

**REPORT TO THE
NFL EXECUTIVE COMMITTEE**

Re: Relocation Proposals

January 8, 2016

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EXECUTIVE SUMMARY

In evaluating proposed franchise relocations, we always start with the premise that the League seeks to preserve, and benefits from, the stability of its franchises. We know that relocations are painful, and we value our relationships with all fans. Indeed, we have not approved a single franchise relocation for almost two decades. Our labor agreement, stadium financing policies, and revenue sharing programs have all contributed to and support that record of stability. At the same time, we understand that the long-term success of the League and of each club depends on having modern, attractive stadium facilities that offer fans a high quality day of game experience.

Our clubs and fans need and deserve, and competitive considerations require, stadiums that offer attractive amenities, excellent fan service, and convenience. Stadium construction, as well as stadium maintenance and improvements, requires very substantial initial and ongoing investments. At all times, in evaluating proposed franchise relocations, we are fully aware that we are not simply considering the location of an individual team but rather determining where all 32 NFL teams will do business.

For these reasons, in connection with proposed franchise relocations, the League has an established, rigorous process for gathering relevant facts and input from public officials in the affected communities, from committed fans, from independent experts in a broad range of fields, as well as from the applicant clubs themselves. That fact gathering is followed by extensive and careful analysis, of which this report is only a part, intended to fully and objectively inform the

member clubs and assist in making a business judgment with respect to the relocation proposal under consideration.

This report addresses the requests of three clubs, each of which is seeking the membership's approval to relocate to Los Angeles. The Rams propose to relocate to a new stadium, designed to accommodate two clubs, to be built in Inglewood at the site of the former Hollywood Park racetrack. The Chargers and Raiders propose jointly to develop and to relocate to a new stadium to be built in Carson.

The League's Constitution and Bylaws requires the affirmative vote of three-fourths of the membership before any club may relocate. The League's Policy and Procedures for Proposed Franchise Relocations provides that with the assistance of appropriate League committees, the Commissioner will analyze the proposed transfer and report to the membership. This report reflects my analysis of the three clubs' proposals. The report does not, however, reflect a judgment about whether any of the three applicant clubs or either of the two proposed projects warrants the affirmative vote of any member club. That judgment is for each member club to make on its own, giving appropriate weight to a wide range of factors.

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Any relocation decision by the member clubs is a business judgment focused on: (a) whether the club proposing to relocate has demonstrated that, notwithstanding the League's established preference for clubs to continue to serve their existing fans and communities, it should be permitted to move; (b) if the club has made a case to leave its current community, whether the League's collective interests would be best served by allowing the club to move to its preferred new community; and (c) if so, on what terms and conditions.

The Incumbent Communities. Each of the three applicant clubs has presented substantial evidence in support of its position that it should be permitted to relocate. Each currently plays in a stadium that, in terms of quality and fan amenities, compares unfavorably to the vast majority of NFL stadiums; none of the incumbent communities disputes that fact. Reflecting the poor quality of their home stadiums and despite passionate support in their communities, for years each of the applicant clubs has performed well below the League average on typical indicia of paid attendance and business success.

The long-term success of an NFL club in each of the three incumbent communities faces a crucial stumbling block: the lack of a modern stadium that will allow the club to be competitive and to service its fans in the coming decades. For more than a decade, the three applicant clubs have worked diligently and in good faith with community leadership to improve their stadium situations. In each case, those efforts have been unsuccessful. The leadership in each of the incumbent communities has acknowledged that there has not been a timely response to the unquestioned need for a comprehensive solution to its stadium issue.

Notwithstanding the fact that several clubs considered submitting relocation applications more than a year ago, the League determined that it would not entertain such applications in 2015. One key reason for that decision was to afford the three incumbent communities, two of which have new political leadership, additional time to address their respective clubs' stadium issues and to develop a proposal to resolve them.

But the decision not to entertain relocation proposals in 2015 had a consequence as well. For the last year, the League Office has emphasized to the three incumbent communities that, if presented with a relocation application immediately after the 2015 season, the membership would be unlikely to accept contingent or uncertain stadium proposals as a basis for requiring a

club that otherwise qualifies for relocation to remain in its home market. Nonetheless, the most recent submissions from the incumbent communities address stadium alternatives that range from conceptual, but lacking a formal offer (in the case of Oakland), to dependent on various contingencies (*e.g.*, additional required governmental approvals, overcoming potential political opposition, requests for League funding in excess of the maximum provided under current policies) and therefore lacking certainty (in the cases of St. Louis and San Diego). Moreover, there are concerns about the long-term viability of the stadium projects proposed by the public authorities in the incumbent communities.

The Los Angeles Projects. Each of the two proposed sites offers proximity to the dominant population centers of Los Angeles and sufficient land for parking and ancillary development. Each application points to substantial progress toward obtaining all necessary permits to build a state-of-the-art stadium; each asserts that there is no barrier to completing promptly the approval process and having a new stadium ready for the 2019 season. Each presents strong financial pro formas based on club-submitted data informed by work of the Legends firm, which the League Office retained to provide independent analysis of the opportunities in Los Angeles for sales of tickets, PSLs, premium seats, and other revenue sources. Each appears to be free of any meaningful contingency with respect to site acquisition or suitability, government approvals, or construction financing.

Hollywood Park, which was previously approved as a site for an NFL stadium, is a known entertainment area favored for many decades as a site for music and sports. The Rams' relocation proposal notes that the site "sits between four major freeways and the site has a history of handling over 100,000 fans for events." The community of Inglewood, where Hollywood Park is located, has recently experienced a resurgence of investment activity for entertainment

and housing. The Rams, who played in the Los Angeles area from 1946 through 1994, propose to build at Hollywood Park a unique facility capable of housing two NFL teams. The Rams have offered to share the stadium with any other NFL club in two models: one as a tenant with no capital at risk; the other as a partner in the stadium company. The Rams contend that, as a long-time Los Angeles franchise that continues to have a substantial and passionate Los Angeles fan base, they would be in a very strong position to capitalize on a return to the market.

The Carson site has excellent proximity to key freeways and is readily accessible to the population centers north of the stadium (Los Angeles and its West Side) as well as to the south (Anaheim and Orange County). Public entities and other third parties have completed significant remediation and infrastructure work on the property, a former landfill, to permit retail/commercial development and/or a new stadium. Any additional remediation work necessary to enable stadium construction is expected to be completed in time to permit the clubs' proposed stadium opening for the 2019 season.

The Raiders, who began NFL play in Oakland, played in Los Angeles from 1982 through 1994 before returning to Oakland in 1995. The Raiders have passionate fans in both markets. The club is aware that there was (and continues to be) concern over the game day environment at Raiders' home games, including while the club was in Los Angeles; the club believes that this concern, while real, can be overcome with proper planning and execution.

The Chargers played the inaugural season of the American Football League (1960) in Los Angeles before moving approximately 125 miles south to San Diego, where the club has played since 1961. The club submits that it is in a very strong position to retain its Los Angeles-based fans, of which it claims to have many, to hold some of its existing fans south of Los Angeles, and to appeal to a new fan base in the Los Angeles market.

The stadium companies of the two clubs have formed a joint venture to occupy the Carson stadium on equal terms.

Summary. None of the three applicant clubs currently plays in a stadium that is adequate for NFL football or which offers any reasonable prospect for long-term success. This fact is acknowledged by the leadership in each of the incumbent communities. In addition, each of the incumbent communities has had a decade or more to address their local stadium issues, and each has chosen not to do so. None of the three applicant clubs has received a proposal in its incumbent market that is free of obvious contingencies. None has been presented with a stadium opportunity in its incumbent market that it views as a viable long-term solution for its stadium issues. None would be in violation of its existing lease by moving to Los Angeles; indeed, at least certain of the existing leases expressly contemplate a possible relocation.

The Los Angeles market is large and potentially very attractive in a number of ways. The Carson and Hollywood Park sites appear to be ready for development and each presents a location at which a first-class stadium could be built for one or two NFL clubs. Our market research supports the conclusion that the Los Angeles area is capable of supporting two NFL teams and, of course, multiple professional teams in other leagues play in Los Angeles and Orange Counties today. (The NFL had two teams in the market from 1982, when the Raiders moved to Los Angeles, through 1994, when both the Rams and the Raiders moved to their current locations.)

Nonetheless, there are substantial challenges associated with successful operations in the Los Angeles market, and the NFL's history demonstrates that success there is not assured. Long-term success in Los Angeles will require strong ownership, effective marketing and community engagement.

With these considerations in mind, in evaluating the proposals before it, the membership must determine: (a) which, if any, of the three clubs and two stadium proposals presents the League with the best opportunity for successful long-term NFL operations in the Los Angeles area; and (b) on what terms any such relocation should be conditioned. If none of the specific choices presented attracts the required number of votes, the member clubs should have sufficient information to identify and evaluate any changes necessary to forge sufficient support.

A more detailed report with supporting data follows. That report is intended not to reach a final conclusion on the pending applications, but rather to lay out the most relevant facts and to frame for the membership's consideration the ultimate business judgment that the clubs will collectively make.

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Re: Relocation Proposals

On January 4, 2016, the League Office received relocation proposals from three clubs: The St. Louis Rams formally advised the League of its desire to relocate to Los Angeles; the club proposes to play its home games at the site of the former Hollywood Park racetrack in Inglewood. The Oakland Raiders and the San Diego Chargers each formally advised the League of their desire to relocate to Los Angeles; those clubs propose jointly to build a new stadium in Carson that would be shared on equal terms. All three applications were supported by detailed submissions and statements of reasons.

The League's Policy and Procedures for Proposed Franchise Relocations, a copy of which is attached as Exhibit A, provides that "[w]ith the assistance of appropriate League committees, the Commissioner will evaluate the proposed transfer and report to the membership." This report reflects my evaluation of the three proposals, with a particular focus on the factors identified in the relocation guidelines. Part I discusses the League's procedures for evaluating proposed franchise relocations. Part II provides a summary of my analysis. Parts III-VI address each of the proposals in more detail. Part VII addresses issues relating to the proposed relocation fee and other conditions. Part VIII addresses the applicant clubs' requests for League financial support through the G-4 program.

Before presenting my own evaluation, it is worthwhile to repeat the four fundamental goals identified in a memo that I sent to the member clubs on June 29, 2012:

"Simply put, we are seeking to secure four fundamental goals: (1) a single site at which the league can confidently invest significant league assets in support of a facility that preserves the option of hosting two NFL teams; (2) a process that ensures that the league is in the best possible posture when negotiating (either separately or in concert with interested member clubs) with one or more potential stadium developers; (3) a process

that preserves the authority of the membership to make all significant decisions relating to a re-entry into the Los Angeles market; and (4) ensuring the best opportunity for successful long term operations in Los Angeles.”

These goals continue to serve as guideposts as my office and League committees, with the help of expert consultants, have evaluated issues relating to Los Angeles, including the pending relocation applications, since that time.¹

I. The League’s Procedures for Evaluating Proposed Franchise Relocations

A. The Governing Documents

Article 4.3 of the Constitution and Bylaws requires prior approval by the affirmative vote of three-fourths of the member clubs before a club may transfer its franchise or playing site to a different city, either within or outside its home territory. Article 4.3 confirms that no club is entitled to relocate simply because it perceives an opportunity for enhanced revenues or profits in another location.

Article 4.3 also reflects the League’s collective judgment that unassigned franchise opportunities are owned by the League’s member clubs as a collective whole. With respect to Los Angeles in particular, over the last 20 years that principle has been repeatedly reaffirmed in League resolutions and in policy statements issued by the League Office. Examples include 1995 Resolution G-4 (approving the Rams’ relocation from Los Angeles to St. Louis), 1995 Resolution G-7 (approving the Raiders’ relocation from Los Angeles to Oakland), 2004 Resolution BV-4 (addressing Home Territories and Home Marketing Areas), and the June 29, 2012 memorandum referenced above.

¹ This report and the League’s analysis generally have benefited from the input of expert consultants in a number of fields including but not limited to: Legends/CSL (sales and marketing); PJT Partners (relocation fee); The Chertoff Group (security); Charles River Associates (market research); Park & Velayos (environmental issues); Navigate (home market sponsorship analysis); David Schaffer (FAA); and Jim Moody (Missouri government policy and legislative process).

The League's Policy and Procedures for Proposed Franchise Relocations represents a collection of procedures and protocols that address the content of relocation applications and the process by which they will be considered by the membership. This Policy, which is often referred to as "the Relocation Guidelines," also identifies some of the business factors that are likely to be relevant to each member club's evaluation of a relocation proposal. In summary, the Guidelines suggest that the key parts of the judgment relate to: (a) whether the club proposing to relocate has demonstrated that, notwithstanding the League's established preference for clubs to continue to serve their existing fans and communities, it should be permitted to move; (b) if the club has made a case to leave its current community, whether the League's collective interests would be best served by allowing the club to move to its preferred new community; and (c) if so, on what terms and conditions.

B. Relevant Business Factors

In evaluating a proposed franchise relocation and making the business judgment inherent in such consideration, each member club is entitled to consider a wide range of business factors, including but not limited to those identified in the Relocation Guidelines. The factors identified in the Guidelines are intended to inform the business judgment underlying each member club's vote. They are not a set of minimum standards or requirements with which an applicant must comply before it may secure the affirmative vote of the membership. That is reflected in the fact that nearly half of the factors are expressed in terms of "the degree to which" or "the extent to which," thereby leaving the ultimate assessment to the business judgment of each individual owner. Nor do the factors operate as a checklist that automatically dictates a decision. Rather, they reflect relevant factors that each owner may then assess as part of the process of exercising his or her own individual business judgment.

This report contains my analysis of the relocation proposals, and it is informed by consideration of the factors outlined in the Relocation Guidelines. The ultimate decision of where the NFL will conduct its business operations, however, is the domain of the membership.

Broadly stated, each club should consider whether the League's collective interests (which include, for example, the League's television and media interests, the League's interest in strong and geographically distributed franchises, the League's interest in competing effectively with other sports and entertainment offerings, the League's interest in securing and maintaining attractive and fan-friendly stadium facilities in which to play its games, the League's interest in maintaining and expanding its fan base, and the League's interest in having financially viable and successful franchises) would be advanced or harmed by allowing a club to leave its current home territory to assume an opportunity owned collectively by the member clubs in another community. In the circumstances presented here, the membership should ask which, if any, of the pending proposals, or which variants of those proposals, would afford the League the best opportunity for long-term success in Los Angeles, a large and important market that has been without an NFL team for two decades.

As noted above, the Policy and Procedures for Proposed Franchise Relocations identifies a range of specific business factors that may inform the membership's business judgment. These factors include:

1. The extent to which the club has satisfied, particularly in the last four years, its principal obligation of effectively representing the NFL and serving the fans in its current community; whether the club has previously relocated and the circumstances of such prior relocation;
2. The extent to which fan loyalty and support for the club has been demonstrated during the team's tenure in the current community;
3. The adequacy of the stadium in which the team played its home games in the previous season; the willingness of the stadium authority or the community to remedy any deficiencies in or to replace such facility, including whether there are

legislative or referenda proposals pending to address these issues; and the characteristics of the stadium in the proposed new community;

4. The extent to which the team, directly or indirectly, received public financial support by means of any publicly funded playing facility, special tax treatment, and any other form of public financial support and the views of the stadium authority (if public) in the current community;
5. The club's financial performance, particularly whether the club has incurred net operating losses (on an accrual basis of accounting), exclusive of depreciation and amortization, sufficient to threaten the continued financial viability of the club, as well as the club's financial prospects in its current community;
6. The degree to which the club has engaged in good faith negotiations (and enlisted the League Office to assist in such negotiations) with appropriate persons concerning terms and conditions under which the club would remain in its current home territory and afforded that community a reasonable amount of time to address pertinent proposals;
7. The degree to which the owners or managers of the club have contributed to circumstances which might demonstrate the need for such relocation;
8. Whether any other member club of the League is located in the community in which the club is currently located;
9. Whether the club proposes to relocate to a community or region in which no other member club of the League is located; and the demographics of the community to which the team proposes to move;
10. The degree to which the interests reflected in the League's collectively negotiated contracts and obligations (e.g., labor agreements, broadcast agreements) might be advanced or adversely affected by the proposed relocation, either standing alone or considered on a cumulative basis with other completed or proposed relocations;
11. The effect of the proposed relocation on NFL scheduling patterns, travel requirements, divisional alignments, traditional rivalries, and fan and public perceptions of the NFL and its member clubs; and
12. Whether the proposed relocation, for example, from a larger to a smaller television market, would adversely affect a current or anticipated League revenue or expense stream (for example, network television) and, if so, the extent to which the club proposing to transfer is prepared to remedy that adverse effect.

II. Summary of Evaluation

A. Each of the three clubs proposing to relocate has presented substantial evidence in support of its application to relocate to a different home territory. Each has the unilateral right to

end its current stadium lease following the 2015 season with a modest or no payment. Each now plays its home games in a facility that, in comparison with the vast majority of NFL stadiums, is unsatisfactory and inadequate. It is significant that none of the incumbent communities disputes this conclusion; to the contrary, each has expressly recognized both the inadequacy of the current stadium facility in its community and the lack of a timely response to that condition.

Each of the three clubs has engaged for many years in diligent, persistent, and good faith efforts to secure improvements to its stadium situation and/or a new facility in its home community. Current proposals for stadium improvements and/or stadium alternatives in the incumbent communities range from indefinite and conceptual (in the case of Oakland) to dependent on a variety of contingencies and therefore lacking certainty (in the cases of St. Louis and San Diego).

That is true notwithstanding the fact that each community received clear, unambiguous, and early notice of the likely timing of the League's consideration of any relocation proposals and of the importance that the membership would likely attribute to the certainty—or lack of certainty—associated with proposals for stadium alternatives in the incumbent communities. And the incumbent communities have also been offered clear guidance regarding the need for a long-term solution, one that would allow the club to remain viable and offer its fans the level of service and amenities commonly expected in the NFL—both today and for decades to come.

In short, each of the three incumbent communities has had ample opportunity to develop, but has not yet developed, proposals sufficient to enable it to ensure the retention of its NFL club.

Each incumbent community (like all communities that host an NFL team) is the home of a large number of passionate fans. This was demonstrated at the public hearings conducted by

the League Office in October 2015 and more than 1,000 written comments submitted and reviewed by League staff in connection with those hearings. Nonetheless, average per game paid attendance for each of the three applicant clubs has been below the League average for every season since 2012. Similarly, the number of season tickets sold by each club has been below the League average in each of the past five seasons, with St. Louis substantially below and Oakland very substantially below the League average. For Oakland and St. Louis, this was the case despite average ticket prices well below the League average. The table attached as Exhibit B provides information regarding these and other gate-related metrics of each of the applicant clubs.

In short, with respect to relocation factors addressing the incumbent community, a member club could reasonably conclude that the Chargers, the Raiders, and the Rams have each made a persuasive case that it should be permitted to relocate to a different community. But that is only a part of the inquiry.

B. There can be little dispute that Los Angeles is a key market for professional sports. Every major sports league, except for the NFL, now has two teams in the Los Angeles market. Since the Rams and the Raiders left Los Angeles two decades ago, there has been no NFL club in the country's second largest metropolitan area. (Major League Baseball has two teams in the Los Angeles market; two in the Bay Area, and one in San Diego.) Aside from the Chargers in San Diego, no member club is located within 300 miles of Los Angeles. The Los Angeles metropolitan area currently has a population of 13.2 million and per capita income of \$48,425; it is uniformly regarded as the entertainment capital of the world. It also offers unparalleled opportunities to attract new and diverse fan bases, particularly in Mexico and Latin America to the south, and in major East Asian countries.

Notwithstanding the very substantial competition in Los Angeles for sports and entertainment products, there is ample reason to expect that the League and any club relocating there would have robust opportunities to develop a passionate fan base, sponsors, and commercial support; in addition, our broadcast partners have already reacted with enthusiasm to the prospect of the League's return there. Our market research suggests that the Los Angeles market, like the New York, Bay Area, and Baltimore-Washington markets, is capable of supporting two NFL teams.

But our success in Los Angeles is not assured and cannot be taken for granted. Which one or combination of the three applicant clubs is best able to capitalize on those opportunities and to optimize the prospects for a successful NFL return to Los Angeles, and which one or combination of the three applicant clubs, if any, presents the most promising and deserving project for member clubs' G-4 investment, are additional questions for the membership.

The three applications submitted to the League Office propose two very different stadium projects. Each would offer a state-of-the-art venue for NFL football. Each has been designed to accommodate two NFL teams as equal partners. Each has unique and appealing characteristics: the Carson site, for example, is readily accessible from multiple freeways and provides for ample parking; the Inglewood project is at a central location, one that was previously approved by the League for stadium development. Each would be an attractive venue for Super Bowls and NFL-related development in its vicinity.

* * *

As part of the analysis of Los Angeles opportunities, we have also considered whether two clubs sharing a stadium would present any particular competitive or television issues, particularly if two of the clubs are in the same conference or division.

The experience of the Giants and Jets in New York demonstrates that two teams can successfully share a stadium, and the 49ers and Raiders at least considered sharing the new stadium in Santa Clara. While there may be additional issues relating to field maintenance and while the two teams would need to coordinate their schedules, there is no obvious competitive or logistical issue that would preclude the operation of two teams in either Carson or Hollywood Park. (The League considered a two-team stadium in Hollywood Park in 1995.)

Because the Chargers and the Raiders play in the same conference and division, we considered whether any unique competitive issues would be presented if those two teams played at the same stadium. Neither of the other teams in the AFC West expressed a concern, and our office has not identified one. Nor did discussions with some members of the Competition Committee identify a competitive issue.

With respect to television, relocation of one or two clubs to Los Angeles would almost certainly change television viewing patterns in that market. Currently, fans in Los Angeles generally see three games each Sunday, frequently including the “marquee” doubleheader game. If one or two teams relocate to Los Angeles, the games of that team or teams would be televised in Los Angeles, which would limit the ability of the broadcast networks to bring in other games on Sunday afternoon.

The broadcast networks have expressed the view that having two Los Angeles-based teams in the same division or conference is not optimal from their perspective; they would prefer one successful Los Angeles-based team in each conference. We believe that the networks recognize that successful NFL teams in Los Angeles can add value to their packages and would help to expand their audience by attracting new viewers in Los Angeles interested in following their hometown team(s).

For the duration of our current agreements with CBS and FOX (through the 2021 season), any television-related issue can be addressed through a combination of scheduling and the use of the “cross-flex” provisions in the network agreements. In addition, the committees considering the terms of a potential relocation have recommended that the networks be allowed to bring another game into Los Angeles even if it is televised at the same time as a game of a Los Angeles-based team.

From a longer-term perspective, it is possible that in the next set of negotiations, the networks may offer more or less value for our packages depending on our divisional and conference alignment. This would provide a further basis for considering a possible realignment.

III. The Rams

This section of the report discusses: (A) the circumstances leading up to the Rams’ relocation proposal, including the club’s prior relocations; (B) the club’s justification for its proposed relocation, including an assessment of its alternatives in the St. Louis area; and (C) the club’s relocation proposal.

A. Background

The Rams entered the NFL in 1937. They played eight seasons in Cleveland before moving in 1946 to Los Angeles, where they played their home games in the Los Angeles Coliseum. In 1980, with League approval, the Los Angeles Rams transferred their home stadium from the Los Angeles Coliseum to Anaheim, where the club had a 35-year stadium lease. In the fall of 1990, as part of a renegotiation, the Rams received the right, effective April 1, 1994, to terminate their lease upon fifteen months’ notice and payment of a forfeiture fee. In May 1994, the Rams formally advised the City of Anaheim of their intent to terminate the lease.

In early 1995, the Rams submitted a formal application to relocate their home playing site from Anaheim to St. Louis, where they would play in a publicly financed convention center/

indoor stadium (now known as the Edward Jones Dome) then under construction. The St. Louis community had initiated construction of that building in 1992 in connection with its ultimately unsuccessful efforts to secure an expansion franchise. (Regardless of whether the Rams continue to play their home games there, it is expected the Edward Jones Dome will continue to operate as a convention center in the future.)²

At the League's Annual Meeting in March 1995, the membership declined to approve the Rams' relocation proposal, which as initially presented did not provide, among other things, for VTS sharing of PSL revenues. (Because the stadium was publicly financed, the PSL revenues served as an inducement for the club to relocate; the Rams initially refused to acknowledge that those revenues were "gross receipts" subject to sharing under the NFL Constitution and Bylaws.) The Rams and Missouri officials threatened to bring litigation against the League on the ground that the refusal to permit the relocation was a violation of the antitrust laws. Four weeks later, a revised proposal, which addressed the PSL sharing issue and other issues, was approved by the membership. The Rams then relocated to St. Louis effective with the 1995 NFL season.

Notwithstanding the membership's approval of the relocation, the St. Louis Convention and Visitors Commission (the "CVC"), the Rams' stadium landlord, initiated antitrust litigation against the League. The CVC alleged that because of the League's restrictions on franchise relocation, it had been unable to generate competition among NFL clubs for the opportunity to move to St. Louis; as a result, the CVC claimed, it had been required to offer the Rams unduly

² At the same time, the club sought and subsequently obtained approval of a sale to Stan Kroenke of a substantial minority interest in the club and a right of first refusal with respect to the controlling interest. Mr. Kroenke acquired the controlling interest in 2010. That acquisition raised an issue under the League's cross-ownership policies; the membership's approval of the acquisition afforded Mr. Kroenke a period of time to come into full compliance with those policies. Mr. Kroenke satisfied his obligation to come into full compliance with those policies in December 2015.

generous lease terms in order to induce the club to move to its newly constructed facility. The Rams supported the CVC's litigation effort against the League; the club offered testimony in support of the CVC's position and secured a commitment from the CVC to share any litigation damages or settlement proceeds that the CVC might receive from the other member clubs. After six weeks of trial in a federal court in St. Louis, the lawsuit ended with a judgment for the NFL.

The Rams' 30-year stadium lease required the CVC to maintain the Edward Jones Dome as a "first tier" facility, *i.e.*, a facility in the top quartile of the League's stadia measured in terms of both the stadium as a whole and fifteen separate components. The lease provided that if any one of those components did not meet the "first tier" standard at designated measuring dates, the lease would, at the Rams' election, be converted to an annual tenancy with club rights of renewal. In the event of such occurrence, the Rams would have the right vis-à-vis the landlord to relocate (subject to the League's approval).

The lease provided for binding arbitration in the event of an unresolved dispute about the CVC's compliance with the "first tier" requirement. There were many such disputes and extensive negotiations to resolve them. Despite occasional interim agreements on particular deficiencies, efforts to resolve the stadium's deficiencies on a comprehensive basis, which began as early as 2002, were ultimately unsuccessful. The matter went to arbitration, with the CVC offering modest improvements to the stadium but demanding that the Rams bear more than half of their cost. As part of the arbitration process, the Rams submitted a proposal as well.

In February 2013, an independent arbitration panel ruled that the CVC had failed to maintain the stadium in "first tier" condition as the lease required, that the CVC's proposed improvements would not restore the stadium to "first tier" condition, and that the Rams' proposal would do so. The CVC had the right to elect to implement the Rams' proposal, in which case the

lease would remain in place through the 2024 season. Importantly, in July 2013, the CVC formally declined to make the election, and as a result, upon the Rams' notice to the CVC, the lease converted to an annual tenancy. As far as their stadium landlord was concerned, the Rams were then free to leave St. Louis at any time after the 2015 season.³

Later in 2013, the Rams' owner, Stan Kroenke, informed the League Office that he had initiated efforts to identify and acquire rights at a site in Los Angeles that could serve as a suitable location for an NFL stadium. He did so, of course, fully aware that the Los Angeles market is an asset owned and controlled by the 32 member clubs and that a decision to relocate there is one that could be made only by the membership as a whole. That principle, which had been established by several resolutions, was reiterated in a memorandum that I sent to Club Executives and Club Presidents on June 29, 2012, and frequently restated thereafter including, for example, in a memorandum to Chief Executives dated October 17, 2013 ("Any club choosing to pursue the acquisition of land suitable for a stadium (whether by purchase or lease), or to pursue a direct relationship with a prospective stadium developer/landlord must recognize that doing so will not limit the membership's right to consider alternative proposals and make all key decisions regarding the resumption of league operations in Los Angeles.").

³ The CVC's failure to meet the "first tier" standard did not relieve the Rams of their obligation to comply with the Constitution and Bylaws, including Article 4.3, which requires the affirmative vote of three-quarters of the member clubs before a club may transfer its playing site to a new location. In 1995 Resolution G-4, the resolution approving the Rams' relocation to St. Louis, the membership explicitly provided that the membership would collectively control franchise opportunities in the Los Angeles area; that principle was reaffirmed repeatedly in subsequent League resolutions. The Rams have so recognized. For example, in September 2010, when Mr. Kroenke acquired the controlling interest in the Rams, he and the club entered into a consent letter specifically agreeing to continue to operate the club in St. Louis "unless a relocation of the Franchise to a different geographic area is approved by the member clubs of the NFL in accordance with Section 4.3 of the NFL Constitution." The Rams and Mr. Kroenke recently re-affirmed this commitment in a consent letter signed December 15, 2015.

In November 2014, more than 20 months after the arbitration ruling, Missouri Governor Nixon announced that he had appointed a “Task Force” with the charge to propose a new stadium project for an NFL tenant. Since then, there have been numerous meetings between the Task Force and representatives of the Rams regarding a new stadium in St. Louis and, at the club’s request and with the club’s involvement, League staff have met on numerous occasions with the Task Force and have had extensive conversations with its principals.

The Task Force made significant efforts to develop a proposal that ultimately received the support of the Governor and the City as described below. The proposal, however, is subject to several contingencies and there are substantial concerns about whether it is a viable long-term solution for the Rams. By way of example, (i) the projected market potential may not justify the very substantial private investment in stadium construction and ongoing maintenance and improvements that the proposal would require; (ii) the proposal would require the League to contribute \$100 million more in stadium support than the maximum provided under League policy; (iii) a substantial majority of the members of the Missouri General Assembly have expressed a lack of support for, if not outright opposition to, the proposed public funding; and (iv) members of the General Assembly have filed a lawsuit seeking to enjoin expenditure of public funds for the project.

In summary, after the League elected not to place an expansion franchise in St. Louis, the Rams were induced to move there with the promise of a new stadium that would be maintained in “first tier” condition. All parties understood that the consequence for the CVC’s failure to do so was the right for the club to end the lease and, subject to League approval, to relocate elsewhere. When the building was indisputably not maintained in “first tier” condition, the Rams engaged with the CVC for well over a decade in seeking to improve the club’s stadium

situation in St. Louis. The Rams spent over \$5 million in the comprehensive negotiations and arbitration that led to the finding in the club's favor. The landlord and other public authorities chose not to implement the remedy selected by the arbitrators—which would have compelled the Rams to remain in St. Louis—and the Rams are now being presented with an offer that is less favorable than what the current stadium lease required. This history demonstrates that the Rams have engaged in good faith negotiations (and enlisted the League Office to assist in such negotiations) with appropriate persons concerning terms and conditions under which the club would remain in its home territory, and it has afforded the St. Louis community a reasonable amount of time to address pertinent proposals.

B. The Rams' Justifications

1. **Adequacy of the Club's Existing Facility.** The Edward Jones Dome is no longer an adequate facility for NFL football. As the independent arbitration panel found, "the Facilities as a whole are lacking, principally because of the small footprint on which the Dome was built. It is the smallest in the NFL." Well before the arbitration panel's decision, the club commissioned a 2004 assessment by sports architect Dennis Wellner that noted that the stadium concourses were too narrow and lacked sufficient amenities, the premium lounges were too small, the video board technology and point of sales systems were obsolete, and the number of club seats was inadequate. There is no serious dispute that the Rams' current stadium is inadequate.

2. **Size of the Market and Demographic Trends.** The League Office engaged Charles River Associates ("CRA"), an economic consulting firm, to provide

information about the incumbent communities' market size and demographics.⁴ According to CRA's report, there are about 2.8 million people in the St. Louis metropolitan area, placing it 16th among current NFL communities. CRA projects 5 percent population growth (to 2.9 million) for the market by 2034, which would drop its ranking to 20th among current NFL markets, and 37 percent GDP growth over the same period, which would drop its ranking from 19th to 22nd. Among current NFL markets, CRA reports that St. Louis ranks 16th and 17th, respectively, in terms of per capita income (\$45,992) and the number of companies (177) with over 500 employees. Nielsen ranks St. Louis the 21st largest market in the United States based on number of television homes. The table attached as Exhibit D provides more detailed market and demographic information from CRA regarding the incumbent markets.⁵

3. Attendance and Related Metrics. The Rams have placed below the League average for the past five seasons on various metrics, including average per game paid attendance and season ticket sales. During this period, the club consistently ranked in the fourth quartile in each of those categories; for four of the last five years, the club was ranked in the last quartile for average ticket prices as well. Consideration of these data should be tempered by the fact that the club has not had a winning record since the 2003 season. The table attached as Exhibit B provides information regarding gate metrics for each of the applicant clubs.

4. Financial Performance. In each of the last five seasons, the Rams' overall financial performance has consistently been in the fourth quartile of NFL clubs in terms

⁴ CRA's analyses use as their starting point the most recent U.S. Census information, which is as of 2013.

⁵ We note that in a letter dated January 6, 2016, St. Louis Mayor Francis Slay stated that "greater St. Louis is one of the largest economies in the country, hosting the headquarters of six of America's largest private companies, 19 Fortune 1000 headquarters and ranking as the 20th largest U.S. metro area for both total employment and total personal income."

of local revenue.⁶ In 2014, the club's local revenue was very substantially below the NFL average. Among key revenue drivers that reflect corporate support, the club's rankings in both suite premiums and sponsorship revenue have fallen from 25th and 24th, respectively, in 2010 to 27th and 30th in 2014. The Rams received Supplemental Revenue Sharing payments in 2011, but have not received Supplemental Revenue Sharing payments for the last few seasons. The table attached as Exhibit C provides information regarding financial metrics for each of the applicant clubs.

C. The Rams' Potential Alternative in St. Louis

In November 2014, Governor Jay Nixon of Missouri appointed a stadium task force for the purpose of developing a public stadium proposal.

1. **Project Description.** The Task Force has proposed a \$1.1 billion stadium on the St. Louis riverfront, near the Edward Jones Dome. The proposed stadium would be an open-air venue with approximately 62,110 seats (expandable to 72,500 for Super Bowls), including approximately 7,226 club seats, 113 suites (including 24 "mini-suites"), 24 loge boxes, and 4,430 on-site parking spaces. The Rams would be required to sign a lease for a term of at least 30 years. The public would have certain limited stadium use rights and amenities, and the Rams would retain all revenues, including naming rights revenues. (The Task Force took the unusual step of selling the naming rights to the stadium without consulting the team.) The Rams would pay annual rent of \$1.5 million with a 3 percent annual escalator. In addition to the rent payments, the Rams would be responsible for any construction cost overruns and all expenses related to stadium operations, maintenance, and capital expenditures.

⁶ League data set forth in this report are through the 2014 season.

2. Project Funding. The proposed funding for the project has gone through several iterations. Under the current proposal, supported by the Governor and the City, both the State and City would provide funding support to the project in the amounts described below. The Task Force has characterized the funding as \$400 million of public funding, but in accordance with standards used by the League in evaluating prior stadium projects, at least some of those amounts should be deemed to be supported by private sources, as described below.

The St. Louis Regional Convention and Sports Complex Authority (“RSA”) would issue approximately \$295 million in bonds supported in whole or in part by annual appropriations by the State (approximately \$225 million) and the City (approximately \$70 million). The RSA would defease the existing Edwards Jones Dome bonds. An additional approximately \$90 million would be funded through various State tax credits (Brownfields (environmental-related) and the Missouri Development Finance Board). The remaining approximately \$15 million of the amount characterized as public funding represents RSA expenses paid to date.

The proposed funding sources supporting approximately \$75 million of the State-supported bonds has changed several times during the process; at various points it has included the use of naming rights proceeds and an amusement tax. The Rams believe that the stadium project is of the type that should be eligible to qualify for an exemption from the amusement tax based on an existing City ordinance. Based on our understanding of the ordinance, we believe that the Rams’ opinion is supportable, and it bears mention that at least the Major League Baseball Cardinals benefit from that exemption. In any event, the League has informed the local government officials that it considers both sources private in nature.

The current proposal for this final \$75 million of stadium financing contemplates that it would be supported by: (i) team rent of \$1.5 million per year growing at 3 percent per year; and

(ii) general sales taxes on all stadium events and amusement taxes on events other than team games. The bonds would be backstopped by the State's appropriation payments. We need not determine with precision the extent to which this funding should be considered private funding, but it seems clear that at least a portion of it should be. The proposal also contemplates "abatement" of the amusement tax discussed above.

The State, City and RSA believe that they have all necessary authority in connection with the public funding. Nonetheless, nearly three-fourths of the Missouri General Assembly members have publicly expressed their opposition, arguing that such public funding should be approved by the legislature or by public vote, and, as noted above, that issue is in litigation. The prospect of opposition by a substantial majority of the Missouri General Assembly, as well as the pending litigation, could result in appropriation risk and uncertainty that cannot be entirely dismissed.

The public funding obligations would be contingent on, among other things, \$300 million of NFL League-level funding, \$250 million from the Rams, and a minimum of \$160.4 million of net proceeds from PSLs. This proposal would require the League to provide \$100 million more than the maximum amount for which any club is eligible under the League's G-4 program.

Notwithstanding the fact that the amount of public funding proposed by the City and State is substantial, the Rams have expressed concerns that the market potential would not yield an economic return sufficient to justify the very substantial private investment (for both construction as well as 30 years of maintenance and improvements) that the Task Force's proposal would require. The Rams have estimated that the club's overall financial position would deteriorate under the proposal, even utilizing the revenue projections of the public authorities. In addition, the proposal would provide substantially less public support for the

Rams than the support to which the club was entitled, according to the independent arbitration panel, under the existing stadium lease; public officials estimated that the cost to complete the renovations endorsed by the arbitration panel would have been about \$700 million.

The factors discussed above—including the size of the private investment required in this market (including additional amounts from the League) and the risk attributable to political opposition—raise significant concerns about the certainty and long-term viability of the Task Force’s stadium proposal to retain the Rams.

D. The Rams’ Proposal

The Rams propose to relocate to the Los Angeles area, subject to NFL approval, for the 2016 NFL season, and to construct a new stadium in Inglewood that would be expected to open for the 2019 NFL season. If the NFL approves its proposal, the club will move to Los Angeles with the intention of playing its home games in the Los Angeles area while its stadium is under construction.

Mr. Kroenke has acquired the right to develop approximately 300 acres in Inglewood. In addition to the stadium, mixed-use development (up to 8.5 million square feet) is expected to include a 6,000 seat performance venue along with office space, retail, dining and hotels. The proposal contemplates an NFL campus, which would include, among other things, office and studio space for NFL Network. (The proposal does not include economic terms related to such facilities.) In February 2015, the Inglewood City Council unanimously approved the initiative that permits the stadium project.

1. Project Description. The stadium design includes a transparent cover and an artificial turf playing surface. It is expected to seat approximately 70,000 spectators, and it is designed to accommodate an additional 30,000 people in standing room only capacity for

special events such as the Super Bowl. There would be approximately 15,000 club seats and 274 suites. The stadium would have nearly 12,675 surface parking spaces and approximately 32,000 parking spaces within one mile. The stadium has been designed to fully accommodate two home teams on an equal basis. The Rams have set forth, as described further below, the terms pursuant to which a second team can join the project, either as a tenant or as a partner in the stadium. The Rams' proposed stadium project, if approved, is scheduled to be completed in time for the 2019 NFL season. The Rams would have complete control of the stadium, subject to any agreement with a potential second team.

2. Project Funding. Total stadium costs are currently projected to be approximately \$2.66 billion (including financing costs), all funded by private sources and PSLs. The Rams have secured financing commitments from a major financial institution and there appear to be no significant financing contingencies. The Rams are requesting a \$200 million G-4 loan in connection with the project, with a second G-4 loan if another NFL team plays at the stadium. In addition, the Rams anticipate selling a significant amount of PSLs, the proceeds of which would be used for stadium construction.

3. Second Team. The Rams have proposed that a second team can either be a tenant or jointly own the stadium. Under the tenant structure, as currently proposed, an entity owned by Mr. Kroenke would be responsible for all capital investment and maintenance of the stadium. The second team (as well as the Rams) would enter into a lease with that entity and pay an equal "market rate" rent. Each team would receive the game day revenues typically available to a home team and would be responsible for its own game day expenses. The teams would receive equal scheduling priority and would otherwise have equal access and facilities. The

Rams would defer to the membership on both the identity and the timing of a second team for the stadium.

Under the joint stadium ownership structure, as currently proposed, the teams would own the stadium through a separate jointly-owned stadium entity. The entity would not own any of the land at the site (including the land under the stadium). The jointly owned entity would be obligated to finance and construct the stadium. Each partner would be responsible for funding its share of the capital costs and any future capital needs. An entity owned by Mr. Kroenke would develop the stadium in accordance with the current stadium design. A second team would have limited ability at best to alter the current design or construction costs.

4. **Other.** There currently is a licensed California card club, the Hollywood Park Casino, on the Inglewood land purchased by an affiliate of Mr. Kroenke.⁷ The card club is being relocated to a new building, with its own parking, on land adjacent to the Inglewood land acquired by Mr. Kroenke's affiliate. The new building is expected to open in September 2016.⁸ Neither Mr. Kroenke nor his affiliates has any ownership interest in the new card club or the land on which it is being built. The Rams have represented that the card club will have no connection with any ancillary development undertaken by affiliates of Mr. Kroenke at the site.

In addition, in November 2015 the FAA advised the Rams of a potential issue relating to the stadium's possible interference with radar at Los Angeles International Airport. The Rams have advised that this is a common occurrence for large projects of this type, and that the club

⁷ A card club provides space for the play of specific card games and charges per hand for that play, but it is not permitted to take any percentage of amounts bet or otherwise to bet against players. Sports betting is prohibited. The card club operates 24 hours a day, 365 days a year.

⁸ If the existing card club building has not been relocated by August 2017, the Kroenke affiliate has the right to demolish the structure.

and its consultants have been working with the FAA and have identified several possible solutions that can be implemented with minimal expense. The club is confident that it will have a satisfactory solution to this issue in the near term.

Finally, to address potential security related risks, the League Office retained The Chertoff Group to conduct a multi-faceted security review of both the Hollywood Park site and the Carson site. The consultants found nothing material that would lead them to conclude that either of the sites is at greater risk of terrorism or other human-made threats than the other, or at greater risk than other sports facilities in the Los Angeles area or elsewhere in the League.

IV. The Raiders

This section of the report discusses: (A) the circumstances leading up to the Raiders' relocation proposal, including the club's prior relocations; and (B) the club's justification for its proposed relocation, including an assessment of its alternatives in the Bay Area. Part VI of this report discusses the club's relocation proposal, which anticipates a stadium shared with the Chargers in Carson.

A. Background

Founded in 1960, the Oakland Raiders were one of the initial teams in the American Football League. The Raiders started regular NFL play in 1970 as a result of the NFL-AFL merger. The Raiders shared the Bay Area territory with the San Francisco 49ers until 1982, when they moved to Los Angeles pursuant to a court order and over the vigorous objections of the League's membership, which believed that the Raiders' departure from Oakland, where the club had been very successful, was not justified. The litigation over the Raiders' relocation, which was very divisive, continued for nearly a decade.

The membership was proven correct. The Raiders' stadium venue—the Los Angeles Coliseum—was not an adequate permanent site for NFL football; among other things, it lacked

adequate parking, suites, and other fan amenities. Despite fielding a competitive team and drawing substantial crowds on the road, the Raiders' home game attendance was below the League average for every year from 1986 to 1994.

The Raiders quickly recognized the inadequacies of the Coliseum and began to explore alternatives. In 1987, the Raiders announced plans to build a stadium in Irwindale, a town of fewer than 1,200 residents located east of Los Angeles. When this project failed to gain momentum, the Raiders announced in March of 1990 that the club would return to Oakland. That plan also failed.

Accordingly, in the early 1990s, the Raiders began efforts to develop a stadium at Hollywood Park, the same site to which the Rams now propose to move. The Raiders entered into agreements in principle that would have resulted in a first-class, state-of-the-art facility there. The membership offered substantial consideration in support of those efforts. For example, in May 1995, the membership voted to schedule a Super Bowl at Hollywood Park and to afford up to 10,000 purchasers of Raiders "club seat" season tickets the opportunity to purchase tickets to that Super Bowl. (These tickets would have been in addition to the Raiders' "host team" allotment.) In the same resolution, the League committed to play a second Super Bowl at Hollywood Park, with a second commitment of 10,000 tickets, if the League and the stadium developer could reach agreement on satisfactory terms of an option for a second NFL club to play there.

Nonetheless, the Raiders opted to pass on the Hollywood Park opportunity. On June 23, 1995, well after the date prescribed by the League's relocation procedures and after a Special Committee had successfully negotiated the terms of a second-team option for the Hollywood Park site, the Raiders provided the League Office with formal "notice" of their intention to return

to Oakland, where the community had pledged to make substantial renovations to the Oakland Coliseum at public expense.

The membership then considered whether the Raiders' proposed return to Oakland would serve the League's collective interests. Among the facts presented for the membership's consideration were:

- the Raiders' poor financial performance in Los Angeles, which in prior years had consistently ranked in the bottom quartile of NFL clubs;
- the Raiders' poor home game attendance in Los Angeles, which was consistently below the League average and led Raiders' home games to be regularly blacked out in Los Angeles; and
- that construction of the proposed Hollywood Park stadium was not then a certainty given that only agreements in principle had been reached and financing commitments had not been secured by the stadium developer.

On the basis of these and other facts, the membership voted to permit the Raiders to return to Oakland effective with the 1995 season.

It bears mention that after the relocation, the Raiders again brought litigation against the League and the other member clubs associated with their move. Among other things, the Raiders claimed that the League had improperly interfered with their efforts to build a stadium at Hollywood Park; they argued that the negotiated terms of the second team option, which was a condition to their receiving a second Super Bowl and an additional 10,000 Super Bowl tickets, were unduly favorable to the second team. That litigation, which lasted for nearly ten years, was also very divisive. It, too, was ultimately resolved in the League's favor.

The Raiders have made significant efforts over the last several years to find an acceptable stadium solution with the City of Oakland and the County of Alameda. Beginning in early 2012, the City and County entered into a series of “exclusive negotiating agreements” with different real estate developers who were asked to propose a stadium and other development on the current stadium site. None of the developers ultimately presented proposals that were satisfactory either to the City and County or to the Raiders.

Additional complicating factors have included: (i) the County’s strong preference to remove itself from the process, which it hopes to accomplish by persuading the City to purchase the County’s interest in the Coliseum and surrounding land; and (ii) the public authorities’ emphasis on finding a long-term stadium solution for the Oakland A’s baseball team, which recently secured an extended lease for the stadium in which the Raiders now play. That lease, which could continue through 2024 (and provides the Oakland A’s or the stadium authority with certain day of game revenues that NFL teams typically retain), could create additional complications for a possible long-term stadium solution for the Raiders at that site. The City’s leadership has expressed a strong interest in retaining the Raiders, but it does not appear that an actionable proposal can or will be made at any time in the foreseeable future.

On December 29, 2015, the City and County submitted a letter to the League Office advising that they had engaged in general discussions with the Raiders and remain willing to enter into negotiations with the Raiders on the terms of a stadium project. While the letter outlined a number of concepts, it did not include a formal proposal.

This history demonstrates that the Raiders have engaged in good faith negotiations (and enlisted the League Office to assist in such negotiations) with appropriate persons concerning

terms and conditions under which the club would remain in its home territory and afforded the Oakland community a reasonable amount of time to address pertinent proposals.

B. The Raiders' Justifications

1. Adequacy of the Facility. The O.Co Coliseum is no longer an adequate facility for NFL football. Built a half century ago, the O.Co Coliseum is a dual-use stadium, serving the Oakland A's Major League Baseball team as the primary tenant. As a result, the stadium provides a sub-optimal experience for both the Raiders and NFL fans. The stadium configuration lacks attractive sightlines and premium amenities, including technological updates, which have become the norm as the League has evolved over the past few decades. In recent years, the stadium's dilapidated structure, including its repeated sewage problems, poor press area, locker rooms, and seat quality, have repeatedly been documented in the media. The club's relocation proposal notes other examples of the state of O.Co Coliseum including leakage problems and ceiling tile collapses in suites and the home locker room. Public officials in Oakland and Alameda County do not dispute that the stadium is inadequate for NFL football.

Levi's Stadium, about 38 miles from the O.Co Coliseum, is designed to accommodate two NFL teams. The 49ers have expressed their willingness to enter into negotiations with the Raiders over shared use of that building. The Raiders have declined those invitations, expressing concerns, both economic and non-economic, about playing as a tenant at Levi's Stadium, and citing the distance between their fan base and the location of Levi's Stadium in Santa Clara and associated transportation and parking (tailgating) issues.

2. Size of the Market and Demographic Trends. According to CRA's report, there are about 2.7 million people in the Oakland-Hayward-Berkeley area, placing it 19th among current NFL communities. Treating the Oakland market as one that includes the entire

Bay Area would rank it tenth among NFL communities (but shared with another NFL club). CRA projects 25 percent population growth by 2034 (3.4 million) for the Oakland-Hayward-Berkeley area, which is projected to rank 18th among current NFL markets. The report projects that the area's GDP rank will move from 18th to 16th among current NFL markets in 2034 as the result of projected GDP growth of 71 percent. CRA also reports that per capita income in the Oakland area is about \$58,600, fifth among NFL markets. According to CRA, the area ranks 24th in terms of the number of companies (140) with over 500 employees, though the combined Bay Area would rank tenth. For purposes of its annual rankings, Nielsen assesses Oakland only in conjunction with San Francisco and San Jose; it ranked that combined market as sixth in the United States in terms of television homes. The table attached as Exhibit D provides more detailed market and demographic information from CRA regarding the incumbent markets, including Oakland and the Bay Area.

3. Attendance and Related Metrics. Despite ticket prices that have been well below the League average, in each of the past five seasons the club ranked near the bottom of the fourth quartile in both average per game paid attendance and season ticket sales. Consideration of these data should be tempered by the fact that the club has not had a winning record since the 2002 season. The table attached as Exhibit B provides information regarding gate metrics for each of the applicant clubs.

4. Financial Performance. In each of the past five seasons, the Raiders' financial performance has ranked in the fourth quartile of NFL clubs (including last) by virtually every measure. Among key revenue drivers that reflect corporate support, the club has also consistently ranked at or near the bottom of NFL clubs in both suite premiums and sponsorship revenue for the past five seasons. The Raiders have been eligible to receive Supplemental

Revenue Sharing payments every program year since 2002; over time, and in recent years, the club has received more in revenue sharing funds than any other club by a wide margin. The table attached as Exhibit C provides information regarding financial metrics for each of the applicant clubs.

C. The Raiders' Potential Alternative in the Bay Area

Aside from Levi's Stadium, there is no operative alternative for the Raiders in the Bay Area and, as discussed above, there is no assurance that any formal offer for a new stadium will materialize in the coming months.

V. The Chargers

This section of the report discusses: (A) the circumstances leading up to the Chargers' relocation proposal; and (B) the club's justification for its proposed relocation, including an assessment of its alternatives in the San Diego area. Part VI of this report discusses the club's relocation proposal, which anticipates a stadium shared with the Raiders in Carson.

A. Background

The Chargers were one of the founding clubs of the American Football League. They played their initial season (1960) in Los Angeles and moved to San Diego in 1961.

Since 2001, the Chargers have been attempting to work with the City of San Diego to replace or to improve substantially Qualcomm Stadium. During that period, in which there were seven different San Diego mayors, the club proposed nine separate stadium plans, none of which was ultimately approved by local government authorities. The Chargers also evaluated the possibility of renovating the stadium, but separate studies by architecture firms retained by the club and the City concluded that renovating the stadium would cost nearly the same amount as building a new stadium.

At the beginning of 2015, the Citizens' Stadium Advisory Group ("CSAG") was created by local officials to try to resolve the stadium situation. The CSAG issued a report in May 2015 that recommended building a stadium on the current stadium site rather than a downtown site preferred by the Chargers. Following issuance of the report, the City of San Diego and the County of San Diego began to negotiate directly with the Chargers with a focus on the current stadium site.

In June 2015, the club concluded that no acceptable deal could or would be reached in the foreseeable future because it believed the City and County had run out of time to properly comply with California's environmental review laws, as described below. The City and County continued discussions with the League Office and, later in the year, discussions renewed with the Chargers. The City and County ultimately made the proposal described below. The proposal is contingent on a public vote approving the terms of the development of the project, including the public funding. The City and County have indicated that the earliest that this vote would occur is June 2016. Although City and County officials are optimistic, there is no assurance that this vote would be successful.

This history, and the more than \$20 million in expenses incurred by the club in connection with these efforts, demonstrate that the club has engaged in good faith negotiations (and enlisted the League Office to assist in such negotiations) with appropriate persons concerning terms and conditions under which the club would remain in its home territory and afforded the San Diego community a reasonable amount of time to address pertinent proposals.

B. The Chargers' Justifications

1. **Adequacy of the Facility.** Qualcomm Stadium is no longer an adequate facility for NFL football. The stadium broke ground over half a century ago and was constructed

as a multi-use stadium. As a result, the stadium provides a sub-optimal experience for NFL fans: narrow concourses, antiquated and inadequate restrooms, poor sightlines and a lack of premium amenities, including technological updates, which have become the norm as the League has evolved over the past few decades. In recent years, media reports have documented the stadium's dilapidated structure, including its poor press area, locker room, and seat quality. There has not been a significant renovation at the stadium since 1997, and a 2003 Citizens' Task Force on Chargers Issues reported exposed, rusting rebar, water settlement and poor seepage, and "deteriorated expansion joints [that] allow water penetration to seating areas and locker rooms." Public officials in the City and County of San Diego do not dispute that Qualcomm Stadium is no longer adequate for NFL football.

2. Size of the Market and Demographic Trends. CRA reports that there are about 3.2 million people in the San Diego-Carlsbad area, placing the area 14th among current NFL communities. CRA projects that the area's population will grow 25 percent by 2034 (to 4.0 million) with no resulting change in its population ranking. CRA ranks the area's GDP 13th among current NFL markets; despite projected GDP growth of 65 percent, CRA does not expect that ranking to change by 2034. According to the CRA Report, per capita income in San Diego-Carlsbad, about \$51,384, ranks 11th among current NFL communities. The report also indicates that the area's corporate base ranks 18th among current NFL markets in the number of companies (approximately 167) with over 500 employees. The table attached as Exhibit D provides more detailed market and demographic information from CRA regarding the incumbent markets, including San Diego-Carlsbad.

3. Attendance and Other Metrics. The Chargers' average per game paid attendance was below the League average every season since 2012 and has declined from 19th in

the League to 21st over the past five seasons. That is true despite average ticket prices below the League average. In addition, season ticket sales were below the League average in each of the past five seasons, falling approximately 3 percent over that period, lowering the club's ranking from 22nd to 24th. These data should be considered with the fact that the club made the playoffs six times since 2004. The table attached as Exhibit B provides information regarding gate metrics for each of the applicant clubs.

4. **Financial Performance.** Over the past five seasons, the Chargers' local revenue has declined from 16th to 21st in the League; in 2014, the Chargers' local revenue was substantially below the NFL average. Among key revenue drivers that reflect corporate support, in the past five years, the club's rankings in both suite premiums and sponsorship revenue have fallen from 16th and 23rd, respectively, in 2010 to 22nd and 28th in 2014, both well below the League average. The table attached as Exhibit C provides information regarding financial metrics for each of the applicant clubs. Given San Diego's proximity to Los Angeles, the Chargers assert that relocation of a team or teams other than the Chargers to Los Angeles would have a material adverse effect on the Chargers' financial performance in San Diego.

C. The Chargers' Potential Alternative in San Diego

The City of San Diego and San Diego County have proposed the construction of a new stadium adjacent to Qualcomm Stadium.

1. **Project Description.** The proposed stadium would have approximately 67,500 permanent seats and would be expandable to approximately 73,000 seats for special events such as the Super Bowl. The proposal anticipates 120 suites, 50 loge boxes, and 7,500 club seats. The proposed stadium would be owned by a newly created public entity, a joint powers authority (the "JPA"). The Chargers would sign a 30-year lease and be responsible for

any cost overruns, annual rent (an undefined amount in the proposal), and all expenses related to stadium operation, maintenance, capital repair, and potential demolition of the new stadium upon lease expiration. The public entities would require that the club's management, maintenance, and operation of the stadium meet a "first class" standard while being generally subject to public oversight and approval of all key decisions via rights retained by the JPA. The public would be entitled to host civic events and retain all revenue from those events, with the Chargers entitled to all other revenues.

2. **Project Funding.** The City and County project that the stadium will cost \$1.1 billion, with the public funding \$350 million and the remaining approximately \$750 million coming from the Chargers, the NFL, and Stadium Builder Licenses ("PSLs"). The JPA would sell the PSLs and contribute the proceeds to pay for a portion of the construction costs. The public funding would consist of \$200 million in City funding and \$150 million in County funding.

The City and County's ability to make the proposal a reality, either on a timely basis or at all, is dependent on a number of factors. The primary sources of uncertainty include that the proposal requires a public vote, which would not occur until June 2016 at the earliest. Failure to receive voter approval would prevent the project from moving forward. While public officials have expressed optimism about the prospects for a successful public vote, the Chargers have presented polling suggesting significant opposition to the use of public funds for the stadium. In addition, the City and County propose complying with the California Environmental Quality Act ("CEQA") through an expedited environmental impact report ("EIR"), a process shorter than the one to two years it would typically take for a project of this size. The Chargers' advisors contend that these expedited efforts have increased the risk of litigation that could, at the very

least, entail further delays. While the City has undertaken efforts to expedite CEQA preparation as well as judicial review, our advisors believe that several aspects of the process are first-of-its-kind and have not been tested, a fact that creates uncertainty and potential risk of delay that are difficult to quantify reliably.

VI. The Joint Chargers and Raiders Proposal

The Chargers and the Raiders propose to jointly construct and share a stadium in Carson, California, subject to NFL approval. Pursuant to the proposal, the Chargers and Raiders would relocate to the Los Angeles area and begin play in the new Carson stadium commencing with the 2019 NFL season. The clubs would immediately move to Los Angeles with the intention of playing their football games in the Los Angeles area while the new stadium in Carson is under construction. The teams' affiliated stadium companies have formed a joint venture that, along with a public stadium authority, would develop, operate, finance and lease the stadium. The clubs have entered into an agreement with Robert Iger to be the non-executive chairman of the joint venture contingent on League approval of the project.

A. Project Description

The stadium would be open-air and feature a natural grass field. It would seat up to 65,700 spectators and may be expanded to 75,000 for special events such as the Super Bowl. There would be approximately 11,000 club seats and 224 suites, as well as 12,000 parking spaces on the site; there would be approximately 13,000 additional parking spaces adjacent to the site. The stadium would be built on a 157-acre parcel in Carson owned by a city entity. The joint venture acquired an additional approximately 11-acre parcel as well. The proposal contemplates over eight acres, rent-free, for an NFL campus, which would include, among other things, office and studio space for NFL Network. In April 2015, the Carson City Council unanimously approved the initiative that permits the stadium project.

The site is at an accessible location at the intersection of three major freeways and close to other major freeways. The 157-acre parcel was formerly a landfill, which has been closed for approximately 50 years. Significant remediation and infrastructure work has been completed on the site, with additional remediation work to be completed to enable stadium construction. The State environmental agency has confirmed that the site will be suitable for the use of an NFL stadium, subject to further review and approval to confirm consistency with the approved remediation plan.

B. Project Funding

Total stadium costs are estimated at approximately \$1.8 billion (including financing costs). The clubs have secured financing for the project from a major financial institution and there appear to be no significant financing contingencies. The NFL would be asked to provide \$200 million per club in G-4 financing (\$400 million in total), and the joint venture and Stadium Builder Licenses ("PSLs") would fund all other costs, other than certain remediation costs. (It should be noted that the NFL provided two shares of G-3 stadium support for the construction of MetLife Stadium, the shared home stadium of the Giants and Jets.) The proposal contemplates the launch of separate programs to sell PSLs for each club. The clubs project a significant amount of PSL sales. The stadium authority would use the proceeds for stadium construction.

Substantial public and third-party investment has been made in remediation and infrastructure to date; approximately \$95 million of previously pledged amounts have yet to be spent. The clubs project that approximately \$20 million of work is required to complete the remediation for stadium construction.

C. Project Structure and the Joint Venture Entity

The joint venture would have complete control of the stadium's operation during the NFL season, and the stadium authority would generally control non-team areas of the stadium for the remainder of each year. The stadium project would have a financing and operating structure with aspects that resemble other NFL stadium projects. Like the arrangement implemented to construct Levi's Stadium in Santa Clara, the City of Carson's stadium authority would construct and own the stadium. Like the arrangement between the Giants and the Jets, each club would create a stadium company that together will own the joint venture, which would be expected, in conjunction with the stadium authority, to develop, finance, lease, and operate the stadium. The stadium authority would lease the stadium to the joint venture pursuant to a structure similar to the San Francisco 49ers project. The stadium lease would be for an initial term of 40 years.

In addition to the PSL proceeds previously discussed, the stadium authority would retain ticket surcharges for all events, including (subject to the joint venture's consent) NFL games; any such surcharge would be subject to NFL gate sharing rules. The stadium authority would also retain the right to sell stadium naming rights. The joint venture entity would be entitled to stadium cornerstone/founding partner revenues and premiums from jointly sold luxury suites. All joint venture revenues would be split 50-50 between the Chargers' and Raiders' respective stadium companies. Each club, or its individual stadium company, would retain day of game revenues such as premiums from suites not jointly sold, club seats, general admission seats, concessions, and parking.

The Chargers' and Raiders' respective stadium companies would each be required to pay annual rent sufficient to pay (after considering stadium authority retention of certain revenues) certain stadium authority obligations. The stadium authority would be responsible for a portion

of expenses related to stadium operations and capital expenditures. Under this structure, the stadium authority debt would be considered club debt under League rules, as is the case in connection with debt related to construction of the 49ers stadium. Each club would be expected to sign a non-relocation agreement coterminous with the stadium lease.

D. Equity Options

As noted above, the clubs have entered into an agreement with Robert Iger to be the non-executive chairman of the joint venture contingent on approval of the project. In connection with this agreement, Mr. Iger has been granted contingent options to purchase a small, non-controlling interest in the Chargers or the Raiders, but only one of the options may be exercised. The first half of each option would vest if and when the Chargers and Raiders are both approved to relocate and build the Carson project, subject to certain terms and conditions. The second half of each option would vest if and when the relevant team plays its first game in the Carson stadium, subject to certain terms and conditions.

The Chargers also granted Barry Sternlicht a contingent option to purchase a small, non-controlling interest in the club in connection with the sale of the land in Carson. Mr. Sternlicht's option would vest when development begins on the stadium site. The Raiders do not have an option agreement with Mr. Sternlicht.

Both the grant of each option and its eventual exercise would require membership approval.

VII. Relocation Fee and Other Conditions

The membership's decision to approve a franchise relocation reflects a decision to transfer to one (or two) member club(s) the collectively developed and collectively owned opportunity to present NFL football in the transferee community. Accordingly, as a condition of its approval of any relocation, the membership ordinarily requires the relocating club to pay a fee

to compensate the other member clubs for the collective opportunity that they are forgoing as a result of the transfer. The amount of the relocation fee, which itself is subject to the membership's business judgment, seeks to recognize (among other factors) the increase in franchise value that the applicant club(s) would realize from its receipt of the collectively owned asset, namely the right to operate in a new territory. That amount may be set forth in a resolution approving the relocation(s) or it may be the subject of a separate vote by the membership.

The Finance Committee and Committee on Los Angeles Opportunities have spent the last several months considering a potential relocation fee. As part of their deliberations, the Committees considered information provided by PJT Partners, a firm led by Paul Taubman, which was hired to provide an independent assessment of the economic value associated with potentially relocating one or two franchises to Los Angeles. These Committees along with the Stadium Committee recommend that each relocating club pay a relocation fee equal to the greater of \$550 million (net present value) or 25 percent of its local revenue for ten years. Additional details about the recommendation will be presented to the membership at the upcoming League meeting.

In addition, the Finance Committee, Stadium Committee, and Committee on Los Angeles Opportunities have recommended a number of other terms and conditions that should apply to any approved relocation, including temporary facility VTS guarantees, a sales fee on equity interests sold during a certain time, litigation protections, commitments to preserve flexibility on television scheduling, and other appropriate commitments. These terms and conditions will be set forth in a resolution for the consideration of the full membership.

VIII. League Financial Support (G-4)

A relocation decision by the member clubs is a business judgment ordinarily focused on:

(a) whether the club proposing to relocate has demonstrated that, notwithstanding the League's

established preference for clubs to continue to serve their existing fans and communities, it should be permitted to move; (b) if the club has made a case to leave its current community, whether the League's collective interests would be best served by allowing the club to move to its preferred new community; and (c) if so, on what terms and conditions.

In this case, however, there is an important additional component. Each club's relocation application requests substantial League financial support for its stadium project. The Rams request \$200 million in G-4 financing to support construction of their proposed stadium in Inglewood; the Raiders and Chargers each request \$200 million (\$400 million in total) to support construction of their proposed stadium in Carson.

As noted above, the membership provided \$150 million in G-3 stadium support for each of the Jets and the Giants (\$300 million in total) to support the construction of MetLife Stadium. Nonetheless, no NFL club is automatically *entitled* to such financial support from its League partners. Like the relocation factors discussed above, the decision to grant or not to grant one or more clubs such support—*i.e.*, the decision whether the League should invest hundreds of millions of dollars in a stadium that only one or two of its clubs will occupy—is a business judgment committed to the membership's discretion.

The League's G-4 program, like its predecessor G-3 program, has never before been used to support construction of a stadium for a relocating club. In fact, the Resolution that authorized the G-4 program, 2011 Resolution G-4, provides that a stadium project is not even eligible for G-4 financing if it involves "any relocation of or change in an affected club's 'home territory' (as defined in the Constitution and Bylaws)." As a result, membership approval of any of the pending relocation applications and attendant requests for G-4 financing would involve a

significant change in established League policy regarding League-level support for stadium construction.

Accordingly, in evaluating the proposed transactions, the membership should consider, in addition to the relocation factors identified above, whether the League's interests would be served by making a non-precedential exception to the eligibility requirements for G-4 financing in this case and, if so, whether the League's interests would be best served by extending such financial support and opting to invest in one, two, or neither of the proposed stadium projects.

Roger Goodell

Exhibits

EXHIBIT A

Policy and Procedures for Proposed Franchise Relocations

Article 8.5 of the NFL Constitution and Bylaws vests in the Commissioner the authority to "interpret and from time to time establish policy and procedure in respect to the provisions of the Constitution and Bylaws and any enforcement thereof." Set forth below are policy and procedures to apply to future League consideration, pursuant to Section 4.3 of the Constitution and Bylaws, of any proposed transfer of a club's home territory.

Article 4.3 requires prior approval by the affirmative vote of three-fourths of the member clubs before a club may transfer its franchise or playing site to a different city either within or outside its existing home territory. Article 4.3 confirms that each club's primary obligation to the League and to all other member clubs is to advance the interests of the League in its home territory. This primary obligation includes, but is not limited to, maximizing fan support, including attendance, in its home territory. Article 4.3 also confirms that no club has an "entitlement" to relocate simply because it perceives an opportunity for enhanced club revenues in another location. Indeed, League traditions disfavor relocations if a club has been well-supported and financially successful and is expected to remain so. Relocation pursuant to Article 4.3 may be available, however, if a club's viability in its home territory is threatened by circumstances that cannot be remedied by diligent efforts of the club working, as appropriate, in conjunction with the League Office, or if compelling League interests warrant a franchise relocation.

Article 4.3 also reflects the League's collective judgment that unassigned franchise opportunities (including "second franchise" opportunities in the home territory of a member club) are owned by the League's members as a collective whole and, by definition, that no club has rights to more than a single "home territory." Such collective League opportunities may be acquired by an individual club only by an assignment reflecting the consent of the League and subject to its generally applicable voting requirements.

A. Negotiations Prior to League Consideration

1. Because League policy favors stable team-community relations, clubs are obligated to work diligently and in good faith to obtain and to maintain suitable stadium facilities in their home territories, and to operate in a manner that maximizes fan support in their current home community. A club may not, however, grant exclusive negotiating rights to a community or potential stadium landlord other than one in its current home territory.
2. All clubs, at any time during their stadium negotiations, are free to seek the assistance of the League Office and the Stadium Committee, on either a formal or informal basis. If, having diligently engaged in good faith efforts, a club concludes that it cannot obtain a satisfactory resolution of its stadium needs, it may inform the League Office and the stadium landlord or other relevant public authorities that it has reached a stalemate in those negotiations. Upon such a declaration, the League may elect to become directly involved in the negotiations.

3. The League's policy and procedures on franchise relocation do not restrict any club's ability to discuss a possible relocation, or to negotiate a proposed lease or other arrangements, with a community outside its home territory. Nor do they restrict the ability of multiple clubs to negotiate terms of a proposed relocation with a single community.

In evaluating a proposed franchise relocation and making the business judgment inherent in such consideration, the membership is entitled to consider a wide range of appropriate factors. Each club should consider whether the League's collective interests (which include, for example, the League's television interests, the League's interest in strong and geographically distributed franchises, the League's interest in securing attractive stadium facilities in which to play its games, and the League's interest in having financially viable franchises) would be advanced or harmed by allowing a club to leave its assigned home territory to assume a League-owned opportunity in another community. These collective interests generally include having clubs in the country's most populous areas, taking into account competitive entertainment alternatives, stadium options, and other factors.

Like proposed transfers to a different home territory, a transfer of a club's playing site to a different location within its home territory may also raise issues of League-wide significance. Accordingly, while these procedures apply to any proposed move to a new home territory, the Commissioner may also require that some or all of these procedures be followed with respect to a proposed move within a club's existing home territory.

B. Procedures Relating to Notice and Evaluation of the Proposed Transfer

Before any club may transfer its franchise or playing site outside its current home territory, the club must submit a proposal for such transfer to the League on the following basis:

1. The club must give the Commissioner written notice of the proposed transfer, including the date on which the proposed relocation is to become effective, and publish the notice in newspapers of general circulation within the incumbent community. The notice must be filed no later than February 15 of the year in which the move is scheduled to occur. The League will provide copies of the notice to governmental and business representatives of both the incumbent community and the community to which the team proposes to move, as well as the stadium authority (if any) in the incumbent community (the "interested parties").
2. The notice must be accompanied by a "statement of reasons" in support of the proposed transfer. The statement must address each of the factors outlined in Part C below, and may also identify and discuss any other relevant business factors that the club believes support its request to move. The Statement must also include all of the material noted in Appendix One.
3. With the assistance of appropriate League committees, the Commissioner will evaluate the proposed transfer and report to the membership. The Commissioner may also convene a special committee to perform fact-finding or other functions with respect to any such proposed transfer.

4. Interested parties will have an opportunity to provide oral and/or written comments regarding the proposed transfer, including at a public hearing conducted by the League in the community from which the team seeks to relocate; written comments may be submitted within 15 days of the conclusion of such hearing.
5. Following the Commissioner's report on the proposed transfer, the proposal will be presented to the membership for action in accordance with the Constitution and Bylaws, either at a Special Meeting of the League held for that purpose or at the Annual Meeting.
6. After any League vote on a proposed relocation, the League will:
 - i. publish, within 30 days of any relocation decision, a written statement of reasons in newspapers of general circulation within the incumbent community setting forth the basis of its decision in light of the League's rules and procedures for evaluating franchise relocation; and
 - ii. deliver copies of its written statement of reasons to the local governments of the community from which the club seeks to relocate and any sports authority or similar entity with jurisdiction over the stadium or facility from which the club seeks to relocate.

C. Factors That May Be Considered In Evaluating The Proposed Transfer

The League has analyzed many factors in making prior business judgments concerning proposed franchise relocations. Such business judgments may be informed through consideration of the factors listed below, as well as other appropriate factors that are considered relevant by the Commissioner or the membership.¹

Any club proposing to transfer should, in its submission to the Commissioner, present the club's position as to the bearing of these factors on its proposed transfer, stating specifically why such a move would be justified with reference to these considerations. In reporting to the membership, the Commissioner will also address these factors.

In considering a proposed relocation, the Member Clubs are making a business judgment concerning how best to advance their collective interests. Guidelines and factors such as those identified below are useful ways to organize data and to inform that business judgment. They are intended to assist the clubs in making a decision based on their judgment and experience, and taking into account those factors deemed relevant to and appropriate with regard to each proposed move. Those factors include:

¹ Most of the factors were contained in a bill reported by a Senate committee in 1984; they essentially restate matters that the League has considered important in connection with team location decisions in the past. Certain factors included in the Senate bill have been modified, and certain new factors have been added, to reflect changed circumstances and the League's historical experience since 1984. These factors are also contained in a "Statement of Principles" relating to franchise location developed by the League in consultation with the U.S. Conference of Mayors.

1. The extent to which the club has satisfied, particularly in the last four years, its principal obligation of effectively representing the NFL and serving the fans in its current community; whether the club has previously relocated and the circumstances of such prior relocation;
2. The extent to which fan loyalty to and support for the club has been demonstrated during the team's tenure in the current community;
3. The adequacy of the stadium in which the club played its home games in the previous season; the willingness of the stadium authority or the community to remedy any deficiencies in or to replace such facility, including whether there are legislative or referenda proposals pending to address these issues; and the characteristics of the stadium in the proposed new community;
4. The extent to which the club, directly or indirectly, received public financial support by means of any publicly financed playing facility, special tax treatment, or any other form of public financial support and the views of the stadium authority (if public) in the current community;
5. The club's financial performance, particularly whether the club has incurred net operating losses (on an accrual basis of accounting), exclusive of depreciation and amortization, sufficient to threaten the continued financial viability of the club, as well as the club's financial prospects in its current community;
6. The degree to which the club has engaged in good faith negotiations (and enlisted the League office to assist in such negotiations) with appropriate persons concerning terms and conditions under which the club would remain in its current home territory and afforded that community a reasonable amount of time to address pertinent proposals;
7. The degree to which the owners or managers of the club have contributed to circumstances which might demonstrate the need for such relocation;
8. Whether any other member club of the League is located in the community in which the club is currently located;
9. Whether the club proposes to relocate to a community or region in which no other member club of the League is located; and the demographics of the community to which the team proposes to move;
10. The degree to which the interests reflected in the League's collectively negotiated contracts and obligations (e.g., labor agreements, broadcast agreements) might be advanced or adversely affected by the proposed relocation, either standing alone or considered on a cumulative basis with other completed or proposed relocations;
11. The effect of the proposed relocation on NFL scheduling patterns, travel requirements, divisional alignments, traditional rivalries, and fan and public perceptions of the NFL and its member clubs; and
12. Whether the proposed relocation, for example, from a larger to a smaller television market, would adversely affect a current or anticipated League revenue or expense

stream (for example, network television) and, if so, the extent to which the club proposing to transfer is prepared to remedy that adverse effect.

D. Existing Leases

1. No request to relocate shall be unconditionally approved, nor shall a relocation be allowed to take effect, if it would result in a breach of the club's current stadium lease. This provision shall not apply if the club and its landlord agree to terminate the lease or if there is a final court order terminating the lease or concluding that the lease does not preclude a relocation.
2. A decision by the League conditionally or unconditionally authorizing a member club to relocate shall not affect the enforceability under state law of a stadium lease to which that member club is a party.

E. Payments Associated with an Approved Transfer

If a club's proposal to relocate to a new home territory is approved, the relocating club will ordinarily be expected to pay a transfer fee to the League. The transfer fee will compensate other member clubs of the League for the loss of the opportunity appropriated by the relocating club and/or the enhancement (if any) in the value of the franchise resulting from the move.

The Commissioner may recommend a transfer fee to the membership and Finance Committee for consideration in connection with any proposed transfer that he recommends be approved. Among the factors to be considered in the recommendation of such fee will be:

1. The income streams available to the club in its new location and the likelihood that they will be realized (which may be affected by community or business guarantees or similar undertakings);
2. The income streams historically available to the club in its previous location, and the incremental income streams (if any) that could reasonably be expected to be made available to the club in its old location;
3. The expenses to be borne by the club in its current and proposed locations;
4. The expenses that could reasonably be expected to be assumed by parties other than the club if the relocation does not take place;
5. The desirability of the club's current and proposed stadia as locations for professional football games;
6. The club's current status under any revenue sharing plans then in effect and its anticipated status if the move were approved;

7. The effect of the proposed relocation on current or anticipated League-level revenue and expense streams; and
8. The demographics of the club's old and new markets.

The Commissioner's recommendation of a transfer fee will not be based on any effect that the proposed move would have on any salary cap or similar player-employment arrangements.

The membership will determine the transfer fee (or, in the alternative, a recommended, binding method for determining the transfer fee), if any, at the time it approves any proposed club relocation. The terms on which the transfer fee will be paid will be set forth in the resolution itself, and will be reflected in appropriate documentation acceptable to the Commissioner and the Finance Committee.

In addition, in certain circumstances, the League's collective interests may depend upon the maintenance of quality franchises in specific geographic areas. If a team proposes to relocate into, or to relocate from, such an area, in evaluating the proposed relocation, the Commissioner will and the membership may take into account, in determining the appropriate transfer fee (if any), the League's interest in encouraging the proposed relocation, discouraging the proposed relocation, or permitting the relocation on terms that would permit the League to restore a meaningful presence in the area being vacated by the relocating club.

Finally, if League-level revenue or expense streams or visiting team shares are projected to be adversely affected by a proposed relocation, on either a short-term or long-term basis, based upon a recommendation by the Commissioner and Finance Committee the relocating club will be required to indemnify other members of the League for adverse effects that could result from the proposed relocation. If such recommendation is included by the membership in the resolution authorizing the move, the Commissioner will, in consultation with the Finance Committee, negotiate with the relocating club appropriate indemnification arrangements, including the extent to which the relocating club may participate in League revenue sharing pools, to be reflected in documentation acceptable to the Commissioner and the Finance Committee.

APPENDIX ONE

Materials to Accompany a Notice and Statement of Reasons In Support of a Proposed Relocation

1. A copy of the club's existing stadium lease and any other agreements relating to the club's (or its affiliates') use of or revenues from its current stadium (e.g., concession agreements, box suite agreements, scoreboard advertising agreements), and any agreements with respect to related facilities (e.g., practice facilities).
2. Audited financial statements for the club and all club affiliates holding football-related assets (e.g., stadium or scoreboard corporations) for the fiscal years covering the preceding four seasons and current estimates for the current or most recently-completed season, if audited figures are unavailable.
3. An assessment of the suitability of the club's existing stadium, costs of and prospects for making any desired improvements to the stadium, and the history and status of efforts to negotiate such improvements with the stadium authority or stadium landlord. The most recent proposals relating to the lease, possible stadium improvements, and the like should be provided.
4. A description and documentation, including records of negotiations, architect/engineer reports and the like, of the club's efforts to secure suitable physical and financial arrangements under which it would continue to play its home games in its current community.
5. A description and financial analysis of the projected lease and operating terms available to the club in its proposed new location.
6. A description and financial analysis of the stadium lease and operating terms available to the club in its existing home territory, on a basis that permits comparison with the projected arrangements in the proposed new location.
7. A budget projection, using accepted League charts of account, showing a projected profit and loss statement for the fiscal years covering the first three seasons in the proposed new location.
8. Evidence reflecting the opportunity afforded to the club's incumbent community to extend an offer substantially equivalent to that extended by the proposed new community, and descriptions of the incumbent community's response and related discussions and negotiations.

EXHIBIT B**NATIONAL FOOTBALL LEAGUE: SUMMARY GATE METRICS****Average Per Game Paid Attendance (000s)**

	2010		2011		2012		2013		2014	
	#	Rank	#	Rank	#	Rank	#	Rank	#	Rank
Oak	41.4	32	50.1	30	48.7	31	45.0	32	52.3	30
SD	64.5	19	63.1	19	58.9	23	62.4	22	63.2	21
StL	48.5	30	52.1	28	55.2	27	52.5	29	52.9	29
Lg. Avg.	63.4		62.9		63.4		64.0		64.5	

Season Tickets Sold (000s)

	2010		2011		2012		2013		2014	
	#	Rank	#	Rank	#	Rank	#	Rank	#	Rank
Oak	21.8	32	24.4	32	31.1	32	30.8	32	38.1	30
SD	51.3	22	48.2	23	45.5	25	45.3	25	49.6	24
StL	38.3	29	41.3	27	37.1	29	39.6	29	40.4	28
Lg. Avg.	54.7		54.0		54.4		55.6		56.6	

Average Gross Ticket Price (based on Paid Attendance)

	2010		2011		2012		2013		2014	
	\$	Rank	\$	Rank	\$	Rank	\$	Rank	\$	Rank
Oak	\$ 68.99	31	\$ 68.54	32	\$ 65.86	32	\$ 64.87	32	\$ 60.63	32
SD	\$ 95.66	14	\$ 94.96	14	\$ 94.99	14	\$ 99.69	14	\$ 100.74	17
StL	\$ 75.61	29	\$ 78.74	26	\$ 72.26	30	\$ 82.26	24	\$ 82.29	27
Lg. Avg.	\$ 98.54		\$ 99.88		\$ 100.53		\$ 102.26		\$ 108.01	

EXHIBIT C**NATIONAL FOOTBALL LEAGUE: SUMMARY FINANCIAL METRICS****Net Local Revenue as Percent of League Average**

	2010		2011		2012		2013		2014	
	Rank		Rank		Rank		Rank		Rank	
Oak	45%	32	50%	32	48%	32	44%	32	45%	32
SD	89%	16	84%	18	79%	20	80%	21	76%	21
StL	62%	29	65%	28	65%	29	63%	29	58%	30

Local Sponsorship as Percent of League Average

	2010		2011		2012		2013		2014	
	Rank		Rank		Rank		Rank		Rank	
Oak	33%	30	27%	31	33%	31	29%	31	30%	31
SD	66%	23	60%	25	58%	24	49%	27	45%	28
StL	65%	24	61%	24	56%	27	40%	29	35%	30

Suite Premiums as Percent of League Average

	2010		2011		2012		2013		2014	
	Rank		Rank		Rank		Rank		Rank	
Oak	18%	31	17%	32	16%	32	17%	32	18%	31
SD	68%	16	62%	18	60%	18	58%	21	54%	22
StL	46%	25	49%	25	46%	24	45%	26	41%	27

EXHIBIT D**CHARLES RIVER ASSOCIATES REPORT - SUMMARY FINDINGS**

	St. Louis, MO-IL	San Diego-Carlsbad, CA	Oakland-Hayward-Berkeley, CA	San Francisco-Oakland-Hayward, CA
2013 Population ⁽¹⁾	2.8 MM	3.2 MM	2.7 MM	4.6 MM
2013 Population Rank ⁽²⁾	16th	14th	19th	10th
2034 Projected Population ⁽¹⁾	2.9 MM	4.0 MM	3.4 MM	5.6 MM
2034 Population Rank ⁽²⁾	20th	14th	18th	10th
20 yr Pop CAGR	0.2%	1.1%	1.1%	1.0%
20 Yr Pop Growth	5%	25%	25%	23%
2013 GDP ⁽¹⁾	\$131.9 B	\$188.7 B	\$143.2 B	\$311.2 B
2013 GDP Rank ⁽²⁾	19th	13th	18th	8th
2034 Projected GDP ⁽¹⁾	\$180.9 B	\$311.9 B	\$244.6 B	\$506.8 B
2034 GDP Rank ⁽²⁾	22nd	13th	16th	6th
20 yr CAGR	1.6%	2.5%	2.7%	2.5%
20 Yr GDP % Growth	37%	65%	71%	63%
2013 AERAF ⁽³⁾ GDP ⁽¹⁾	\$5.2 B	\$8.1 B	\$4.8 B	\$12.1 B
2013 AERAF Rank ⁽²⁾	19th	10th	20th	6th
2034 AERAF GDP ⁽¹⁾	\$7.1 B	\$13.2 B	\$8.0 B	\$18.7 B
2034 AERAF GDP Rank ⁽²⁾	21st	11th	19th	7th
20 yr AERAF GDP CAGR	1.5%	2.5%	2.7%	2.2%
20 Yr AERAF GDP % Growth	36%	63%	69%	55%
2013 Per Capita Income ⁽⁴⁾	\$45,992	\$51,384	\$58,639	\$69,127
2013 Per Capita Income Rank ⁽²⁾	17th	11th	5th	2nd
Companies over 500 Employees ⁽⁴⁾	177	167	140	309
Companies over 500 Employees Rank ⁽²⁾	16th	18th	24th	10th

(1) Charles River Associates Report, based on Moody's Analytics.

(2) Rankings in this table indicate the specified market's rank out of current NFL markets only.

(3) AERAF represents the contribution to GDP from the Arts, Entertainment, Recreation, Accommodation, and Food Services sectors.

(4) Charles River Associates Report, based on US Census and US Bureau of Economic Analysis.