

***CITIZENS' TASK FORCE ON CHARGERS ISSUES***  
**MINUTES for meeting of**  
**November 14, 2002**

**Meeting held at:**

Qualcomm Stadium  
949 Friars Road

**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  
Pepper Coffey  
Tom Fat  
Bruce Henderson  
Karen Heumann  
Bill Largent  
Geoff Patnoe  
Patti Roscoe  
Ron Saathoff  
Leonard Simon  
Jeff Smith

**Members Absent**

Tim Considine  
Cassandra Clady  
Joe Martinez

**Staff Present**

Libby Coalson  
Bruce Herring  
Les Girard  
John Mullen  
Dan Barrett

**CALL TO ORDER**

Item 1: Citizens' Task Force on Chargers Issues Meeting called to order at 6:38 p.m.

Item 2: Roll Call – Libby Coalson

**AGENDA ITEMS**

Item 3: Task Force minutes of November 7, 2002 approved, Mr. Watson did not vote as he was not present at the last meeting.

Item 4: Chairperson Comments: Viewed the previous task force meeting that he had missed on tv and noted that it was interesting to see how one could digest so much when observing from a distance.

Item 5: Task Force Member Comments -

Henderson – Re: the poll on the web page, noted that 64% of the respondents said “no” when asked whether they would be more likely to attend a game at a new stadium. 31% indicated “yes”. Though the polls are informal, they are indicative of how people feel, and he is not seeing interest in spending the money to build a new stadium.

Simon - suggests that the task force should think about whether any scientific polling needs to be conducted.

Watson - Asked Ms. Clay to look into conducting such a poll including what the cost would be.

#### Item 6: Committee Reports

Finance Committee had not met during the interim.

Facilities & Redevelopment had not met during the interim.

#### Item 7: Future Meeting Dates

Watson – There is a problem that will impact the task force doing its job. Chargers do not want to present to the task force on December 12, but in the middle of January instead. Chargers have said they want to have more community meetings before reporting back to the task force. Not sure how the task force can meet its February 15th deadline if the Chargers don't provide information until January.

Clay - Recommend formally telling Mayor and Council to request an extension. If no extension granted, go forward without the information.

Patnoe - disappointed. Since we have a deadline, the task force could hold the Chargers to the date of December 12th.

Watson – the task force could provide input if the Chargers present on the December 12th date anyway, and Chargers could revise as necessary and return again in January.

Henderson - Does it make a difference to Council if the task force reports on February 15<sup>th</sup> or another date? It could if the Chargers trigger. If not, postponing report until April 15th might be good - we could respond if they trigger. It would depend on when a triggering notice is given.

Simon - agrees on triggering issue. It will be hard to finish by February 15<sup>th</sup> if we don't get the info. We may have to go back to the Council to ask for more time.

Watson - Chargers have been working since May on their plans, so he has a problem with a delay.

Heumann - frustrated with the conversation. Disappointed with initial Chargers presentation. Feels like they are manipulating the dates to get close to the date where the Task Force is supposed to be finished with its work.

Watson - committees have sent several letters asking the Chargers for information, and they did not receive complete responses to the letters. There appears to be a pattern of a lack of information needed to do the task force's job. Task force is at a point where we need the information from the Chargers.

Fabiani - spent time the last week conferring with HOK, have more community meetings planned and made a judgment that there is more community work needed to be able to put forth a good faith proposal that adequately accounts for what the community, Mission Valley in particular, wants done on this site. They are learning more and more at each meeting. Want to learn more. Don't want to bring forward something that doesn't reflect the community. There may be a way to work out schedule issues.

Heumann – The task force is here to get the community’s input. Most planning boards don’t meet in December and Council is dark. She thinks this is a lot of excuses.

Fat - trouble with the timing of trigger. It is important to get information from the Chargers. If their presentation is postponed until January, how would it work with the trigger?

Fabiani - Concerns are well put, but not ready to present what will be a very complicated proposal to use 166 acres in this community.

Coffey - feels task force should let them present when ready. Maybe we should go to the Mayor. It is the Chargers presentation. The task force could finish up then attach what the Chargers say.

Clay – there are two options. Provide a late report or add Chargers information as an addendum. Facilities and Redevelopment had community planning groups speak and they have interesting points to make. Glad the Chargers are listening to the community input. Chairperson worked hard to stay on schedule, and need to let Council know.

Simon – This is a matter within the Chargers control. If not ready in December, they could just not present, but presenting half a report is better than nothing if they are ready to do that. Need it soon to write our report. Pressure on the February 15<sup>th</sup> deadline depends on whether Chargers trigger or not. If trigger comes in early December, it is going to cause a problem. If they are able to trigger, it would be better if it comes later.

Saathoff- reality is that Council gave the task force a deadline and if we want to get all information to do a full/complete report, need to go to Council and request an extension. It is up to them to extend the timeline or not. So much of what the Finance Committee is doing requires Chargers information.

Roscoe – Facilities & Redevelopment committee is responsible for tying together the information presented to the entire task force. How prepared would Chargers be to give as complete an update as possible to the committee so they can start getting their report together. *Fabiani – that is a reasonable request, and he thinks they can comply. Want to issue final report later, will continue to have dialog and try to provide updates in mid-December.*

Henderson – has been involved in community planning for a long time and has learned the need to have information from community. Partial reports create an atmosphere where all effort becomes suspect in the community. Follow up to Simon’s comment - don’t trigger in a way that creates logistical problems. Maybe the Chargers should put triggering off until next year.

Mr. Fabiani agreed to see what he could do about being ready by January 9<sup>th</sup>. He needs to speak with his consultants.

Watson – The task force could move everything back one meeting. The December 12, 2002 meeting could be cancelled. Mr. Watson will send a letter to Mayor and Council informing them of the situation. Depending on the trigger, there could be a whole new situation. He may call a special meeting if anything occurs during trigger period. Asked that the committees chaired by Mr. Saathoff and Ms. Clay confirm one way or the other whether they will get the information requested from the Chargers.

Fabiani - Communication is not cut off, he can say the status of where the plans are, but in terms of providing anything final he cannot do so until they are ready. Apologized for the inconvenience. Don't want to be irresponsible by providing information prematurely.

Watson - idea to present a final proposal in January is naïve - people like to review and provide input.

Fabiani – Could invite the consultants out in December to give an update to anyone who wants one. Community will be the entity that decides. A “final” proposal means presentable - with all of the options, maybe 3-4 ideas and community/voters can decide.

Watson - individual meetings are not recommended for task force members.

Fat - when give the final presentation, will Chargers include cost information? *Fabiani - yes, and it is the most complicated part of it. Have come up with a renovation plan, submitted it to a construction firm, and doing same thing with a new stadium design plan. Is it possible to make the 166 acres better serve the community while providing a state-of-the-art football facility? They are working as hard as they can to do so.*

Watson - is the market study complete? *Fabiani – He considers it as part of the presentation, it doesn't really stand alone and wants to include it in their report as a whole. Will we get a copy of the study? Fabiani has to ask the consultant - it is proprietary, but may be able to provide a summary. Wants to be able to compare to Barrett Sports Group's work and have them critique the Chargers.*

#### Item 8: Public Comment

Don Stillwell - Would the City's use of a different method of paying for the tickets have an impact? Rider suggested the City reimburse the Chargers for unsold tickets at \$35 each, which would provide more net than when the Chargers give the visiting team a share. As ticket prices rise, the number of sold seats declines. Suggest making this suggestion to the City Council as early as possible.

Prescott Yee - represents hospitality industry and is in support of a new stadium. Missing a part of the whole means San Diego would not be America's Finest City. Litigation would be a waste of time.

Vaughn - a citizen of San Diego, has a season ticket, so pays for tickets twice. Look at Field level at half time during a Chargers game. Take a hard look at the stadium. If this issue goes to litigation, he wants the daily cost of that litigation to be disclosed to the people of San Diego.

Jim Fitzpatrick - CEO of San Diego Magazine. He is happy to hear talk about a full investigation and an adequate report to the City Council. He wants a recommendation that would be good for San Diego and keeping the Chargers here. Believes they should stay. The task force needs to visit and experience a new stadium to do its job - one that has Super Bowl potential. Need to talk to the people in that marketplace including those for and against before it was built and now. A site visit would provide more information than the task force would get otherwise. Urges task force to reconsider and visit another stadium.

Ed Teyssier - has a response to the draft contracts report. Why is the task force assessing responsibility for seat guarantee? In light of the discussion tonight, he is frustrated that citizens have had to present in the format given to them. It is fair to extend the time for the opposition to speak once the Chargers position is known. He is not against the Chargers speaking, just thinks it is fair for citizens opposed to have an equal amount of time to speak.

Watson - long range agenda is a planning tool, still working on scheduling some experts to get some balance. Not going to be one-sided.

Watson - Committee business - because Contracts committee is complete, going to reassign the members to other committees. Ms. Heumann and Mr. Henderson to Facilities & Redevelopment, and Mr. Fat and Mr. Simon to Finance. This will be on the December 5<sup>th</sup> agenda for a vote. Ms. Coffey and Mr. Fat will also be officially appointed to the Facilities & Redevelopment Committee.

Item 9: Stadium Advisory Board Presentation - postponed.

Item 10: Contracts Committee Report -

Simon – Task force members have a report and he wants to explain. Is hoping the task force will approve the report for forwarding to the Mayor and City Council. This report was approved 5-0 in the committee, thanks members, City staff and consultants. Reporting at this time to prepare Mayor and Council if they get a trigger letter from the Chargers as early as December 1st. This report would have ideally been the first chapter of the task force report to Mayor and Council, but if trigger happens a report on February 15<sup>th</sup> wouldn't be helpful, thus this accelerated report.

Contract has its strengths and its weaknesses. It is binding on both parties. In advising client, the City, need to know what to do. City options are an overlay to the contract. Neither party is free to act in ignorance of their contractual duties.

Report re: trigger - contract runs to 2020. If that were it, Chargers would stay until 2020, however, there is a trigger clause that allows the Chargers to “trigger” under certain conditions which allows the City to renegotiate, Chargers can shop the team, come back to the City to try to match anything found from shopping. These are the pieces that most affect the City. What is the recommendation - there are no recommendations in the report. It lays out the terms and the options so that Mayor and Council, Manager and City Attorney can make decisions. Only recommendation is to be prepared on December 1<sup>st</sup> to represent the City well.

Watson - committee tried to avoid doing anything that would damage the City's position. Asked Mr. Girard to critique what was done in the committee meeting.

Girard – He welcomed early issuance of a report so Council and the Attorney could read it and understand what they should be ready for. Nothing in the report prejudices the City's position in any way. It is well done, and thanks to the committee for working on it.

Watson - 5 attorneys worked well together.

Heumann - started with reviewing the contract and that method made a lot of sense. It is important to understand that San Diego is not held hostage to Chargers under the contract. That is public perception. The City may be able to offset the financial detriment, which in comparison to a new stadium would not be a lot of money. Finds it offensive to be called litigious since the attorneys on the committee have been volunteering their time. There might not even be a team right now had the City not stepped up when Chargers were talking to L.A. and told the Chargers not to talk to L.A. - holding them to their obligations under the contract. It was a careful evaluation and hopes the report is helpful.

Henderson - thanks committee members and agrees with other committee members.

Fat - thanks committee and Simon for taking the lead. Most important thing was to know the City's rights under the contract. Report in no way changes his mind about wanting to see a win-win situation. Report in no way says going to litigate. City will face tough negotiation, no matter what - that is how businesses operate. City has to know its strengths and weaknesses - gives City leverage. Hopes City wisely uses the options. Fully supports the draft.

Motion - Heumann – Moves that the full task force approve and forward to the City Council the summary of the contracts committee's evaluation of the contract.

Watson - reiterated that this report is a series of options and it states that the City Council should listen to any of the proposals from the Chargers.

Patnoe - concerned that the report not be perceived as a recommendation to just pay out money each year. Has some grammatical suggestions in terms of professionalism.

Clay - great job, very proud to put her name on the report. Has a couple of suggested changes regarding the cost of severing contractual relationship and removal of language saying public vote not required.

Coffey - report is one element of three fact-finding committees, until all committees have finished, hope people in public and press do not react emotionally. Suggested changes for consistency on several pages regarding a reference to the length of the ticket guarantee and removal of language referencing blame. Hopes the Chargers would not trigger this year.

Roscoe - agrees some barbs are counter-productive in the document. Appreciates the options in the document. Should be viewed as a piece of the report. There are people out there who will think it is going down the litigious route, when really it is a look at options that the City will have. It will be an important piece of the overall document that will be provided to the Council. Thanks 5 attorneys who did this work. Appreciates and will support.

Saathoff - appreciates all the work. Had many questions early on and received clarification. Supports the changes recommended.

Mr. Simon summarized the changes to be made.

Heumann - officially accepts changes into motion and Simon seconded. All in attendance in favor.

Mr. Watson emphasized that if not for timing this would have been part of the larger task force report, he indicated he will prepare a cover memo. Ms. Coalson asked to put the document on the task force letterhead.

### Item 11: G-3 Program

G-3 Program is a funding source from the NFL. The intent is to increase franchise revenues. Development of new stadiums meets that goal. Increases franchise stability and intent is to prevent relocation. It is intended to insure an NFL presence in key media markets.

New or renovated stadiums, all franchises in NFL eligible for G-3 loans for new construction or renovations. The range of loans is from 34% to 50% of the private contribution amount. Maximum

loan amount for a large market is \$150m based on a \$300m private contribution, and \$102m for small markets. Likely that smaller markets won't get to the levels that would suggest a \$102m contribution.

G-3 program is expected to expire in March 2003. Could be extended but would require a League vote. Franchise must stay in an existing market; program is not for relocation or expansion franchises – though there are exceptions. NFL Players Association (union) must approve – approval not unreasonably withheld. Vote must take place before March 2003. If a sale of franchise, unamortized loan balance on G-3 has to be paid out of proceeds. Rent, surcharges and other payments (annual consideration) the franchise would make over time would be included in what the NFL would count as franchise contributions. Take present value of private contributions to determine what the NFL contribution could be. Annual consideration does not include stadium operating expenses maintenance expenses, or capital improvement or repair expenses.

What is the situation in New England -- are they public/private or just privately funded? *Over \$70m of infrastructure improvements were made, so there was public money. Loan amount is a percentage of the total private amount, but requires public money to be part of the project to qualify – though public money is not part of the calculation.*

The G-3 loan amount calculation is based on the total private contribution made into the project, but there has to be public money in the project.

Personal Seat Licenses (payments made to give a person the right to buy a ticket) are a funding source that has been successfully used in funding new facilities. Franchises have to share 34% with the NFL. These proceeds are eligible for an exemption, subject to NFL vote.

Henderson - what are the terms of the loans - years, interest rate, security? *15 years, typically forgiven, national tv revenues are security. Pull money out of visiting club premium share or national tv revenues. Some personal guarantee like a letter of credit from the team saying stadium will get developed is needed. Depends on position of team originally to see how it affects operating position. Payments on G-3 loans are made from the portion of revenue shared with the visiting teams – the amount a team wouldn't normally see. In most cases, teams are not receiving club seat waiver, so Chargers might be worse off with a G-3 loan. With the waiver, the Chargers currently retain the share of revenues that would normally go to the visiting team.*

Simon - who is really loaning money to whom? Private loan from NFL to one of the teams. This is a way for the Chargers to pay some of their contributions. Do they ever really pay it back? *In a normal situation, there would not necessarily be a payment directly from the team. The payment would come from the share of revenues that goes to the visiting team.*

Fact that this expires but may be extended leaves people in dark about whether available - any idea whether it will be available? *Other teams in NFL have issues with stadium development – there are other teams in need so would imagine it would be extended. However, it is impossible to tell if would be extended league wide or for specific cases or at all.*

Novel approach by a league to facilitate stadium development. The NFL is the only league that puts money in like this.

Henderson - Found presentation interesting – BFK recognized that a stadium built for NE Patriots benefits all of league. Every team owner benefits when a new stadium is built. NFL recognizes that the costs get higher every year that goes by. Huge increase in cost of the facilities and they can't

extract that money from the public. Private investment has to be the bulk of the funding.

Watson – Appreciates the excellent presentation and acknowledged that Mr. Barrett’s work is very valuable to the task force.

Item 12: Task Force Discussion and Questions

Fat - mentioned that maybe have a session on a Saturday. *Totally off the table now since Chargers not presenting in December.*

Heumann - is traffic way beyond the scope of Facilities and Redevelopment Committee?

Smith – Committee has looked at it. Wanted to look at some examples of land uses that could generate trips and see what would run into.

Watson - if Mr. Herring or Mr. Girard want to say anything or give any kind of response to the Task Force, please do so. He will write two letters to Mayor/Council and will run them by Ms. Clay, and they will jointly sign them.

December 12 meeting is cancelled.

Henderson - to extent the Chargers make a presentation in late January, want to be sure provide opportunity for responses from appropriate people.

Watson – there is going to have to be a re-working of subsequent agendas. Don’t have another meeting after the 5th till January 9th.

**ADJOURNMENT**

The meeting was adjourned at approximately 9:00.

**The next scheduled meeting is:      Thursday, December 5 @ 6:30  
Qualcomm Stadium, Club Lounge 5**

City of San Diego  
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Submitted by,

Libby Coalson  
Staff Representative