

Meeting Date: 5/8/12

AGENDA REPORT

Agenda Item # 4B-2

City of Santa Clara, California



Date: May 4, 2012

To: Executive Director for Stadium Authority Action

From: Finance Director/Treasurer/Auditor for Stadium Authority

Subject: Appropriation of Stadium Authority Capital Improvement Projects

EXECUTIVE SUMMARY:

Measure J, passed by the voters in June 2010, authorized the City to move forward with the development of the Stadium subject to certain binding requirements to safeguard the City's general fund and enterprise funds. In conformance with Measure J, the Stadium Authority approved a Disposition and Development Agreement ("DDA") with Forty Niners Stadium, LLC in December 2011 and the City approved a Ground Lease with the Stadium Authority leasing the Stadium Site to the Stadium Authority. In March 2012, the Stadium Authority approved the Final Development Budget, Final Financing Plan, and the Stadium Lease.

The approved Final Development Budget for the Stadium of \$1,177,000,000 is funded from a variety of sources during construction including (1) the RDA contribution during construction and the advances made by Stadco against the RDA and CFD contribution; (2) proceeds from Naming Rights; (3) proceeds from the sale of Stadium Builders Licenses; (4) a loan or loans from the Construction Lenders; and (5) subordinated loans/advances from Stadco.

Construction loan debt will then be refinanced into long term debt. Stadium Authority revenues, including Stadium Builders Licenses, Naming Rights, ticket surcharges, and the portion of non-NFL event net revenues not paid to the City as part of the rent under the Ground Lease, as well as Facility Rent from Stadco (now estimated at about \$30 million per year, up from \$5 million at the time of the Term Sheet) will be available to pay the Stadium Authority debt service. The exact amount of the Facility Rent will be set to ensure that when combined with the Stadium Authority revenues, there are sufficient funds to pay all of the Stadium Authority's obligations, including Ground Rent and the Stadium Authority operating expenses.

Of the Final Development Budget, a portion has been previously appropriated as follows:

- RDA Contribution of \$40,000,000
- RDA Portion of Stadium Site Development Fees of \$1,600,000
- 2011-12 Stadium Authority Operating Budget of \$1,505,080

The difference between what has already been appropriated and the Final Development Budget totals \$1,133,894,920. Most of the Final Development Budget will be expended in the Capital Improvement Project (CIP) Budget with a small portion to be expended in the Stadium Authority Operating Budget. This action requests the appropriation of the remaining CIP budget amount of \$1,130,195,690. The remaining operating budget amount, estimated at \$3,699,230, will be appropriated as part of the annual operating budget process.

Also requested, is the delegation of authority to the Executive Director to create CIP projects and move the appropriation authority granted between CIP projects as necessary to facilitate accounting needs. This authority may be needed in order to meet the requirements of the various lending institutions who are providing funding for the project.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

The recommended action would allow for the expenditure of the previously approved Final Development Budget to construct the Stadium. There are no disadvantages of this action.

ECONOMIC/FISCAL IMPACT:

This action will formally appropriate \$1,130,195,690 of construction loan proceeds and other revenues to support the construction of the Stadium. Construction funding is available from a variety of sources including (1) the RDA contribution during construction and the advances made by Stadco against the RDA and CFD contribution; (2) proceeds from Naming Rights; (3) proceeds from the SBLs; (4) a loan or loans from the Construction Lenders; and (5) subordinated loans/advances from Stadco. The difference between this amount and the total final development budget of \$1,177,000,000 was either appropriated previously or will be appropriated in future budget years in the Stadium Authority Operating Fund.

RECOMMENDATION:

That the Stadium Authority:

- 1) Appropriate \$1,130,195,690 to the capital improvement projects specified in Attachment 1; and
- 2) Delegate authority to the Executive Director to create additional capital improvement projects within the Stadium Authority Capital Improvement Project Fund and make appropriation transfers between Stadium capital improvement projects as necessary to facilitate accounting needs.



Gary Ameling
Finance Director/Treasurer/Auditor for Stadium
Authority

APPROVED:



Jennifer Sparacino
Executive Director for Stadium Authority

Documents Related to this Report:

- 1) ***Attachment 1 – Santa Clara Stadium CIP Budget***

Attachment 1
Santa Clara Stadium CIP Budget

Project ID	Project Title	Current Budget	Budget Change	Revised Budget
Stadium Authority CIP Fund 875				
4910	49er Stadium Development Fees	1,600,000	0	1,600,000
4911	Santa Clara Stadium Make-Ready Work	40,000,000	(25,312,840)	14,687,160
New	Santa Clara Stadium	0	1,155,508,530	1,155,508,530
	Total	41,600,000	1,130,195,690	1,171,795,690