

1 [Lease Amendment - San Francisco Forty Niners - Candlestick Park Stadium]

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3 **Resolution: 1) approving and authorizing an amendment to the Lease of Candlestick**  
4 **Park Stadium with San Francisco Forty Niners, LLC, to grant the Forty Niners an**  
5 **additional option to terminate the Lease early, between May 31, 2014, and May 31, 2015,**  
6 **providing for the Forty Niners to pay the City \$1,000,000 in consideration for the early**  
7 **termination option, and providing that if the Forty Niners exercise the option, the Forty**  
8 **Niners make added minimum guaranteed payments to the City, in lieu of the rent**  
9 **scheduled under the current Lease, of \$4,295,000 if the team plays no regular season**  
10 **or post-season NFL games at Candlestick in the 2014 season and up to \$5,000,000**  
11 **more if the team does play such games; 2) approving and accepting the dedication**  
12 **under the amendment of \$1,045,000 of such \$4,295,000 minimum guaranteed payment**  
13 **for youth programs for the City's Recreation and Park Department; 3) ratifying prior**  
14 **acts; and 4) making environmental findings.**

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16 WHEREAS, The City and County of San Francisco (the "City") owns a stadium located  
17 at Candlestick Point commonly referred to as Candlestick Park Stadium (the "Stadium"),  
18 which is under the administrative jurisdiction of the City's Recreation and Park Commission;  
19 and

20 WHEREAS, Forty Niners Football Company LLC, a Delaware limited liability company  
21 (the "Forty Niners"), owns the National Football League ("NFL") franchise for the professional  
22 football team known as the San Francisco 49ers, and is the successor-in-interest to the San  
23 Francisco Forty Niners, Limited, a California limited partnership; and

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1           WHEREAS, The City and the Forty Niners are parties to a lease dated December 3,  
2 1969, as subsequently amended (collectively, the "Lease"), under which the Forty Niners uses  
3 and occupies the Stadium for the exhibition of its home professional football games; and

4           WHEREAS, Under the most recent amendment to the Lease approved by the Board of  
5 Supervisors in 2011 ("2011 Amendment"), the term of the Lease currently expires on May 31,  
6 2016, subject to (i) the option of the Forty Niners to terminate the Lease early as of May 31,  
7 2015, under specified conditions, and (ii) the right of the Forty Niners to exercise up to seven  
8 1-year extension options, for a maximum term of May 31, 2023; and

9           WHEREAS, The City and the Forty Niners have negotiated a proposed amendment of  
10 the Lease (the "Lease Amendment") in substantially the form on file with the Clerk of the  
11 Board in File No. 120477, which includes, among other provisions, the following significant  
12 terms:

13           (1) the Forty Niners shall have the option to terminate the Lease early on a date within  
14 the period commencing on May 31, 2014, and ending on May 31, 2015, to be specified by the  
15 Forty Niners in its option exercise notice;

16           (2) the Forty Niners will pay the City the non-refundable sum of \$1,000,000, in cash, as  
17 option consideration on December 1, 2012;

18           (3) if the Forty Niners exercises the new early termination option and plays no games in  
19 the Stadium for the 2014 NFL season, then in addition to the nonrefundable option  
20 consideration and in lieu of the rent payments scheduled under the 2011 Amendment, the  
21 Forty Niners will make guaranteed minimum payments to the City totaling \$4,295,000,  
22 payable in installments on the schedule set forth in the Lease Amendment, and which  
23 guaranteed minimum payments include a \$1,045,000 community payment that the City must  
24 use only for its Recreation and Park Department youth programs and that is payable in two  
25 equal installments of \$522,500 each on May 31, 2014 and May 31, 2015;

1 (4) if the Forty Niners exercises the new early termination option but plays one or more  
2 games in the Stadium for the 2014 NFL season, then in addition to the nonrefundable option  
3 consideration and the guaranteed minimum payment described in paragraph (3) above, and in  
4 lieu of the rent payments scheduled under the 2011 Amendment, the Forty Niners shall make  
5 additional payments to the City of up to \$5,000,000 on the schedule and in the amounts  
6 specified in the Lease Amendment, based on the number of home games and post season  
7 games actually played at the Stadium during the 2014 NFL season;

8 (5) if the Forty Niners exercises the new early termination option but requires to hold  
9 over in the Stadium for any home games for the 2015 NFL season, it will give the City  
10 advance notice and pay the City guaranteed minimum payments and additional home game  
11 payments in the same amounts payable for the 2014 NFL season as further provided in the  
12 Lease Amendment;

13 (6) the Forty Niners will waive certain claims against the City relating to the condition of  
14 the Stadium as provided in the Lease Amendment;

15 (7) the extension option in the Lease Amendment is in addition to the extension option  
16 under the existing Lease;

17 (8) all of the seven 1-year extension options under the existing Lease shall terminate  
18 when and if the Forty Niners exercise the new early termination option, or the termination  
19 option under the existing Lease;

20 (9) the City and the Forty Niners will lead a Super Bowl bid committee to work with the  
21 NFL to bring a Super Bowl to the Bay Area as early as 2016;

22 (10) the Forty Niners will have its concession operator (Centerplate) retain and/or offer  
23 employment to existing Stadium employees upon the Forty Niners' moving to the new  
24 stadium; and  
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1           WHEREAS, The City's Planning Department has found that the Lease Amendment is  
2 categorically exempt from environmental review under the California Environmental Quality  
3 Act (a copy of these findings is on file with the Clerk of the Board of Supervisors in File No.  
4 120477, and are incorporated herein by reference); now, therefore, be it

5           RESOLVED, That the Board of Supervisors hereby approves and authorizes the  
6 execution, delivery and performance by the City of the Lease Amendment, subject to the  
7 approval of the Lease Amendment by the City's Recreation and Park Commission, in its sole  
8 discretion; and, be it

9           FURTHER RESOLVED, That subject to the preceding paragraph, the Recreation and  
10 Park General Manager is authorized to execute and deliver the Lease Amendment in  
11 substantially the form filed with the Clerk of the Board in File No. 120477, and to take any and  
12 all steps necessary or appropriate to effectuate the execution, delivery and performance of the  
13 Lease Amendment. The Recreation and Park General Manager, at his or her discretion and  
14 in consultation with the City Attorney and the City's Controller, is authorized to enter into any  
15 additions, amendments, or other modifications to the Lease Amendment that the Recreation  
16 and Park General Manager determines are in the best interests of the City and do not  
17 materially increase the obligations or liabilities of the City or materially decrease the payments  
18 or other benefits to the City, and are necessary or advisable to effectuate the purpose and  
19 intent of this Resolution; and, be it

20           FURTHER RESOLVED, That the Board approves and accepts the dedication in the  
21 Lease Amendment of \$1,045,000 of the Minimum Payment for youth programs of the  
22 Recreation and Park Department, as a community payment by the Forty Niners, subject to the  
23 budgetary and appropriations provisions of the Charter; and, be it

24           FURTHER RESOLVED, That any and all actions taken by City employees or officials  
25 regarding the Lease Amendment are hereby ratified and approved.