



MAYOR OFFICE OF GOLDING
SEP 17 1998
SUSAN GOLDING

Dean A. Spanos

President

September 16, 1998

The Honorable Susan Golding
Mayor
City of San Diego
City Administration
Building 202 C Street
San Diego, CA 92101

RE: City Proposal to Amend Ticket Guaranty

Dear Mayor Golding:

I received your August 26, 1998 letter and draft agreement to amend the City's ticket guaranty obligation under the 1995 Occupancy Agreement. I apologize for the delay in my response, but as the City Attorney's office may have advised you, I have asked my lawyers to review the proposal with them to ensure that we have a thorough understanding of the proposed terms.

The Chargers organization places great value on its relationship with the City and we obviously share your desire to have the media focus on the positive elements of Chargers football. As you know, beyond using our best efforts to maximize ticket sales, the Chargers have gone to great lengths to field the best team possible which we believe is undoubtedly the best public relations strategy.

We have carefully reviewed your proposal regarding the ticket guaranty. Essentially the City is asking the Chargers to amend the guaranty so that the guaranty obligation would be effectively reduced by 44% on a per ticket basis. The change would remove the City's economic incentive to purchase tickets to recoup 10% of the costs. Although the proposed change purports to have no economic impact on the Chargers to the extent tickets are so purchased by the City, there is a significant impact on the visiting teams who under NFL rules are entitled to 34% of the ticket sales revenue. We do not believe that the Chargers could in good faith amend its agreement with the City in a manner that would deprive the visiting teams of such revenues. As the City



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