

1 [Settlement of Government Claim]

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3 **Ordinance authorizing settlement of the government claim filed by the San Francisco**
4 **Forty Niners, Ltd., against the City and County of San Francisco, on January 29, 2007,**
5 **including the execution and delivery of a related rent credit agreement.**

6 Be it ordained by the People of the City and County of San Francisco:

7 Section 1. Findings:

8 (1) On January 29, 2007, the San Francisco Forty Niners, Ltd. ("the 49ers") filed a
9 government claim against the City and County of San Francisco, alleging that the City is in
10 breach of the Candlestick Park Stadium Lease dated as of December 3, 1969 between the
11 City and the 49ers, as amended (the "Lease"), based upon the City's alleged failure to
12 maintain and repair the stadium known as Monster Park ("the Stadium") as required under the
13 Lease, and further claiming entitlement to a partial refund of rent paid by the 49ers under the
14 Lease based upon the amount of the City's stadium admissions tax ("the 49ers' Claim");

15 (2) In settlement of the 49ers' Claim, the parties have negotiated a settlement
16 agreement, and related rent credit agreement, pursuant to which the 49ers are authorized to
17 perform specified repairs at the Stadium at a cost not to exceed Ten Million Three Hundred
18 Ten Thousand Dollars (\$10,310,000) and receive a credit against rent payable under the
19 Lease in the amount of the 49ers' actual expenditures together with interest. The 49ers'
20 expenditures will be credited against rent through rent credits on a specified schedule through
21 the 2010-2011 football season. In the event that the Lease expires or terminates early for any
22 reason other than a default by the 49ers and the 49ers have not yet received the full benefit of
23 the rent credits, then the City agrees to pay to the 49ers the remaining balance of the earned
24 rent credits, as more particularly described in the rent credit agreement.

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1 (3) As part of the settlement, and as more particularly described in the rent credit
2 agreement, the 49ers agree that the 49ers are not currently entitled to any rent rebate under
3 the Lease based upon the amount of the City's stadium admissions tax and shall not in the
4 future be entitled to any rent reduction under the Lease so long as (i) the City's stadium
5 admissions tax does not exceed \$2.25 per ticket, and (ii) the City continues annually to give to
6 the San Francisco Unified School District for its after-school sports program any stadium
7 admission tax amount above \$1.50 per ticket. A copy of the parties' settlement agreement,
8 together with the rent credit agreement, is contained in Board File No. _____.

9 Section 2. The Board of Supervisors authorizes the San Francisco City Attorney's
10 Office to settle the 49ers' Claim according to the terms set forth herein, and the Board of
11 Supervisors further approves and authorizes the City's execution, delivery and performance of
12 the settlement agreement and rent credit agreement. Any and all actions taken by City
13 officials consistent with this Ordinance are hereby ratified and approved.

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15 APPROVED AS TO FORM AND
RECOMMENDED:
16 DENNIS J. HERRERA
17 City Attorney

RECOMMENDED BY RECREATION AND
PARK COMMISSION
RESOLUTION NO.:
DATE:

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19 _____
JAMES M. EMERY
Deputy City Attorney

MARGARET MCARTHUR
Government Liaison

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