

RESOLUTION NUMBER R-297734

ADOPTED ON MARCH 18, 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 had the right to send a Renegotiation Notice at any time between December 1, 2002, and January 29, 2003; and

WHEREAS, on January 29, 2003, the City and Chargers entered into the Supplement

Number Two to the 1995 Agreement pursuant to which the parties agreed to postpone the period during which the Chargers could send a Renegotiation Notice to the period March 1 through April 30, 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, on February 27, 2003, the Task Force, by a 14-1 vote, approved its final report to the City Council [Task Force Report]; and

WHEREAS, on March 4, 2003, the Chargers delivered to the City a Renegotiation Notice; and

WHEREAS, the City has reserved its rights pursuant to the Agreement to contest the validity of the Renegotiation Notice; and

WHEREAS, it is now appropriate for the City Council to receive the Task Force Report and to consider giving direction accordingly to the City Manager and City Attorney; and

WHEREAS, it is also appropriate for the City Council to take such other actions as may be necessary pursuant to the terms of the Agreement to protect the rights of the City while honoring the City's obligations; NOW THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the Task Force Report is hereby accepted.

BE IT FURTHER RESOLVED, that a City negotiating team is hereby designated

consisting of Deputy City Manager Bruce Herring, Assistant City Attorney Leslie J. Girard, and such other attorneys, consultants or experts as approved by the Mayor and City Council.

BE IT FURTHER RESOLVED, that the City negotiating team, once established, is hereby authorized and directed to meet with the Chargers pursuant to the recommendations set forth in the Task Force Report and in response to the Renegotiation Notice delivered to the City by the San Diego Chargers, and to regularly report the work of the negotiating team to the Mayor and City Council.

BE IT FURTHER RESOLVED, that the City Manager and City Attorney, and their designated representatives and retained consultants, as approved by the Mayor and City Council, are directed to continue to investigate:

1. the validity of the Renegotiation Notice;
2. the purported existence of the Triggering Event as defined in the Agreement;
3. options for the City to “offset the triggering event;”
4. any strategies that may help protect the rights of the City under the Agreement and limit, rather than expand, the ramifications of the Triggering Event on the City; and
5. any legal strategies that may be used to ensure that the Chargers have performed on all of their obligations under the Agreement;

and to report back to the City Council on the matter as the review and investigation proceeds.

BE IT FURTHER RESOLVED, that the City Attorney and City Manager are hereby authorized and directed to retain such attorneys, consultants or experts as they deem necessary and appropriate for the purpose of being members of the City’s negotiating team or otherwise

providing services to the City in connection with the receipt of the Renegotiation Notice, or as may be authorized by the Mayor and City Council, each in initial amounts not to exceed \$100,000, subject to the City Auditor and Comptroller first certifying the availability of funds as required by law.

BE IT FURTHER RESOLVED, that the City Attorney is hereby authorized and directed to retain the law firm of Procopio, Cory, Hargreaves & Savitch LLP to provide legal services to the City in connection with the receipt of the Renegotiation Notice, and authorizing an initial expenditure not to exceed \$100,000 for that purpose, subject to the City Auditor and Comptroller first certifying the availability of funds as required by law.

BE IT FURTHER RESOLVED, that the City Attorney is hereby authorized and directed to retain the accounting firm of Nation Smith Hermes Diamond/BDO Seidman for the purpose of providing expert accounting services in connection with the receipt of the Renegotiation Notice, and authorizing an initial expenditure not to exceed \$50,000 for that purpose, subject to the City Auditor and Comptroller first certifying the availability of funds as required by law.

APPROVED: CASEY GWINN, City Attorney

By  
Leslie J. Girard  
Assistant City Attorney

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3/19/03 REV.  
Or.Dept:Mgr.  
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