12-18-07

4A. 1

Cedar Fair
Entertainment Company

RECEIVED
DEC 14 2007
Office of the City Manager
City of Santa Clara

Peter J. Crage
Corporate Vice President, Finance
Chief Financial Officer
office (419) 627-2295
fax (419) 627-2377

pcrage@cedarfair.com

One Cedar Point Drive
Sandusky, Ohio USA
44870-5259
NYSE:FUN

VIA FACSIMILE AND U.S. MAIL

December 14, 2007

Jennifer Sparacino
City Manager, City of Santa Clara
City Hall
1500 Warburton Avenue
Santa Clara, CA 95050

Re: Alternate Santa Clara Stadium Proposal

Dear Jennifer:

Thank you again for the time you and other representatives of the City of Santa Clara spent with Dick Kinzel, Rob Decker and me on December 3rd . It was helpful to be able to discuss the City's alternate latest proposal for a 49er Stadium while we were at the site. We also appreciate your effort to find an alternative location for the Stadium, and believe that placing it on Great America's overflow parking lot is less intrusive than the original proposal, which would have placed the stadium in the middle of Great America's prime parking lot.

As you know, and as we have emphasized on many occasions, Cedar Fair is committed to the continued operation of Great America in Santa Clara for many years to come. In fact, we purchased the property with the expectation of expanding and revitalizing Great America to enhance the affordable family entertainment experience provided. Yet, we also recognize that the City would like to see if it is possible for a 49er Stadium to coexist with Great America. To that end, Mayor Mahan asked us to provide a list of requirements that, from Cedar Fair's perspective, would alleviate the adverse impacts the alternate Stadium proposal would have on the operation and economics of Great America. In our prior discussions with the 49ers, they agreed that any economic loss to Great America resulting from the Stadium is unacceptable. This consideration remains a primary concern for Cedar Fair, and we have approached our review of the conditions under which Great America and the Stadium could potentially co-exist with this fundamental prerequisite in mind.

The list of requirements we have thus far identified are set forth below. However, as I'm sure you understand, because we have not been provided specific information as to precisely where the Stadium will be located, or exactly where and how the parking lost to the Stadium will be replaced in structured parking, the requirements discussed here represent a preliminary analysis that focuses on the larger conceptual issues only with additional issues (such as where construction staging will occur and what mitigation measures will be adopted to ensure there is minimal disruption to Great America's operations), to be discussed separately.

Canada's Wonderland
Carowinds
Cedar Point
Dorney Park
Geauga Lake
Great America
King's Dominion
King's Island
Knott's Berry Farm
Michigan's Adventure
Valleyfair
Worlds of Fun

Knott's Soak City
Orange County
Chula Vista
Palm Springs
Oceans of Fun
Soak City

1. Cedar Fair Would Exercise Unilateral Control Over Stadium Scheduling And Use During Great America's Operating Season.

Cedar Fair was assured during prior joint meetings with the 49ers and the City that it would be possible for the parties to enter into a contractual arrangement whereby Cedar Fair would have control over the scheduling and use of the Stadium during Great America's operating season. In order for Cedar Fair to agree to the alternate Stadium proposal, Cedar Fair would need to be provided unilateral control over the scheduling and use of the Stadium during Great America's operating season. That season currently is from late March through October, but it is anticipated that the season could be expanded in the near future as part of Cedar Fair's effort to improve the park.

It is also Cedar Fair's understanding, based on repeated assurances from the 49ers and the City, that it is only necessary for the 49ers to use the Stadium during Great America's operating season for four NFL home games. The use of the Stadium for four NFL home games would be acceptable to Cedar Fair in controlling Stadium use during Great America's operating season, subject to the following additional requirements.

2. Great America Would Close On The 49ers' Four NFL Home Game Days And Would Be Fully Compensated For The Associated Loss of Revenue.

In order to preserve the positive entertainment experience of Great America's visitors in the face of traffic congestion, ingress and egress problems, and pedestrian safety concerns associated with the dual use of the Stadium and the operation of Great America, Great America would need to close on the four days the Stadium is used for the 49ers' four NFL home games during Great America's operating season. However, to compensate Great America for the economic loss that will occur as a result of the closure, Great America would require a revenue sharing arrangement which would fully compensate Cedar Fair for the loss of profit suffered as a result of the closure.

3. Great America Would Continue To Manage And Operate Parking On Its Leased Property.

In addition, because Cedar Fair has the right to control and manage parking on the property leased by the City to Great America until 2039, Cedar Fair would retain the revenue generated from parking on the leased property at all times -- regardless of whether the parking is used for Stadium events or for Great America visitors.

4. Cedar Fair Would Be Entitled To Reimbursement of Costs Incurred Associated With The Stadium.

Cedar Fair would be reimbursed for all legal and professional fees incurred with regard to the Stadium proposal, including administrative and environmental review permitting, as well as development, construction and any other related costs incurred by Cedar Fair to repair or renovate areas covered by the ground lease that may be affected by the Stadium development and construction.

5. Great America Parkway Would Not Be Renamed.

Finally, to ensure continuity and the name recognition associated with Great America, it is important to Cedar Fair that the City agree not to rename Great America Parkway as long as Great America is operating as an amusement park in its present location.

In sum, while we continue to have concerns over the negative impacts the Stadium may have on Great America, we believe those impacts are lessened by moving the proposed Stadium from the center of Great America's prime parking field to its overflow parking lot, and at the City's request we have worked to identify "what Cedar Fair would need" to make the alternate Stadium proposal acceptable. In that regard, please understand that the mitigation requirements outlined above provide what Cedar Fair considers to be a minimum baseline for additional discussions with the City, and we do not intend these requirements to serve as a starting point for negotiations.

Thank you again for the time and attention you have devoted to considering an alternate Stadium site. We hope you find this letter helpful as the City further considers the new proposal.

Sincerely,

Peter J. Crage
Corporate VP – Finance
and Chief Financial Officer

cc: The Honorable Patricia M. Mahan
Councilmember Dominic J. Caserta
Councilmember Will Kennedy
Councilmember Kevin Moore
Councilmember Joe Kornder
Councilmember Pat Kolstad
Councilmember Jamie McLeod