Force for consideration and recommendation. The Task Force is to report back to the City Council no later than January 28, 2003.

APPROVED: CASEY GWINN, City Attorney

By   
Leslie J. Girard  
Assistant City Attorney

1/13/03  
2/03/03 REV.  
Or.Dept:Rules  
R-2003-876 (REV. 2)

---

**SUPPLEMENT NUMBER TWO TO THE  
1995 AGREEMENT FOR PARTIAL USE AND OCCUPANCY  
OF SAN DIEGO JACK MURPHY STADIUM**

**between**

**CHARGERS FOOTBALL COMPANY, LLC  
a California limited liability company**

**and**

**THE CITY OF SAN DIEGO,  
a municipal corporation**

**DATED: as of January 28, 2003**

---

EXHIBIT 1 (REV. 2)

R- 297537

**SUPPLEMENT NUMBER TWO TO THE  
1995 AGREEMENT FOR PARTIAL USE AND OCCUPANCY OF  
SAN DIEGO JACK MURPHY STADIUM**

THIS SUPPLEMENT NUMBER TWO TO THE 1995 AGREEMENT FOR PARTIAL USE AND OCCUPANCY OF SAN DIEGO JACK MURPHY STADIUM ("**Supplement Number Two**") is made and entered into as of January 28, 2003, at San Diego California, by and between the CITY OF SAN DIEGO, a municipal corporation (the "**City**"), and the CHARGERS FOOTBALL COMPANY, LLC, a California limited liability company (the "**Chargers**").

**RECITALS**

A. On May 30, 1995 the City and Chargers Football Company, a California limited partnership (as predecessor-in-interest to the Chargers) (the "**Partnership**") entered into the 1995 Agreement for Partial Use and Occupancy of the San Diego Jack Murphy Stadium, a copy of which is on file in the Office of the City Clerk as Document Number OO-18182-1 (the "**Original Agreement**"). Pursuant to the Original Agreement, the City agreed to make certain improvements (the "**Improvements**") to the San Diego Jack Murphy Stadium now known as Qualcomm Stadium (the "**Stadium**").

B. In order to facilitate the completion of the Improvements, the City and the Partnership entered into that certain Supplement Number One To The 1995 Agreement For Partial Use And Occupancy Of San Diego Jack Murphy Stadium, dated as of April 7, 1997 ("**Supplement Number One**"). The Original Agreement, as supplemented by Supplement Number One, is hereinafter referred to as the "**Agreement**." All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

C. The City appointed a Citizens' Task Force on Chargers Issues (the "**Task Force**") to, among other things, determine what can be done "to keep the Chargers in San Diego in a fiscally responsible way that the public will support." In order to give the Task Force ample time to complete its work prior to the commencement of the renegotiation process under the Agreement, the parties hereto now desire to further supplement the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Chargers and the City hereby agree as follows:

1. **Modifications to Agreement.**

Notwithstanding anything to the contrary in Section 31 of the Agreement, with respect to a Triggering Event occurring as of December 1, 2002; (A) a Renegotiation Notice may be delivered at any time between March 1, 2003 and April 30, 2003; (B) in the definition of "Triggering Event," the measuring period

to be applied in calculating whether the sum of items (i), (ii) and (iii) exceeds the Team Salary Cap shall remain the then current League Year; and (C) the delivery of a Renegotiation Notice in accordance with the preceding clause (A) shall be deemed to relate to a one year period between January 1, 2000 and December 31, 2002 as set forth in the definition of "Triggering Year".

**2. General Provisions.**

2.1 **Effect of Supplement.** In the event of any inconsistency between the Agreement and this Supplement Number Two, the terms of this Supplement Number Two shall prevail. Except as expressly set forth herein, the terms and conditions of the Agreement and the rights and obligations of the parties shall remain unmodified and in full force and effect, including, without limitation, the respective positions of the parties regarding the enforceability or meaning of Section 31 of the Agreement and the ability of the City to contest the occurrence of the Triggering Event on any legal, factual or other ground. The Agreement, as supplemented and modified by this Supplement Number Two, represents the entire agreement between the parties hereto with respect to the subject matter thereof and supersedes all other written and oral agreements with respect to such subject matter.

2.2 **Governing Law.** This Supplement Number Two shall be construed in accordance with, and this Supplement Number Two and the transactions described herein shall be governed by, the laws of the State of California as to all issues, including, without limitation, issues of validity, interpretation, effect, performance and remedies.

2.3 **Amendments.** This Supplement Number Two may not be amended or modified, except in writing signed by both of the parties hereto.

2.4 **Headings.** Section headings used herein are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Supplement Number Two.

2.5 **Counterparts.** This Supplement Number Two may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, and all of which shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, this Supplement Number Two is executed as of the date first written above by The City of San Diego, acting by and through its City Manager, pursuant to Resolution No. 297537, authorizing such execution, and by the Chargers.

THE CITY OF SAN DIEGO

By: \_\_\_\_\_  
Name:  
Title:

CHARGERS FOOTBALL COMPANY, LLC,  
a California limited liability company

By: \_\_\_\_\_  
Dean A. Spanos  
President - CEO

I HEREBY APPROVE the form and legality of the foregoing Supplement Number Two this 28th day of January, 2003.

CASEY GWINN, City Attorney

By: \_\_\_\_\_  
Leslie J. Girard  
Assistant City Attorney