

1 [3Com Park at Candlestick Point]

2 APPROVING AND AUTHORIZING A TOLLING AGREEMENT TO AMEND THE LEASE
3 BETWEEN THE CITY AND COUNTY, AS LANDLORD, AND SAN FRANCISCO FORTY
4 NINERS, LTD, AS TENANT OF THE STADIUM KNOWN AS 3 COM PARK AT
5 CANDLESTICK POINT, TO EXTEND THE PERIOD FOR POTENTIAL ARBITRATION OF
6 THE MAINTENANCE CONDITION OF THE STADIUM; AND RATIFYING PRIOR ACTS.

7 WHEREAS, The City and San Francisco Forty Niners, LTD (the "Forty Niners") entered
8 into a lease dated December 3, 1969, under which the City leased to the Forty Niners certain
9 real property now commonly known as 3COM Park at Candlestick Point, as more particularly
10 described in the lease (the "Stadium") for the play of the Forty Niners home professional
11 football games; and,

12 WHEREAS, Such lease has been amended by agreements dated August 1, 1972,
13 August 1, 1976, December 6, 1985, June 6, 1986, April 24, 1987, August 16, 1990, October
14 18, 1990, May 17, 1993 and January 1994 (such lease, as amended, is referred to below as
15 the "Stadium Lease"); and,

16 WHEREAS, The term of the Stadium Lease expires on May 31, 2008, subject to
17 certain renewal options granted to the Forty Niners under the Stadium Lease; provided,
18 however, the Forty Niners have the right to terminate the Stadium Lease early under certain
19 circumstances in connection with an arbitration procedure regarding the maintenance
20 condition of the Stadium, on the terms and conditions set forth in the Amendment to the
21 Stadium Lease, dated as of April 27, 1987, which amended Section 20(c) of the Stadium
22 Lease; and,

23 WHEREAS, On June 3, 1997, the voters of the City and County of San Francisco
24 approved Propositions D and F regarding the construction of a new football stadium and an
25 entertainment and shopping center at Candlestick Point (the "New Stadium Complex"), under

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1 which a new, state-of-the art football stadium which would be suitable for regular play of the
2 Super Bowl would replace the existing Stadium; and,

3 WHEREAS, By letter dated December 18, 1997 (the "December 18, 1997 Notice"), the
4 Forty Niners provided notice to the City that in the Forty Niners' bona fide opinion the Stadium
5 has not been maintained in a condition suitable for the exhibition of major league professional
6 football games, in order to satisfy a requirement contained in Section 20(c) of the Stadium
7 Lease that any such notice be given by the Forty Niners on or before January 1, 1998; and,

8 WHEREAS, By letter dated February 20, 1998, the City responded to the
9 December 18, 1997 Notice from the Forty Niners, disputing the assertion that the Stadium
10 had not been properly maintained and proposing that the April 1, 1998 deadline for
11 commencing arbitration of the dispute be "tolled" to enable the parties to focus on completing
12 negotiations for the proposed New Stadium Complex; and,

13 WHEREAS, The City and the Forty Niners agreed by signed letter dated
14 March 31, 1998 (the "March 31, 1998 Letter Agreement") that so long as they are negotiating
15 the language of the amendment to the Stadium Lease in good faith and through the time the
16 City is actively engaged in the approval process for the amendment, the arbitration deadline
17 set forth in Section 20(c) of the Stadium Lease shall not be enforced and its passing, without
18 the commencement of arbitration, shall not prejudice either party's rights under that section of
19 the Stadium Lease; and,

20 WHEREAS, The City and the Forty Niners are engaged in a good faith process to
21 implement Propositions D and F to provide for the construction of the New Stadium Complex
22 in time for the 2003 Super Bowl, and in furtherance of that process, the City and the Forty
23 Niners do not wish to engage in the arbitration process set forth in Section 20(c) of the
24 Stadium Lease at this time; and,

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1 WHEREAS, The City and the Forty Niners intend to extend the time periods for notice
2 and for arbitration of any potential dispute under Section 20(c) of the Stadium Lease and
3 make certain related changes to the Stadium Lease on the terms and conditions more
4 particularly set forth below; and,

5 WHEREAS, A proposed Tolling Agreement to provide for such extension is on file with
6 the Clerk of the Board of Supervisors under File No. 981897 (the "Tolling
7 Agreement"); and,

8 WHEREAS, The Recreation and Park Commission, by its Resolution
9 No. 9811-151 has approved the Tolling Agreement and recommended approval of such
10 agreement by this Board; now, therefore, be it

11 RESOLVED, That the Board of Supervisors hereby approves the proposed Tolling
12 Agreement; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors finds and determines that the
14 Tolling Agreement is consistent with policies and purposes of Propositions D and F, approved
15 by the voters of the City and County on June 3, 1997, and that it is in the City's best interest
16 to enter into the Tolling Agreement for the purposes described in this resolution; and, be it

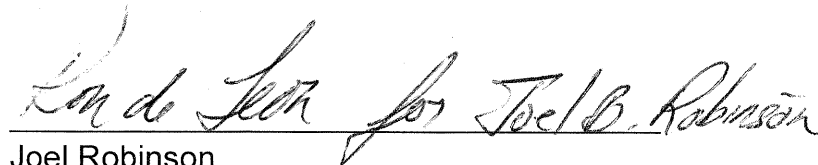
17 FURTHER RESOLVED, That this Board of Supervisors authorizes and urges the
18 General Manager of the Recreation and Park Department to execute the Tolling Agreement,
19 in the name and on behalf of the City, in substantially the form of such agreement presented
20 to this Board of Supervisors, and to execute any additions or modifications thereto (including,
21 for time to time, any further extension of the periods specified therein) that the General
22 Manager, in consultation with the Mayor and the City Attorney, determine are in the best
23 interests of the City, do not increase the obligations or liabilities of the City under the Stadium
24 Lease, will not have an adverse fiscal impact on the City or diminish the rights of or benefits
25 to the City under the Lease, and are necessary or advisable to effectuate the purposes and

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1 intent of this resolution, such determination to be conclusively evidenced by the execution
2 and delivery by the General Manager and any amendments thereto; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors approves, confirms and ratifies
4 all prior actions taken by the officials, employees and agents of the City with respect to the
5 Tolling Agreement and any interim extension of such period for arbitration.

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7 RECOMMENDED:

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11 Joel Robinson
12 Acting General Manager, Recreation and Park
13 Department
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City and County of San Francisco

Tails

Resolution

Veterans Building
401 Van Ness Avenue, Room 308
San Francisco, CA 94102-4532

File Number: 981897

Date Passed:

Resolution approving and authorizing a tolling agreement to amend the lease between the City and County, as landlord, and San Francisco Forty Niners, Ltd, as tenant of the stadium known as 3 Com Park at Candlestick Point, to extend the period for potential arbitration of the maintenance condition of the stadium; and ratifying prior acts.

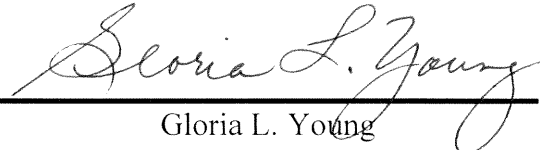
December 7, 1998 Board of Supervisors — ADOPTED

Ayes: 9 - Ammiano, Bierman, Brown, Katz, Kaufman, Leno, Teng, Yaki, Yee

Absent: 2 - Medina, Newsom

File No. 981897

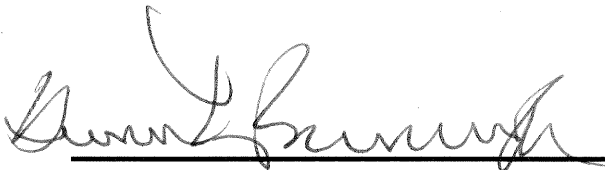
I hereby certify that the foregoing Resolution
was ADOPTED on December 7, 1998 by the
Board of Supervisors of the City and County
of San Francisco.



Gloria L. Young
Clerk of the Board

DEC 11 1998

Date Approved



Mayor Willie L. Brown Jr.