

***CITIZENS' TASK FORCE ON CHARGERS ISSUES***  
**MINUTES for meeting of**  
**February 13, 2003**

**Meeting held at:**

**Council Chambers  
202 C Street, 12<sup>th</sup> floor  
San Diego, CA 92101**

**Mailing address is:**

**City of San Diego  
Special Projects Administration  
1010 Second Ave, Suite 500, MS 658  
San Diego, CA 92101**

**ATTENDANCE:**

**Members Present**

David Watson  
Nikki Clay  
Cassandra Clady  
Pepper Coffey  
Tom Fat  
Bruce Henderson  
Karen Heumann  
Bill Largent  
Joe Martinez  
Geoff Patnoe  
Patti Roscoe  
Ron Saathoff  
Len Simon

**Members Absent**

Tim Considine  
Jeff Smith

**Staff Present**

Libby Coalson  
Les Girard  
Bruce Herring  
Dan Barrett

**CALL TO ORDER**

**Item 1:** Citizens' Task Force on Chargers Issues meeting called to order at 6:35.

**Item 2:** Roll Call – Libby Coalson

**AGENDA ITEMS**

**Item 3:** Approval of minutes - minutes from meetings of February 6 and 8 approved with minor changes to Ms. Heumann's and Mr. Patnoe's comments of February 8, 2003.

**Item 4:** Chair Comments -

Thanks to everyone for attending Saturday's workshop. Most issues were agreed upon and we will address those that were not. The next few weeks of work will be very intense. The report is to be finalized by the Task Force on February 28<sup>th</sup>, has to be produced and bound by March 6<sup>th</sup>, and the City Council is tentatively set to hear the issue on March 18<sup>th</sup>.

### Item 5: Task Force comments

Henderson – sent a copy of a Los Angeles Daily News article from Feb 8<sup>th</sup>. It was ominous and reflected an accelerated schedule for the agreement between the City of Pasadena and NFL. City of Pasadena expects the NFL will be voting on the architectural renderings for the renovated Rose Bowl in May and that a proposal will be before the Pasadena City Council in April. Would note that people writing about sports in LA are indicating that the team that will occupy the new Rose Bowl after reconstructed would be the Chargers – not sure if this is true or not, but thinks we should all be alert to things happening in LA. If this schedule proceeds as outlined in the article, we'll have an idea of what is happening by May. It puts perspective on the Task Force's work.

Simon – predictions on this issue have been inaccurate hundreds of times. The trigger date prediction was missed. It doesn't matter what happens in LA, we just have to do the best we can in San Diego.

### Item 6: Public Comment

Tom Arena – lives in City Heights. He confesses that he was judgmental previously, but now commends the Task Force for a good job. He listened to the Saturday workshop. Mr. Watson being adamant about not spending General Fund money was marvelous. He apologizes for thinking otherwise. All Task Force members are professionals. He provided a copy of his report written to the Mayor and thanks the Task Force for doing a good job.

Daniel Beeman – lives in the solar lighted community of North Park. The Ballpark Project is number 7 or 8 of the Mayor's 10 goals. Let citizens pay \$100 for bonds. Make sure all suites are contracted or leased out for the term of the bonds prior to construction. The San Diego public deserves a balance in the project investment. Thanks for time and dedication.

### Item 7: Preliminary Committee Reports

Watson – each committee has tried to synthesize the work done and will report out on their efforts.

Saathoff – He has prepared a verbal report with activities/research done and principles developed.

The Finance Committee was given four charges –

- 1) Evaluate the financial condition of the Chargers and determine if they need a new stadium for financial viability – the committee has been unable to determine the Chargers' financial condition and whether they need a new stadium. The reason they have been unable to do so is that the requested financial data has not been provided. The committee had made a comprehensive request and the Chargers did not provide the expense data that was critical to determining whether the Chargers need a new stadium to be financially viable. The Chargers sent some information, but it was incomplete. The NFL sent a letter saying some information (expense data) was confidential and would not be provided, but that they would provide the revenue data. Reported quartile data, originally Chargers were 15 out of 32, but now 26. The committee made a lot of effort to find a process by which the Charger could provide information within their proprietary constraints perhaps via review by a 3<sup>rd</sup> party as opposed to having to divulge information within the public domain, but that was declined.

Why this is important? The team's financial status is determined by the net income, not just the revenue. The net operating income is what is available for use by the team for paying players or construction of a new stadium. Quartile rankings and revenue information only can be misleading – without expense information to offset, it is not a true picture of their position. In data received, though

have no specific numbers, some teams including Houston, New England and the Redskins, which are all in the first quartile of revenue, have significant debt service (franchise fee for Houston was \$700k). All these teams are in the first quartile of revenue but we don't know their net revenue – this is an example to see how the net information matters.

- 2) Examine the economic contribution the Chargers make to the City – the Barrett Sports Group report is appreciated in regard to this issue. The highlights include that the direct fiscal impact, income vs expense, to the City was a negative \$225k. Direct Citywide spending of \$89.9m is brought in by the Chargers. Assuming leakage, calculated using a multiplier – see page 183 and page 180 for the overall economic impact of \$149.2m. Table 62 gives a complete breakdown of this information. In the view of the Finance Committee, the Chargers are an asset to the community and these numbers bear that out.
- 3) Explore possible financing options for a new stadium, including what has been done in other cities. Barrett Sports Group (BSG) also provided a report on this indicating various financing mechanisms that have been used by other cities and their successes and problems with them. City staff prepared a comprehensive listing of financing options and mechanisms. Various options will be included in the final report. Property tax, sales and use taxes, property tax, franchise fees, utility taxes, and other special property tax and debt financing options. Staff was asked to prepare information regarding the amount required to generate a certain revenue stream - \$200m of net proceeds as per Chargers proposal, cost of issuance will result in an overall amount greater than \$200m. There is a financing options listing in the BSG report. Reviewed the difficulties of using tax exempt bonds. We are subject to Prop 218, a 2/3 vote for any tax or fee in City of San Diego. In listing options, we spent time reviewing an Infrastructure Financing District (IFD). Should the County agree to participate, could get additional revenue via this mechanism. Looked at idea of redevelopment district. CCDC, City staff, and Keyser Marston concluded that it would be extremely difficult to have the Qualcomm Stadium site considered to be blighted to have it be able to be a redevelopment district. Looked at these options. Have a brief report provided tonight, but will all be included in the final report.
- 4) County participation – had preliminary discussions with County staff and looked at various ways in which they might be able to participate. IFD, County-wide ballot initiative for a sales tax increase of anything else, would require County supervisor approval for a County-wide vote. County wants a comprehensive proposal with all financial data before they could comment on the viability or their willingness to support. They would demand that all financial data be made available to them to fully assess the situation proposed.

The committee gathered additional information that would be relevant and useful to the full task force - stadium operational costs. With all gross revenues and expenses to operate, debt service, ticket guarantee, etc., it is costing the General Fund \$9.2m this year to operate the stadium. This is broken down into two categories - \$2.6m from the sports arena district that has been contributed to the Stadium Fund since that district first came about. The second piece is TOT revenue, General Fund in effect, that is used for the ticket guarantee expense.

Deferred maintenance costs have been estimated at not less than \$10m and could be as high as \$50m. Capital improvements fund has \$625k in it – higher than usual due to Super Bowl this year. This is less than sufficient to get caught up on the deferred maintenance expense.

Preparing a prospectus till 2020 on costs to the stadium - income and expenses since the contract began. The expense side will improve when the Padres leave, there will be a decrease in the overall stadium expense,

contrary to what many seem to think. After 2007 when the ticket guarantee sunsets, there will be an excess of revenues over expenses.

There has been lots of discussion about providing the Chargers a rent credit versus the City actually purchasing the tickets under the ticket guarantee. A ticket purchase results in savings to the City over provision of a rent credit – additional revenue is generated by the City purchasing the tickets.

The committee reviewed the current lease. It is a front-loaded lease that benefits the Chargers until 2007, and benefits the City after 2008. The City could be charging the highest rent of any NFL franchise after 2007.

Just looking at rent vs debt in 2020 and not factoring in operational costs, the net rent to the City will be \$4m, on the positive side. Currently, the rent vs debt for 2003 is a negative \$4.6m.

The committee asked for and received Super Bowl economic impact reports from the NFL. There was an overall report for the last five Super Bowls. The committee was mostly interested in the 1998 Super Bowl information. The last five Super Bowls generated, based upon NFL numbers, between \$295m-\$396m in local impact. In 1998, the Super Bowl impact in San Diego was \$295m, according to the NFL data.

BSG reported information on the last four cities that lost a franchise and then set about to get the teams back. Committee thought it would be interesting to compare the cost of building a new stadium to trying to get a franchise back. This will be included in the final report. Information was provided on the Raiders, Rams, Ravens, and Titans – the information was several years old, but the costs are significantly higher if the team is lost and the City has to get it back.

The Finance Committee produced a general set of principles they thought important to include in regard to financing:

- No General Fund impact to the City as the result of negotiations or recommendations, including current debt service on the outstanding \$67m bond, any termination costs associated with demolishing Qualcomm such as buying out the concessionaires contract and naming rights contract
- Any cost overruns of construction should be Chargers responsibility
- Any delays in scheduled revenues should be Chargers responsibility
- The longest term lease that could be negotiated should be used -- 30-40 years
- Do support use of revenues generated by development to finance project costs
- There should be a reversion clause if there is a lease – if the Chargers terminate or when they leave, all rights and privileges of the lease revert to the City upon termination
- Stadium operating and maintenance costs responsibility of Chargers
- Infrastructure or environmental costs should not impact the General Fund
- Any new lease should provide favorable terms for Aztecs and Holiday Bowl.

#### Q&A:

Heumann – use and user tax not listed. In addition to TOT and utility tax, there is a use tax for rental cars and functions of the stadium that is used to recoup costs. Is Jeff referring to utility tax or a different type of user tax? *Rental car tax not reviewed.* Supportive of a use tax, but wants to be clear on what that is. *Many iterations of this document, very useful. Has heard of a use tax, but didn't look at that.*

Barrett – has included most of taxes used in other communities. Some of the user taxes we already have – admission tax, parking tax, locker room taxes (visiting teams have to pay fee to use the facility). *Mr. Barrett's report provides a number of fees. Staff looked at types of funding they have access to.*

Clady – thanks for report. Have there been exploratory discussions with the County about whether they would be interested in a County-wide vote? *They have said it is premature to offer any comments pro or con. They said they need a proposal with financial information, actual costs. They indicated a willingness to review any proposal.*

Henderson – did the committee obtain information to put the impact of the Chargers on the local economy in the report? *No, relied on BSG's report. Did not try to compare to any other economic operation. It was not just economic impact, but it listed the full time equivalent employees, very comprehensive, but didn't attempt to compare.* He wants to remind the task force that the \$2.6m of sports arena revenue is not just from the sports arena. *Herring – it includes the sports arena and the shopping areas.* If Chargers made their best efforts to fill up the stadium, the City would not have to pay for the ticket guarantee. Under the terms of the agreement, it is not anticipated that the ticket guarantee would cost the City anything. The rent scheduled in the contract is based on a percentage of sales. \$9m rent in 2020 assumes a higher ticket price and good level of sales. *Herring – rent is based on calculations for several types of rent and a conservative 2.3% escalation.* No peer reviewed economic impact study and need to note that there is one number from the NFL that some economists take issue with and think is smaller. The cost to attract a new franchise – LA may demonstrate that don't have to pay a lot of public money to attract a franchise. Fundamental principle is that there should no GF impact, but the last principle says okay to use the revenue generated from the site... *Watson – will discuss this issue.*

Coffey – hesitates to compare WalMart's contribution to the City to that of the Chargers. WalMart won't give the same national/international exposure we get from tv from the Chargers. 40% of newspapers sold are sold because of the sports page. What studies are being used to show Super Bowl impact? *Site several studies done that indicate impact and site others that say it is not that high – point out difference of opinion. One expert testified that level of impact similar to WalMart.*

Simon – thinks there are studies that say a \$250-300m impact, others say less than 10%. If constituency is San Diego, we need to determine what the impact is. If look below the surface, will find that one side has more merit. If he was on the City Council and deciding whether to spend public money, would want to know whether the Super Bowl impact is \$10m, \$50m, or more. Lots of information is opinionated. We ought to try to give best estimate of the impact. *Watson – feels that even if highest level is accurate, still doesn't warrant spending public money.*

Fat – Thinks that Super Bowls are important. ConVis used direct spending number... *Sal Giametta – ConVis used a number of \$125m in direct spending, total economic impact \$295m from the Price Waterhouse study, the same number that BSG used.*

Roscoe – important piece of financial information is to evaluate the cost of moving forward with the contract the way it is. We have a great report from the Contracts Committee. Would it make sense to have the Contracts committee or Finance determine what sort of investment the City would have to make including the cost of paying the ticket guarantee and any potential litigation cost? *Watson - Thinks Finance committee information is an estimate of no litigation. Kind of the best case scenario and Mr. Simon will be reflecting the worst case. Asked Simon to estimate the risk - there is the potential of downside of litigation raising the risk of impact to ticket sales. Simon – addressing the lame duck situation, where get into litigation and the team trying to leave and a net result of low attendance and the terrible ticket guarantee expenses. Not quantified in the report thus far and has asked BSG for information from other cities, and plans to have additional information in the Contracts Committee Report a week from tonight. There are many possible things that could impact the cost of litigation.*

## F&R Committee

Clay – thanks to committee. Had a number of presentations, many brought forth to full committee. Facts and Findings have been developed by the Facilities & Redevelopment Committee. Like Mr. Saathoff, her summary will follow the mission statement:

First charge was to examine the current condition of Qualcomm Stadium. Looked at the cost of the stadium, as Mr. Saathoff shared approximately \$9.2m cost to the General Fund each year and deferred maintenance of \$10-50m. The committee took an additional tour of the stadium. Recognize there are deficiencies, including that there weren't additions made to the back of the house areas (restrooms, corridors, additional concession stands) when the stadium was upgraded. Findings will be in writing by next week, so no need to go through every detail. In terms of the condition of the stadium, the committee was not surprised to find some problems since it is 30 years old. Escalators are old and every time there is an event, there is a repair person on standby. In general, she will say that the biggest deficiency is a lack of back of the house facilities. Staff has done a terrific job keeping the stadium in good shape and operating.

Second charge was to determine if need a new stadium or if Qualcomm could be upgraded. The committee heard from HOK and NBBJ about what renovations would be needed to get the stadium up to state-of-the-art condition. Saw a \$10m difference between renovating and building new. Mr. Martinez has pointed out that there probably is a \$100m renovation option – won't spend a lot of time on this as it probably won't meet needs and wouldn't allow for redevelopment of the remainder of the site.

Third, analyze development opportunities and constraints of current site (Mr. Martinez will address) and analyze maximum revenue stream and consider environmental issues, and committee added addressing community concerns. Subcommittee and full task force had very in-depth reports from these community groups about what has been called the Chargers proposal. Will see in their written report, these sections.

Current operations – Qualcomm is more than a home for the Chargers. There are 100 events held inside including Padres games, religious events, Super Cross and others. There are also 200 parking lot events. This was a surprise as wasn't aware of all that goes on at the stadium. Mr. Martinez will talk through how Facilities section of the report will be organized.

Martinez – Committee has worked very hard. He developed an outline that starts with five guiding planning principles.

- 1) The Qualcomm site is part of the urban core of San Diego and will be part of the core in future, as will Mission Bay, Old Town, and SDSU so we should think on these terms
- 2) The river is an asset to the region and should be realized to its full potential
- 3) Traffic – greater enhancement of freeways, all working together
- 4) Qualcomm site when developed should be consistent with City of Villages and sustainable design and outstanding issues with region – housing, open space
- 5) New development, whatever public portions, will be public assets and should serve the broadest group of the public and be maintained.

5 options:

- 1) Maintain the existing stadium – basic description of site, pros and cons – potentially no future Super Bowls – discussion of the topic/implications, could be footnoted with appendices
- 2) Undertake a major stadium renovation – took the NBBJ proposal, 65,600 seats, etc.; pros; cons;
- 3) Provide a new state of the art stadium at the present site. 8-10k parking spaces, a major river park, active playing fields, pros; cons; integrate with other activities of greater MV area. May or may not be the best use of stadium site

- 4) Provide a new state-of-the-art stadium at another location – pros, cons, infrastructure costs, land costs, relocation costs, transportation and environmental issues
- 5) Pursue the Chargers proposal – this proposal has had several variations and names, just calling it this name (it is the same as the Chairperson’s business model, the Sports Council’s proposal, etc.) Will include a program description, pros (Chargers remain in town), cons – uncertain whether intensity of proposed development can be sustained by the infrastructure.

After the options are addressed, the Facilities & Redevelopment Committee wants to put together their recommendation – will work with Finance to do so.

Watson – thanks, this is exactly what he had in mind.

#### Q&A –

Simon – regarding other sites, did they attempt to see how much the site would be worth if it was all sold? *The Facilities & Redevelopment Committee looked at physical planning, not the financial aspects of the options.* A question to answer is how much money the City could get out of the site.

Clay – heard from developers about what the site could be worth, and went back and forth about whether the numbers were valid. Did not do an appraisal, which is what would be needed to determine. As a subcommittee, they didn’t think putting a number in would be responsible without doing an appraisal.

Henderson – for the alternative site proposal, as far as where, we haven’t identified the precise number of acres that would be required for a stadium and the facilities that would have to be accompanied. The development would have to provide parking. Doesn’t know how much would be needed – if went around the country, what sort of acreage is required for NFL stadium sites?

Clay – Mr. Barrett, could you address the number of acres needed, whether a site should be near freeways, the perfect site we would be looking for, etc?

Barrett – not an expert in this area, but understands that a footprint typically requires 25 acres, parking depends on the proximity to public transportation, if out in the middle of nowhere, without public transportation using a typical ratio of 3 persons per car could need 20k spaces for 60k seats. However, the parking currently at Qualcomm doesn’t match this ratio as there is good public transportation but still 18,500 parking spaces. Some cities are very urban and have 3-5k but it could be viable if the surrounding infrastructure and public transportation located nearby provide assistance. Depending on whether it would be out in a suburban or isolated location, using standard acreage requirements for parking stalls, could figure out the amount of space needed.

Roscoe – we heard presentations by CCDC and City staff regarding alternative sites. We explored the possibility of locations in the County, but outside of the City. There is not a lot of property within the city that isn’t mired in environmental issues. It is worth mentioning as a footnote that if were to go into a City/County relationship for another site, it would take a lot longer to come to an agreement.

#### Item 8: Final Report

Watson – there are copies of a proposed draft outline of the report and Mr. Patnoe’s comments from last weekend – a draft recommendation. These are a starting point for a conversation.

Patnoe – this is a recommendation for where to go from this point, tried to capture everyone’s points as much as possible. There are a couple of ideas we were in the middle of discussing, and need to complete. Included the three scenarios. This is a draft, and a starting place to use for discussion.

Watson – this recommendation is based on the premise that there would be a new stadium, but could go to enforcing the contract.

Clay – Mr. Saathoff talked about several principles. She would like to work his principles into the recommendation. Some may already be in, but we could include Mr. Saathoff’s items that weren’t included in here. *Watson – it looks like they are all in the recommendation, maybe it is just a question of how to structure it.*

Watson – last Saturday, it seemed that the majority of the Task Force did not want to provide General Fund monies to the project. Some task force members wanted to contribute in a narrow scope. Some people were willing to contribute public funds to share the costs of a new stadium.

Heumann – can support any scenario – if put a huge park on the site, would be supportive of public funds in some capacity as a park would not be a revenue generating development. The bigger the park, the more she would be willing to contribute – depends on the size of the park.

Henderson – has concerns about the first paragraph. No cost to the General Fund – people play games, look at revenues differently. Almost every revenue that comes into the City that is a local tax is a General Fund revenue or has some constitutional or earmarking connection to the General Fund. We have to understand how broadly this principle can be interpreted.

Watson – trying to say public assets or public funds rather than General Fund. He still feels strongly that the Chargers haven’t made the case that they need a new stadium so he is not willing to contribute any public monies. This thought is not necessarily shared by a majority of the task force, so he is trying to get a sense of people’s positions.

Martinez – regarding principle #2, through negotiations, could have a certain amount of the property sold to allow for a contribution to make the deal work on behalf of the parties.

Fat – supports the notion that only revenues generated by potential development on the site with a cap could go for infrastructure. Would like to have flexibility so that taxes generated from new development can be used based on priorities and with a cap on the total amount.

Watson – this is the number one issue, this is the hardest part.

Simon – talking about just tax increment or all funding? Supports Tom Fat’s view and Saathoff’s view from the Finance committee. Re-stating – from the beginning, people were comfortable that if new tax revenues were generated from the project, then they could be used for the project. It is very conservative to say that cannot use the monies generated by development for the project. Thinks the team needs this tool to get the job done – infrastructure, retire debt – if anything else is left over, then it can be used for the project.

Watson – never thought it was a given that the public monies would go into it, the Chargers haven’t made a case, they have the money to build it themselves, and City needs money for other priorities.

Saathoff – one option was leasing the site to the Chargers which is also a public subsidy if the land is leased at less than market value. Need to consider the idea. If say no new revenue, 100% of the costs of infrastructure, environmental, etc. are borne by the Chargers with no offset.

Henderson – if they build rental housing and make revenue, it will be the Chargers. If they make a profit on the shopping center or anything else, the Chargers will receive it. Taxes go to the City and if the project went well, the Chargers would get revenue.

Watson – agrees with Ms. Heumann’s point. Start off at market rent and decrease it depending on what the Chargers would be willing to do – could go to almost zero if they provide public amenities to the City. The City would get a benefit so could be recognized financially. What would be wrong with using funding for the public amenities?

Saathoff – to say no revenue from the site is a non-starter

Henderson – a fair market rent would take into account the fact that Chargers are putting amenities in.

Watson – would it be agreeable to most that the tax increment revenue be used to fund infrastructure? Yes, as long as it reflects fair market rent, treated the same way others would be. What about additional contribution – to a share of the stadium project at some cap?

Simon – one other issue is the debt retirement. Next priority after the infrastructure might be the debt retirement. Not sure will get any revenue past this point to have enough excess for supporting development.

Watson – trying to determine if everyone agrees or not on this.

Roscoe – would prefer there should be a priority order – infrastructure, debt, some portion back to the project – will house Chargers and other activities as well. She would like to provide some flexibility so that we are able to allow for other events to be held at the stadium. Should treat the Holiday Bowl and Gold Coast Classic as assets, want them to be treated in a manner that allows them to stay here – shouldn’t create a situation where the Chargers have to charge the other users so much that they leave and go elsewhere.

Martinez – various types of programs could share costs. Yes, willing to contribute the public revenue generated to the development.

Coffey – yes would give some public money to the project if there is some left over.

Heumann – only if the park exceeds a certain size – yes. If the plan is to just build a stadium with a parking lot or redevelopment like the Chargers say, then no; if the plan is to build a huge regional park, then yes.

Largent – not one dime for a stadium

Patnoe – no

Saathoff – if lease property to Chargers for \$1, and at Chargers expense under principles outlined and Chargers paying, is he opposed – no. Agrees that this would be considered a public subsidy.

Watson – not assuming that the rent would be reduced by public amenities. Rent should be low and probably really low given the value of the public amenities.

Saathoff – stadium itself, excluding other options – willing to take any revenue off of the property.

Watson – if lease the property to Chargers and they do nothing other than a stadium, if rent is based on public amenities they are going to provide, then any additional money they are going to make is more power to them – capitalistic system.

Simon – prefers to address the question in terms of the options. Not sure if he is answering the right question. Might tie hands on negotiating.

Watson – if say okay for the public money to go toward this project, pretty significant policy statement.

Roscoe – being asked very pointedly to say whether believes should be tax money used. She is offended about being pigeon-holed.

Clay – what could be the potential rent from this site? Don't know. How do we balance against the public amenities? Would like to have some ballpark rent number then would like to know about the amenities that have to be paid. What kind of a tax increment can be expected and what are the infrastructure costs?

Henderson – we got a report from KMA on this. If looked at the report, there were holes because can't really identify those line items yet.

Clay – would like to be able to group under public amenities, the fact that we are going to protect the existing stadium users.

Watson – trying to figure out where people stand. Some people feel very strongly that there should be no public funds used. This is a fundamental question.

Fat – talking about the new money, not dipping into the General Fund. If we have a set priority order for using the funds and a cap, that's what he's talking about. Don't misinterpret.

Heumann – suggests that ask people if they have given thought to the models proposed and maybe we could start there. Talked a lot about the business model or about leasing the site – could start there.

Martinez – agrees with Heumann's and Saathoffs – it is a sliding approach. How flexible is the variable?

Saathoff – agrees with Martinez and Heumann – good to address the options because the funding will have an impact. How much and where are the questions. The General Fund is currently in a net deficit – would gain \$10m per year as a starting point if followed the Finance Committee's principles. Don't have specifics on the sliding scale to wrestle with.

Watson – no matter how structured, some people won't be happy. Principles are more important than the model.

Watson – did anyone have questions on any others?

Patnoe – wants some language about the existing contract. Does Mr. Henderson have suggestions about how to address this?

Henderson – will prepare some written remarks in regard to the recommendation.

Patnoe – after months of this process and getting input, it boils down to an question of at what point does the City keep putting assets into the old facility versus the new facility?

Henderson – reality and perceived reality – Qualcomm Stadium functions well and the Super Bowl proved it, fans had nothing but praise. There are problems in terms of the plumbing, back of the house, etc., but those don't suggest that the Chargers aren't perfectly competitive playing football there for years. We spent \$78m a few years ago so the team would be competitive playing till 2020. Understands this is a draft.

Patnoe – came away from Saturday with an understanding that it would be a good idea for the City to start discussions.

Henderson – didn't address the question of what the contracts committee put together. The City and Chargers are currently bound by a contract. There are implications by starting discussions; it raises questions about whether waiving rights by talking, etc. Chargers haven't explained that there is a need for a new stadium.

Watson – got the same sense that the Task Force was agreeable to beginning the process of discussions with the fallback position being that if all else fails we will have to enforce the contract.

Simon – thinks everyone should try to write their comments up. He doesn't want to take a position right now. If we all try to contribute to the process and prepare, we will get consensus. If have something in writing, we might see where everyone is. Need another refining of the draft.

Watson – Mr. Patnoe has volunteered to collect comments.

Roscoe – in writing up the five options, they will go forward to the City Council. It seems like the option we are discussing is part of option #3. *Council will have the option to look at all of these.* Mr. Saathoff mentioned the reversion cost.

Simon – A, B and C model don't encompass the option for a stadium somewhere else. Doesn't want to cut people off and leave them with no options.

Watson – review the draft outline

## **ADJOURNMENT**

Meeting adjourned at 9:25

Submitted by,

Libby Coalson  
Staff Representative