

# SCSA

Santa Clara Stadium Authority

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## **SANTA CLARA STADIUM AUTHORITY FINANCIAL STATUS REPORT**

**Quarter Ending June 30, 2018**



**October 2, 2018**

## Table of Contents

Introduction.....	2
NFL Events.....	3
Non-NFL Events.....	3
Discretionary Fund.....	5
Stadium Builder Licenses .....	6
Santa Clara Stadium Authority Budget Status Reports.....	8
<i>Operating Budget</i> .....	8
<i>Operating Budget - Adjustment</i> .....	10
<i>Debt Service Budget</i> .....	12
<i>Debt Service Budget - Adjustment</i> .....	15
<i>Capital Improvement Project Budget</i> .....	16
<i>Capital Improvement Project Budget - Adjustment</i> .....	18
City of Santa Clara Net General Fund Impact .....	19
<i>Public Safety and Administrative Cost Reimbursement</i> .....	19
<i>Rents and Senior and Youth Fee</i> .....	19
<i>Other Revenue Impacts</i> .....	19
Glossary.....	21

## Introduction

This Santa Clara Stadium Authority (Stadium Authority) Financial Status Report provides information covering the first quarter of the Stadium Authority's 2018/19 Fiscal Year which ended on June 30, 2018. Comparative data from prior fiscal years is also included.

In addition to this report, the Stadium Authority produces annual financial statements within six months of fiscal year-end. These financial statements are audited by an external audit firm and were presented to the Stadium Authority's Audit Committee on August 27, 2018 and the Stadium Authority Board on September 11, 2018. Once presented to the Stadium Authority Board, the financial statements as well as this report are published on the Stadium Authority's website.

The Stadium Authority also prepares a detailed budget prior to the beginning of the new fiscal year. The 2018/19 Stadium Authority budget was adopted on March 27, 2018.

Staff is requesting specific adjustments to the Operating and Debt Service budgets as a result of the rent reset arbitration award (explained on pages 10 and 15 of this report). In addition, a request is being made for an adjustment to the Capital Improvement Project Budget to carryforward three of the 2017/18 projects that were still in progress at the end of the prior fiscal year (explained on page 18 of this report).

Stadium Authority finances are structured so that the City of Santa Clara (City) is not liable for the debts or obligations of the Stadium Authority. All services provided by the City, including administrative and public safety, to the Forty Niners Stadium Management Company, LLC (Stadium Manager) or the Stadium Authority are fully reimbursed.

It is important to note that at the request of the Stadium Authority Board, the Stadium Manager has transferred a set of supporting financial documents for non-NFL events to the Stadium Authority which are currently being analyzed for completeness and accuracy. Once this review is complete, staff will report out the findings and if there are any changes to prior year financial information they will be reported in the current year financial statements.

The following report includes information related to non-NFL event revenues and expenses previously made available from the Stadium Manager's financial accounting system and does not include any possible corrections that may result from the analysis of the backup documentation that is currently underway.

## **NFL Events**

There were no NFL games held in the first quarter of the 2018/19 Fiscal Year. Levi's Stadium hosted the first 49ers pre-season game of the 2018 season on August 9, 2018 which will be included in the report for the second quarter.

## **Non-NFL Events**

This section provides annual and comparative data for non-NFL events categorized as events ranging from high school and college football games, international soccer matches, concerts, wedding fairs, and special events. During the current reporting period there were a total of 115,138 tickets sold for the 3 ticketed non-NFL events that were held, resulting in \$461,000 in non-NFL event ticket surcharge revenue (from the \$4 per ticket non-NFL event surcharge). This is an increase in ticket surcharge revenue of \$99,000 or 27.3% over the same period in the prior year. The reason for the increase is due to a higher attendance at the non-NFL events in the current period. In the prior fiscal year there were four ticketed non-NFL events, however two of those events were a Wedding Fair and the Wedemeyer High School Football game which only sold 401 and 1,761 tickets respectively. The three ticketed non-NFL events in the current reporting period were all large-scale events (Monster Jam and two Taylor Swift concerts) resulting in a large increase in the ticket surcharge revenue.

There were also 24 smaller special events held at Levi's Stadium which is very similar to the same period in the prior fiscal year (25). However the attendance at these events went up from 8,438 in the prior year to 13,683 in the current year, a 62.2% increase due to a number of these special events being larger in size. Examples of these special events include corporate events of various sizes, weddings, holiday parties, high school dances, etc.

In correlation with the increase in the number of tickets sold, parking at the permitted offsite parking lots also saw an increase when compared to the prior year. There were 10,495 cars parked at these offsite lots, a 32.2% increase from the previous year. The City received \$57,000 in related offsite parking fees.

Total non-NFL event public safety costs were \$690,000, an increase of \$237,000 or 52.5% from the prior year. As noted previously, this increase in cost is due to larger events being held in the current year when compared to the prior year. Of these costs, \$57,000 was covered by the offsite parking fee and the remaining \$633,000 were invoiced to the Stadium Manager and subsequently reimbursed.

Statistics for the three non-NFL ticketed events are shown in Table 1 and comparative data from all five years of operations are shown in Table 2.

**Table 1**  
**Levi's Stadium**  
**2018/19 Non-NFL Event Statistics**  
**As of June 30, 2018**

	Monster Jam 04/28/18	Taylor Swift Concert I 05/11/12	Taylor Swift Concert II 05/12/18	2018/19 Q1 Special Events	2018/19 YTD Total
No. of Tickets Sold	35,302	29,333	50,503	-	115,138
Non-NFL Ticket Surcharge	\$ 141,208	\$ 117,332	\$ 202,012	\$ -	\$ 460,552
No. of Non-NFL Special Events	-	-	-	24	24
Non-NFL Special Event Attendees	-	-	-	13,683	13,683
Cars Parked at Offsite Lots	3,719	2,196	4,580	-	10,495
City Offsite Parking Fee	\$ 20,157	\$ 11,902	\$ 24,824	\$ -	\$ 56,883
Stadium Public Safety Costs	\$ 209,336	\$ 238,229	\$ 233,202	\$ 9,077	\$ 689,845
Less: Offsite Parking Fee Credit	\$ (20,157)	\$ (11,902)	\$ (24,824)	\$ -	\$ (56,883)
Reimbursable Public Safety Costs	\$ 189,179	\$ 226,327	\$ 208,378	\$ 9,077	\$ 632,962
Amount Reimbursed	\$ 189,179	\$ 226,327	\$ 208,378	\$ 9,077	\$ 632,962

**Table 2**  
**Levi's Stadium**  
**Historical Non-NFL Event Statistics<sup>(1)</sup>**

	2014/15 Q1 Total <sup>(2)</sup>	2015/16 Q1 Total	2016/17 Q1 Total	2017/18 Q1 Total	2018/19 Q1 Total
No. of non-NFL Ticketed Events	-	6	8	4	3
No. of Tickets Sold	-	284,352	351,837	90,456	115,138
Non-NFL Ticket Surcharge	\$ -	\$ 1,137,408	\$ 1,407,348	\$ 361,824	\$ 460,552
No. of Non-NFL Special Events	-	62	31	25	24
Non-NFL Special Event Attendees	-	19,345	13,709	8,438	13,683
Cars Parked at Offsite Lots	-	27,215	34,376	7,939	10,495
City Offsite Parking Fee	\$ -	\$ 133,898	\$ 174,632	\$ 41,600	\$ 56,883
Cars Parked on Golf Course	-	9,465	9,562	-	-
City Golf Course Parking Fee	\$ -	\$ 47,325	\$ 47,810	\$ -	\$ -
Stadium Public Safety Costs	\$ -	\$ 1,425,075	\$ 1,721,055	\$ 452,450	\$ 689,845
Golf Course Public Safety Costs	\$ -	\$ 73,951	\$ 39,905	\$ -	\$ -
Subtotal Event Public Safety Costs	\$ -	\$ 1,499,026	\$ 1,760,960	\$ 452,450	\$ 689,845
Less: Offsite Parking Fee Credit	\$ -	\$ (133,898)	\$ (174,632)	\$ (41,600)	\$ (56,883)
Reimbursable Public Safety Costs	\$ -	\$ 1,365,128	\$ 1,586,328	\$ 410,850	\$ 632,962
Amount Reimbursed	\$ -	\$ 1,365,128	\$ 1,586,328	\$ 410,850	\$ 632,962

<sup>(1)</sup> Includes non-NFL special events.

<sup>(2)</sup> The first event at Levi's Stadium was in August 2014 (the second quarter of the 2014/15 Fiscal Year) .

## Discretionary Fund

The Stadium Lease contains a provision under which NFL public safety costs are subsidized through revenue earned from non-NFL events. The mechanism by which this has occurred has been alternatively referred to as the public safety costs threshold or “cap”. For the first three years of Stadium operations, the cap was set at \$170,000 per NFL game, subject to a small percentage annual increase. Any NFL public safety costs that exceed the annual cap have been funded by transfers from the Stadium Authority “Discretionary Fund”.

The Discretionary Fund is funded by revenue equal to 50% of the non-NFL ticket surcharge of \$4 per event. The three ticketed non-NFL events contributed \$230,000 to the Discretionary Fund in the current reporting period and \$8,000 was spent. Table 3 shows the revenues and expenses in the discretionary fund since Fiscal Year 2014/15. The current balance is \$1.5 million.

Under the Stadium Lease, the Stadium Authority invoked its right to review the issue of the threshold with the Forty Niners SC Stadium Company (StadCo). As of the date of this report the discussions have not been concluded, but it continues to be the Stadium Authority’s position that the previous transfers by the Stadium Authority from the discretionary fund to pay City costs in excess of the threshold are not an indication of the Stadium Authority’s position with regard to the continuing legal validity of the cap.

Table 3

Discretionary Fund				
Fiscal Year	Beginning Balance	Revenue	Expenses	Ending Balance
2014/15	\$ -	\$ 715,770	\$ -	\$ 715,770
2015/16	715,770	1,238,542	714,028	1,240,284
2016/17	1,240,284	1,164,698	699,129	1,705,853
2017/18	1,705,853	768,564	1,209,342	1,265,075
2018/19	1,265,075	230,276	8,486	1,486,865

## Stadium Builder Licenses

The total principal value of currently active Stadium Builder Licenses (SBLs) is \$530.4 million and, as of June 30, 2018, 80% of the total principal value of all SBLs sold (i.e., \$424.3 million) had been collected.

SBL holders that finance their purchase pay an annual interest rate of 8.5% and payments are due by March 1<sup>st</sup> each year. The majority of SBL holders make their payments on time. For those that do not pay on time, SBL service staff working for the Stadium Manager on the Stadium Authority's behalf, contact the SBL holders and attempt to collect the full amounts owed. Ultimately, an SBL can be defaulted for non-payment. Once an SBL is defaulted, the SBL holder in default loses their right to buy season tickets as well as their priority rights to tickets to non-NFL events, and forfeits any money they had invested in the SBL. Defaulted SBLs are then available for resale.

There are a total of 60,121 currently active SBLs, or 91.3% of the 65,877 total sellable SBL seats. This is down by 346 from the total active SBLs at the end of the prior fiscal year (March 31, 2018). The main reason for the reduction is due to defaulted SBLs. The defaulted SBLs were offset by (1) the net increase related to the customer seat relocation program and (2) the sale of new SBLs. This customer seat relocation program allows customers to trade in their SBLs in return for others in a different location as long as the total face value of the new seats is equal to or greater than the original seats.

During the current reporting period, 356 SBLs were sold for a total face value of \$2.3 million. The customer seat relocation program resulted in an increase of \$1.1 million to the SBL face value, while netting 223 more SBLs. There were also 925 SBLs defaulted during the same period with a total face value of \$5.9 million. Of the \$5.9 million, approximately 44% or \$2.6 million of principal had already been collected.

Additional details regarding currently active SBLs are noted in Table 4.



Table 4  
**Santa Clara Stadium Authority**  
**Currently Active Stadium Builder License (SBL) Summary <sup>(1)</sup>**

Through June 30, 2018									
Seat Value	SBL Seats Available	SBL Seats Sold as of 3/31/18	New SBL Sales	Net SBL Relocations	SBL Defaults	SBL Seats Sold	SBL Value	SBL Collected	% SBL Principal Collected
141,392	98	98				98	\$ 13,856,398	\$ 11,016,095	79.50%
80,000	938	928	2	2	(6)	926	74,080,000	61,467,253	82.97%
40,000	2	2				2	80,000	58,676	73.35%
30,000	4,869	4,596	14	(15)	(37)	4,558	136,740,000	113,771,151	83.20%
20,000	3,395	2,973	5	17	(34)	2,961	59,220,000	48,017,767	81.08%
15,000	7	7				7	105,000	56,923	54.21%
12,000	2,167	2,103	22	(2)	(16)	2,107	25,284,000	20,539,193	81.23%
10,000	9	8				8	80,000	54,641	68.30%
6,000	20,619	20,177	133	203	(306)	20,207	121,242,000	90,998,529	75.06%
5,000	14,297	13,292	76	(63)	(188)	13,117	65,585,000	51,019,710	77.79%
4,000	917	913	1	5		919	3,676,000	3,157,288	85.89%
3,000	98	96			(2)	94	282,000	199,481	70.74%
2,500	49	46			(1)	45	112,500	83,151	73.91%
2,000	18,367	15,186	103	76	(332)	15,033	30,066,000	23,790,284	79.13%
1,000	45	42			(3)	39	39,000	29,253	75.01%
<b>Total</b>	<b>65,877</b>	<b>60,467</b>	<b>356</b>	<b>223</b>	<b>(925)</b>	<b>60,121</b>	<b>\$ 530,447,898</b>	<b>\$ 424,259,395</b>	<b>79.98%</b>

Plus: Interest on financed SBLs 44,519,017  
**Total Principal & Interest \$ 468,778,412**

<sup>(1)</sup> This table does not include \$19.3 million that has been collected from defaulted SBL holders.



## **Santa Clara Stadium Authority Budget Status Reports**

### ***Operating Budget***

With 25% of the Fiscal Year complete, total operating revenues for the first quarter of the 2018/19 Fiscal Year were \$14.3 million representing 11% of the overall budget for revenues. The primary reason that revenue is below 25% is because non-NFL event revenue, which makes up 48% of the total revenue budget, is recorded at the end of the fiscal year in accordance with Article 5 of the Stadium Management Agreement. Stadium rent earned from StadCo totaled \$6.1 million. During the current reporting period, the Stadium Authority also collected \$7.4 million in SBL proceeds or 28% of what was budgeted. All SBL proceeds are transferred to the debt service fund per applicable loan agreements. The non-NFL event ticket surcharge amounted to \$461,000 or 26% of the budget.

Total operating expenses were \$11.8 million, or 9% of the annual budget. Similar to operating revenue, the primary reason that total expenses are below 25% is due to the fact that non-NFL event expenses are recorded at the end of the fiscal year (Article 5 of the Stadium Management Agreement). The shared stadium manager expenses were at 24% or \$2.7 million of the \$11.2 million budgeted amount and SBL Sales & Service expenses were 25% of the budget or \$581,000. The Stadium Authority pays for all utility costs from February 1<sup>st</sup> through July 31<sup>st</sup> and the tenant (StadCo) pays for utility costs from August 1<sup>st</sup> through January 31<sup>st</sup> (Tenant Season). Therefore, utility costs are 52% of the budget for the first quarter, or \$788,000. The current reporting period covers 50% (three out of the six months) that the Stadium Authority is responsible for utility costs. Transfers-out amounted to \$7.4 million which is all related to the SBL proceeds that were collected and transferred to Debt Service as required by applicable loan agreements. Lastly, Stadium Authority G&A costs were \$312,000 or 18% of the budget.

Overall, the Stadium Authority operating fund ended the first quarter with a fund balance of \$25.2 million an increase of \$2.5 million or 11%. Included in that amount is a \$10.9 million operating reserve and a \$1.5 million discretionary fund.

Additional details are shown in Table 5.

Table 5  
**Santa Clara Stadium Authority**  
**Operating Budget Status Report**  
For the Period Ending June 30, 2018 and 2017

	Period Ending June 30, 2018					Period Ending June 30, 2017			
	Final Budget	Q1 Actuals	YTD Actuals	Balance	% Received	Final Budget	YTD Actuals	Balance	% Received
<b>Resources</b>									
<b>Revenues</b>									
NFL Ticket Surcharge	\$ 8,031,000	\$ -	\$ -	\$ 8,031,000	0%	\$ 8,258,000	\$ -	\$ 8,258,000	0%
SBL Proceeds	26,156,000	7,395,026	7,395,026	18,760,974	28%	28,056,000	-	28,056,000	0%
Interest	794,000	165,737	165,737	628,263	21%	280,000	88,107	191,893	31%
Non-NFL Event Revenue	62,147,000	-	-	62,147,000	0%	-	-	-	N/A
Net Revenues from Non-NFL Events	-	-	-	-	N/A	5,305,000	5,316,894	(11,894)	100%
Naming Rights	6,558,000	-	-	6,558,000	0%	6,366,000	-	6,366,000	0%
Sponsorship Revenue (STR)	545,000	143,453	143,453	401,547	26%	406,000	95,040	310,960	23%
Rent	24,500,000	6,125,001	6,125,001	18,374,999	25%	24,500,000	3,375,000	21,125,000	14%
Senior & Youth Program Fees	230,000	-	-	230,000	0%	231,000	-	231,000	0%
Non-NFL Event Ticket Surcharge	1,800,000	460,552	460,552	1,339,448	26%	2,000,000	361,824	1,638,176	18%
<b>Revenues Subtotal</b>	<b>\$ 130,761,000</b>	<b>\$ 14,289,768</b>	<b>\$ 14,289,768</b>	<b>\$ 116,471,232</b>	<b>11%</b>	<b>\$ 75,402,000</b>	<b>\$ 9,236,865</b>	<b>\$ 66,165,135</b>	<b>12%</b>
Net Transfers	-	-	-	-	N/A	(54,817,000)	-	(54,817,000)	0%
<b>Total Resources</b>	<b>\$ 130,761,000</b>	<b>\$ 14,289,768</b>	<b>\$ 14,289,768</b>	<b>\$ 116,471,232</b>	<b>11%</b>	<b>\$ 20,585,000</b>	<b>\$ 9,236,865</b>	<b>\$ 11,348,135</b>	<b>45%</b>
	Final Budget	Q1 Actuals	YTD Actuals	Balance	% Used	Final Budget	YTD Actuals	Balance	% Used
	Final Budget	Q1 Actuals	YTD Actuals	Balance	% Used	Final Budget	YTD Actuals	Balance	% Used
<b>Expenses</b>									
<b>Shared Stadium Manager Expenses</b>									
Stadium Operations	\$ 3,721,000	\$ 930,294	\$ 930,294	\$ 2,790,706	25%	\$ 3,613,000	\$ 903,198	\$ 2,709,802	25%
Engineering	1,835,000	458,681	458,681	1,376,319	25%	1,636,000	408,914	1,227,086	25%
Guest Services	813,000	203,248	203,248	609,752	25%	848,000	211,891	636,109	25%
Groundskeeping	164,000	40,892	40,892	123,108	25%	246,000	61,545	184,455	25%
Security	1,543,000	385,778	385,778	1,157,222	25%	1,498,000	374,541	1,123,459	25%
Insurance	2,871,000	717,513	717,513	2,153,487	25%	2,787,000	451,545	2,335,455	16%
Stadium Management Fee	226,000	-	-	226,000	0%	219,000	620	218,380	0%
<b>Shared Stadium Mngr Exps Subtotal</b>	<b>\$ 11,173,000</b>	<b>\$ 2,736,406</b>	<b>\$ 2,736,406</b>	<b>\$ 8,436,594</b>	<b>24%</b>	<b>\$ 10,847,000</b>	<b>\$ 2,412,255</b>	<b>\$ 8,434,745</b>	<b>22%</b>
<b>Other Operating Expenses</b>									
SBL Sales and Service	\$ 2,324,000	\$ 581,000	\$ 581,000	\$ 1,743,000	25%	\$ 2,095,000	\$ 535,875	\$ 1,559,125	26%
Senior & Youth Fees (paid to City)	230,000	-	-	230,000	0%	231,000	-	231,000	0%
Non-NFL Event Expense	56,519,000	-	-	56,519,000	0%	-	-	-	N/A
Ground Rent (paid to City)	320,000	-	-	320,000	0%	285,000	-	285,000	0%
Performance Rent (paid to City)	2,654,000	-	-	2,654,000	0%	2,528,000	2,533,447	(5,447)	100%
Discretionary Fund Expense	990,000	8,486	8,486	981,514	1%	1,150,000	1,173,342	(23,342)	102%
Utilities	1,506,000	787,500	787,500	718,500	52%	1,434,000	747,000	687,000	52%
Use of StadCo Tenant Improvements	236,000	463	463	235,537	0%	245,000	-	245,000	0%
Stadium Authority G&A	1,685,000	311,701	311,701	1,373,299	18%	1,620,000	548,461	1,071,539	34%
Other Expenses	105,000	-	-	105,000	0%	76,000	-	76,000	0%
Transfers Out	52,691,000	7,372,926	7,372,926	45,318,074	14%	-	-	-	N/A
Contribution to Operating Reserve	328,000	-	-	328,000	0%	-	-	-	N/A
<b>Other Operating Expenses Subtotal</b>	<b>\$ 119,588,000</b>	<b>\$ 9,062,076</b>	<b>\$ 9,062,076</b>	<b>\$ 110,525,924</b>	<b>8%</b>	<b>\$ 9,664,000</b>	<b>\$ 5,538,124</b>	<b>\$ 4,125,876</b>	<b>57%</b>
<b>Total Expenses</b>	<b>\$ 130,761,000</b>	<b>\$ 11,798,481</b>	<b>\$ 11,798,481</b>	<b>\$ 118,962,519</b>	<b>9%</b>	<b>\$ 20,511,000</b>	<b>\$ 7,950,379</b>	<b>\$ 12,560,621</b>	<b>39%</b>
Operating Reserve	\$ 11,255,088	\$ 10,927,270	\$ 10,927,270			\$ 10,927,270	\$ 10,609,000		
Discretionary Fund	\$ 1,086,407	\$ 1,486,865	\$ 1,486,865			\$ 1,555,853	\$ 713,423		

### ***Operating Budget - Adjustment***

When the Stadium Authority budget was adopted on March 27, 2018, the Stadium Authority was in arbitration with StadCo regarding the stadium facility rent reset. On June 18, 2018, the arbitrator entered an Interim Arbitration Award in favor of the Stadium Authority and on August 2, 2018 an Order Regarding the Parties' Interim Award Responses was issued essentially serving to make the Interim Award final. This adjusted the rent from \$24.5 million to \$24.76 million, an increase of \$262,000 per year. Since this increase was retroactive to the first lease year the result is an additional \$1.31 million in rent revenue for the first five years of operations.

\$1.1 million of additional rent revenue was received by the Stadium Authority on September 17, 2018, which included one-sixth or approximately \$44,000 of the increased annual rent amount. The remaining \$220,000 will be received in equal monthly installments (\$44,000 per month) from October 2018 through February 2019. Since this added revenue is in excess of expenses, it is considered excess revenue. Article 14 of the Amended and Restated Stadium Lease Agreement specifically describes how excess revenues are distributed. After meeting the Operating Reserve and the CapEx Reserve requirements (which were included in the 2018/19 budget), excess revenues are then used to prepay the StadCo Subordinated Loan. Therefore staff is requesting an operating budget adjustment to account for this additional rent revenue and the additional transfer out to debt service. This also results in a request for a debt service budget adjustment which is noted on page 15 of this report.

Details regarding the operating budget adjustment are shown in Table 6.

Table 6  
**Santa Clara Stadium Authority**  
**2018/19 Operating Budget Adjustment**

2018/19 Fiscal Year			
	Budget	Adjustments	Final Actuals
<b>Resources</b>			
<b>Revenues</b>			
NFL Ticket Surcharge	\$ 8,031,000	\$ -	\$ 8,031,000
SBL Proceeds	26,156,000	-	26,156,000
Interest	794,000	-	794,000
Non-NFL Event Revenue	62,147,000	-	62,147,000
Naming Rights	6,558,000	-	6,558,000
Sponsorship Revenue (STR)	545,000	-	545,000
Rent	24,500,000	1,310,000	25,810,000
Senior & Youth Program Fees	230,000	-	230,000
Non-NFL Event Ticket Surcharge	1,800,000	-	1,800,000
<b>Revenues Subtotal</b>	<b>\$ 130,761,000</b>	<b>\$ 1,310,000</b>	<b>\$ 132,071,000</b>
Net Transfers	-	-	-
<b>Total Resources</b>	<b>\$ 130,761,000</b>	<b>\$ 1,310,000</b>	<b>\$ 132,071,000</b>
<b>Expenses</b>			
<b>Shared Stadium Manager Expenses</b>			
Stadium Operations	\$ 3,721,000	\$ -	\$ 3,721,000
Engineering	1,835,000	-	1,835,000
Guest Services	813,000	-	813,000
Groundskeeping	164,000	-	164,000
Security	1,543,000	-	1,543,000
Insurance	2,871,000	-	2,871,000
Stadium Management Fee	226,000	-	226,000
<b>Shared Stadium Mngr Exps Subtotal</b>	<b>\$ 11,173,000</b>	<b>\$ -</b>	<b>\$ 11,173,000</b>
<b>Other Operating Expenses</b>			
SBL Sales and Service	\$ 2,324,000	\$ -	\$ 2,324,000
Senior & Youth Fees (paid to City)	230,000	-	230,000
Non-NFL Event Expense	56,519,000	-	56,519,000
Ground Rent (paid to City)	320,000	-	320,000
Performance Rent (paid to City)	2,654,000	-	2,654,000
Discretionary Fund Expense	990,000	-	990,000
Utilities	1,506,000	-	1,506,000
Use of StadCo Tenant Improvements	236,000	-	236,000
Stadium Authority G&A	1,685,000	-	1,685,000
Other Expenses	105,000	-	105,000
Transfers Out	52,691,000	1,310,000	54,001,000
Contribution to Operating Reserve	328,000	-	328,000
<b>Other Operating Expenses Subtotal</b>	<b>\$ 119,588,000</b>	<b>\$ 1,310,000</b>	<b>\$ 120,898,000</b>
<b>Total Expenses</b>	<b>\$ 130,761,000</b>	<b>\$ 1,310,000</b>	<b>\$ 132,071,000</b>
Operating Reserve	\$ 11,255,088	\$ 11,255,088	\$ 11,255,088
Discretionary Fund	\$ 1,086,407	\$ 1,086,407	\$ 1,086,407

### ***Debt Service Budget***

The Stadium Authority's 2018/19 debt service revenue budget of \$3.6 million represents anticipated contributions from the Community Facilities District (CFD). During the first quarter of the current fiscal year \$984,000 was contributed by the CFD. Transfers-in from the operating fund amounted to \$7.4 million or 15% of the budget. \$13.8 million was contributed by fund balance to make debt service payments.

Total Stadium Authority debt service expenses for the current reporting period were \$22.2 million, 39% of the budgeted amount. The debt service expenses for the CFD Advance, the Term A Loan, and the StadCo Subordinated Loan were \$879,000, \$15.9 million, and \$5.4 million, respectively.

The Stadium Authority debt service fund ended the current quarter with a fund balance of \$15.9 million which includes \$11.5 million in the debt service reserve account. The remaining \$4.3 million is reserved for future debt payments.

As of June 30, 2018, the total outstanding amount of Stadium Authority debt had declined to \$365 million. This is a reduction in principal of \$17.7 million from the March 31, 2018 outstanding debt amount of \$382.7 million.

Additional details are shown in Tables 7 and 8 and Chart 1.

Table 7

# Santa Clara Stadium Authority

## Debt Service Budget Status Report

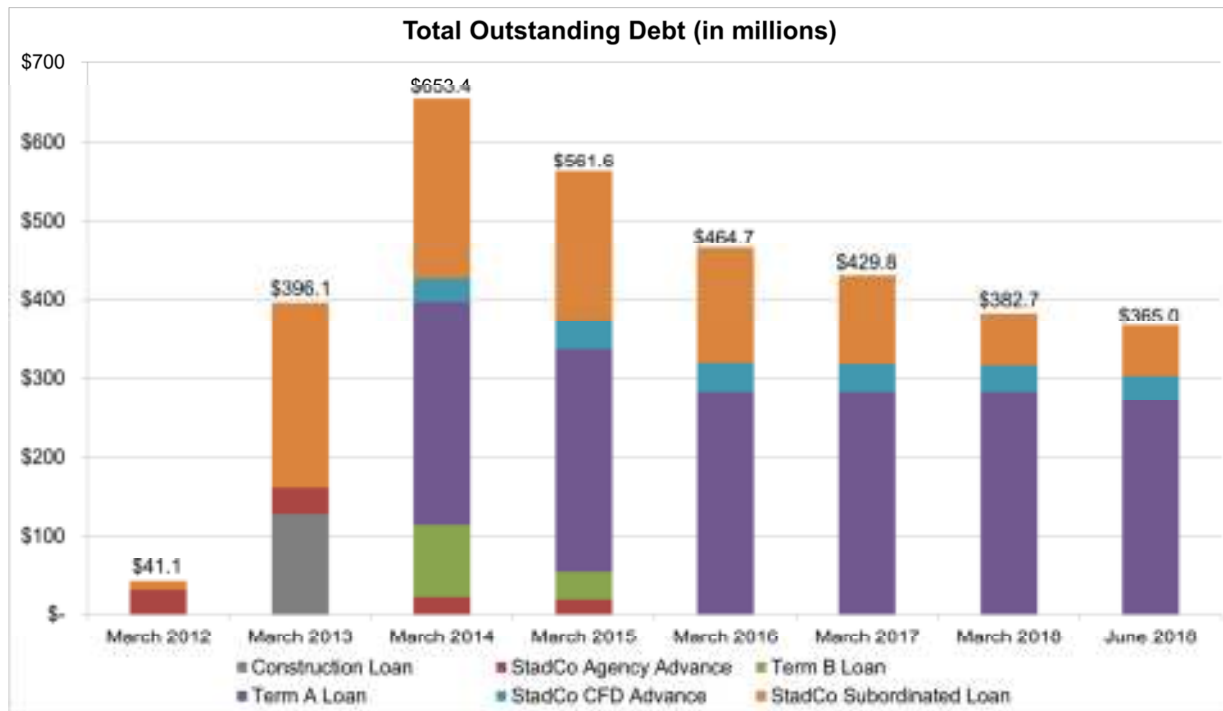
For the Period Ending June 30, 2018 and 2017

	Period Ending June 30, 2018					Period Ending June 30, 2017			
	Final Budget	Q1 Actuals	YTD Actuals	Balance	% Received	Final Budget	YTD Actuals	Balance	% Received
<b>Resources</b>									
<b>Revenues</b>									
Contribution from CFD	\$ 3,600,000	\$ 984,180	\$ 984,180	\$ 2,615,820	27%	\$ 3,400,000	\$ 955,070	\$ 2,444,930	28%
<b>Revenues Subtotal</b>	<b>\$ 3,600,000</b>	<b>\$ 984,180</b>	<b>\$ 984,180</b>	<b>\$ 2,615,820</b>	<b>27%</b>	<b>\$ 3,400,000</b>	<b>\$ 955,070</b>	<b>\$ 2,444,930</b>	<b>28%</b>
Transfers In from Operating	49,314,000	7,372,926	7,372,926	41,941,074	15%	57,545,000	11,390,008	46,154,992	20%
Contribution from Fund Balance	4,653,000	13,825,931	13,825,931	(9,172,931)	297%	-	-	-	N/A
<b>Total Resources</b>	<b>\$ 57,567,000</b>	<b>\$ 22,183,036</b>	<b>\$ 22,183,036</b>	<b>\$ 44,556,894</b>	<b>39%</b>	<b>\$ 60,945,000</b>	<b>\$ 12,345,078</b>	<b>\$ 48,599,922</b>	<b>20%</b>
	Final Budget	Q1 Actuals	YTD Actuals	Balance	% Used	Final Budget	YTD Actuals	Balance	% Used
<b>Expenses</b>									
CFD Advance	\$ 3,600,000	\$ 878,861	\$ 878,861	\$ 2,721,139	24%	\$ 3,400,000	\$ 955,070	\$ 2,444,930	28%
Term A Loan	25,644,000	15,908,172	15,908,172	9,735,828	62%	14,140,000	7,069,853	7,070,147	50%
StadCo Subordinated Loan	28,323,000	5,396,004	5,396,004	22,926,996	19%	52,288,000	18,285,485	34,002,515	35%
<b>Total Expenses</b>	<b>\$ 57,567,000</b>	<b>\$ 22,183,036</b>	<b>\$ 22,183,036</b>	<b>\$ 35,383,964</b>	<b>39%</b>	<b>\$ 69,828,000</b>	<b>\$ 26,310,408</b>	<b>\$ 43,517,592</b>	<b>38%</b>
Debt Service Reserve	\$ 11,536,235	\$ 11,536,235	\$ 11,536,235			\$ 11,536,235	\$ 11,536,235		

Table 8  
**Santa Clara Stadium Authority**  
**Debt Summary Report**  
For the Period Ending June 30, 2018

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2018	Net Change	Outstanding as of June 30, 2018
Stadium Funding Trust Loan:				
Term A Loan	5.00%	\$ 282,794,108	\$ (12,527,696)	\$ 270,266,412
StadCo CFD Advance	5.73%	32,834,885	(639,050)	32,195,835
StadCo Subordinated Loan	5.50%	67,032,627	(4,505,279)	62,527,348
<b>Total</b>		<b>\$ 382,661,620</b>	<b>\$ (17,672,025)</b>	<b>\$ 364,989,595</b>

Chart 1





### ***Debt Service Budget - Adjustment***

As described on page 10 of this report, the Stadium Authority was awarded additional rent revenue in the 2018/19 Fiscal Year as a result of the rent reset arbitration. This additional revenue will be transferred to the debt service fund per the Amended and Restated Stadium Lease Agreement to be used to prepay the StadCo Subordinated Loan.

Therefore staff is requesting a debt service budget adjustment in the amount of \$1.3 million to account for this additional transfer in from the operating fund and the additional payment on the StadCo Subordinated Loan.

Additional details regarding the debt service budget adjustment are shown in Table 9.

Table 9

## **Santa Clara Stadium Authority 2018/19 Debt Service Budget Adjustment**

	2018/19 Fiscal Year		
	Budget	Adjustments	Final Budget
<b>Resources</b>			
<b>Revenues</b>			
Contribution from CFD	3,600,000	-	3,600,000
<b>Revenues Subtotal</b>	<b>3,600,000</b>	<b>-</b>	<b>3,600,000</b>
Transfers In from Operating	49,314,000	1,310,000	50,624,000
Contribution from Fund Balance	4,653,000	-	4,653,000
<b>Total Resources</b>	<b>57,567,000</b>	<b>1,310,000</b>	<b>58,877,000</b>
<b>Expenses</b>			
CFD Advance	3,600,000	-	3,600,000
Term A Loan	25,644,000	-	25,644,000
StadCo Subordinated Loan	28,323,000	1,310,000	29,633,000
<b>Total Expenses</b>	<b>57,567,000</b>	<b>1,310,000</b>	<b>58,877,000</b>
Debt Service Reserve	11,536,235	11,536,235	11,536,235

### ***Capital Improvement Project Budget***

As part of the CapEx plan the following projects were underway during the current reporting period:

- Concrete Masonry Unit (CMU) Wall Build
- Fire Sprinkler System
- Public Safety Equipment
- Stadium Field Conduits
- Hotwater Additions for Sump Pump
- Flag Poles

A total of \$347,000 has been spent in the first quarter of the 2018/19 Fiscal Year which amounts to 4% of the budget.

Additional details are shown below in Table 10.

Table 10

# Santa Clara Stadium Authority

## CIP Budget Status Report

For the Period Ending June 30, 2018 and 2017

	Period Ending June 30, 2018					Period Ending June 30, 2017			
	Final Budget	Q1 Actuals	YTD Actuals	Balance	% Received	Final Budget	YTD Actuals	Balance	% Received
<b>Beginning Balances</b>	\$ 12,358,833	\$ 12,718,700	\$ 12,718,700			\$ 8,528,701	\$ 8,887,218		
<b>Resources</b>									
Transfers In from Operating Budget	3,377,000	-	-	3,377,000	0%	3,183,000	-	3,183,000	0%
Transfers from Stadium Development	-	-	-	-	N/A	-	-	-	0%
<b>Total Resources</b>	<b>15,735,833</b>	<b>12,718,700</b>	<b>12,718,700</b>	<b>3,377,000</b>	<b>81%</b>	<b>11,711,701</b>	<b>8,887,218</b>	<b>3,183,000</b>	<b>76%</b>
	Final Budget	Q1 Actuals	YTD Actuals	Balance	% Used	Final Budget	YTD Actuals	Balance	% Used
	Final Budget	Q1 Actuals	YTD Actuals	Balance	% Used	Final Budget	YTD Actuals	Balance	% Used
<b>Expenses</b>									
Construction	4,720,923	278,907	278,907	4,442,016	6%	1,766,517	186,551	1,579,966	11%
Equipment	1,210,000	65,000	65,000	1,145,000	5%	1,022,000	-	1,022,000	0%
Contingency	296,546	3,250	3,250	293,296	1%	122,000	-	122,000	0%
Stadium Warranty Related Construction	1,653,270	-	-	1,653,270	0%	-	-	-	0%
<b>Total Expenses</b>	<b>7,880,739</b>	<b>347,157</b>	<b>347,157</b>	<b>7,533,582</b>	<b>4%</b>	<b>2,910,517</b>	<b>186,551</b>	<b>2,723,966</b>	<b>6%</b>
<b>Ending Balances</b>	<b>\$ 7,855,094</b>	<b>\$ 12,371,543</b>	<b>\$ 12,371,543</b>			<b>\$ 8,801,184</b>	<b>\$ 8,700,667</b>		

### Capital Improvement Project Budget - Adjustment

As mentioned on page 2 of this report, at the end of the 2017/18 Fiscal Year there were certain CapEx projects that were still in progress. As part of the 2018/19 budget process, these projects were anticipated to be completed and as a result were not included as a carryforward in the 2018/19 budget. Table 11 outlines the projects that need to be carried forward.

Table 11

### Santa Clara Stadium Authority 2017/18 CIP Budget Carryforward

	2017/18	2017/18	2018/19
			Additional
2017/18 Capital Expense Projects	Budget	Actuals	Carryforward
			Request
Temporary Power Installation for Special Events	\$ 50,000		\$ 50,000
Fire Sprinkler System	300,000	\$ 220,508	79,492
Install LED Lighting at 700 North Concourse	25,000		25,000
<b>Total</b>	<b>\$ 375,000</b>	<b>\$ 220,508</b>	<b>\$ 154,492</b>

The adjustment noted in Table 12 is being proposed in order to carryforward the balance of the three projects noted above.

Table 12

### Santa Clara Stadium Authority 2018/19 CIP Budget Adjustment

2018/19 Fiscal Year			
	Budget	Adjustments	Final Budget
<b>Beginning Balances</b>	<b>\$ 12,358,833</b>		<b>\$ 12,358,833</b>
<b>Resources</b>			
Transfers In from Operating Budget	3,377,000	-	3,377,000
Transfers from Stadium Development	-	-	-
<b>Total Resources</b>	<b>15,735,833</b>	<b>-</b>	<b>15,735,833</b>
<b>Expenses</b>			
Construction	4,720,923	154,492	4,875,415
Equipment	1,210,000	-	1,210,000
Contingency	296,546	-	296,546
Stadium Warranty Related Construction	1,653,270	-	1,653,270
<b>Total Expenses</b>	<b>7,880,739</b>	<b>154,492</b>	<b>8,035,231</b>
<b>Ending Balances</b>	<b>\$ 7,855,094</b>	<b>\$ (154,492)</b>	<b>\$ 7,700,602</b>

## **City of Santa Clara Net General Fund Impact**

There were no contributions to the General Fund in the current reporting period. This is due to the timing of when the ground rent is paid and the performance rent is calculated. Additionally the Senior and Youth fee and the Tasman lots parking fee are both related to NFL games of which there were none in the first quarter. This section of the report also provides information on General Fund revenue and expenditure impacts resulting from the stadium.

### ***Public Safety and Administrative Cost Reimbursement***

As described in earlier sections of this report, costs incurred by the City on NFL and non-NFL events are tracked and billed to the Stadium Manager. Reimbursement is monitored and included in this report. A total of \$690,000 in public safety costs were incurred in support of non-NFL events that were held at Levi's Stadium in the current reporting period, all of which have been reimbursed to the City. These reimbursements came from a combination of payments from the Stadium Manager, and the offsite parking fees that were collected.

In addition to public safety costs, overall administrative costs are also tracked and billed to the Stadium Authority. These include the cost of providing overall stadium management, financial, human resource, legal, and other services to the Stadium Authority. In the first quarter of the 2018/19 fiscal year a total of \$149,000 of administrative costs were incurred by the General Fund, which have been reimbursed to the City.

### ***Rents and Senior and Youth Fee***

As noted above the City's General Fund did not collect any rents or Senior and Youth fees in the current reporting period.

### ***Other Revenue Impacts***

General Fund sales tax, property tax, and transient occupancy tax (TOT) collections have benefited from the direct and indirect economic activity related to stadium events.

Food and beverage concession sales and merchandise sales at Levi's Stadium are taxable resulting in sales tax revenue for the City. The last four quarters of sales tax collections from Levi's Stadium transactions generated \$479,000 for the City's General Fund. In addition to the direct sellers at the stadium, other businesses in Santa Clara are benefiting from the influx of people coming into town to attend one or more events at Levi's Stadium, resulting in potentially more sales tax collections for the General Fund.

In accordance with State Law, StadCo must pay possessory interest property tax based on their lease of Levi's Stadium from the Stadium Authority. This revenue is collected by the county and placed into the Redevelopment Property Tax Trust Fund (RPTTF). Amounts remaining in the RPTTF after paying any enforceable obligations of the

Successor Agency are distributed to taxing entities in the same proportion as secured property taxes. The City's proportion is approximately 10%.

Many stadium events bring travelers into the region resulting in hotel stays which generate TOT collections for the City's General Fund. Although it is impossible to say exactly what portion of the City's TOT collections is due to the stadium, it is clear that hotels both inside and outside the City have benefited, resulting in increases in TOT tax collections in Santa Clara and in our neighboring cities.

## Glossary

This section of the report provides details behind key terms that are used in the body of this report.

**Discretionary Fund** – The Amended and Restated Stadium Lease Agreement describes the non-NFL event ticket surcharge which is imposed by the Stadium Authority. All promoters or sponsors of ticketed non-NFL events are required to collect a non-NFL ticket surcharge of \$4 per ticket on behalf of the Stadium Authority. One-half of these proceeds are used to cover Stadium Authority operating and maintenance costs. The other one-half of the proceeds are deposited in the Stadium Authority's discretionary fund. If at any time the discretionary fund balance exceeds \$1 million, then in consultation with the Stadium Manager, the Stadium Authority will determine if provision has been made for replacement and improvement of capital improvements contemplated under the public safety plan. If not, then funds will be reserved in the discretionary fund for such purposes. If adequate provision has been made for these items and the balance of the discretionary fund still exceeds \$1 million, then up to half of the amount over \$1 million can be transferred to the General Fund, in which event an equal amount will also be transferred from the discretionary fund to the Stadium Authority operating fund and will be included as revenue available to pay Stadium Authority expenses.

**Ground Lease** – The Ground Lease Agreement has an initial term of 40 years commencing on the date of substantial completion which was July 31, 2014. The amount of annual base ground rent that is payable by the Stadium Authority to the City is noted in the chart below.

Lease Year(s)	Annual Fixed Ground Rent
1	\$180,000
2	\$215,000
3	\$250,000
4	\$285,000
5	\$320,000
6	\$355,000
7	\$390,000
8	\$425,000
9	\$460,000
10	\$495,000
11-15	\$1,000,000
16-20	\$1,100,000
21-25	\$1,200,000
26-30	\$1,300,000
31-35	\$1,400,000
36-40	\$1,500,000



**Net non-NFL Event Revenue** – Net non-NFL event revenue is remitted by the Stadium Manager to the Stadium Authority on a yearly basis. This is done annually because the final reconciliation of the non-NFL event revenues and expenses does not occur until after the conclusion of each fiscal year.

In the 2018/19 fiscal year the Stadium Authority budgeted the non-NFL event activity at gross, budgeting for revenue and expenses separately. In the prior fiscal years that activity was budgeted as a net amount.

**NFL Event Public Safety Costs Threshold** – The Amended and Restated Stadium Lease Agreement (Lease Agreement) describes the public safety costs threshold for the first three years of the Lease term. The public safety costs threshold was set at \$170,000 per NFL game in the first year of stadium operations (fiscal year 2014/15). The threshold increased by 4% each year. The Stadium Authority has requested meetings with StadCo to “meet and confer” over the public safety costs, as required by the Lease Agreement, to address these expenditures. At the time of drafting this report, discussions are ongoing with the final outcome pending.

**NFL Ticket Surcharge** – The Amended and Restated Non-Relocation Agreement states that the Team will collect a 10% NFL ticket surcharge on the price of admission to all NFL games on behalf of Stadium Authority.

**Non-NFL Event Ticket Surcharge** – The Stadium Lease Agreement requires that the promoter or sponsor of any non-NFL event collect a non-NFL event ticket surcharge of \$4 per ticket. The Lease Agreement sets aside one-half of the non-NFL ticket surcharge for stadium operating and maintenance costs and one-half for discretionary expenses of the Stadium Authority.

**Offsite Parking Fees** – Parking lot operators who wish to operate a parking lot for sports or entertainment venues are required to go through the City’s permitting process. If approved, per the City’s Municipal Fee Schedule, these operators remit an offsite parking fee for each car that is parked for sports or entertainment events. This fee is designed to recover the public safety costs associated with these permitted offsite parking lots. Therefore, when invoicing for NFL or non-NFL public safety costs for a particular event held at Levi’s Stadium, the offsite parking fee that is collected for said event partly offsets the total public safety costs owed for that event. In the City’s 2017/18 fiscal year (July 1, 2017 through June 30, 2018) the offsite parking fee was \$5.42 and it increased to \$5.63 in the City’s 2018/19 Fiscal Year.

**Performance-Based Rent** - The Amended and Restated Stadium Lease Agreement and the Ground Lease Agreement both describe the performance-based rent that is due to the City. (It is calculated as 50% of the net income from non-NFL events less performance-based rent credits. The performance-based rent credits include 50% of the fixed ground rent for the current lease year.)

**Public Safety Costs** – For each NFL and non-NFL event held at Levi's Stadium, a public safety plan is developed and implemented. Costs associated with public safety include staffing, materials, and supplies in the Police, Fire, and Public Works Departments. The services are provided through a combination of City General Fund staff and outside contracts that the Police Department has with other agencies including the California Highway Patrol, County Sheriff's Office, and City of Sunnyvale.

The Amended and Restated Stadium Lease Agreement section 7.5 states that the tenant is responsible for reimbursing the City for the public safety costs attributed to NFL events at Levi's Stadium. Additionally, Article 5 of the Stadium Management Agreement notes that the Stadium Manager is responsible for paying non-NFL event expenses on behalf of the Stadium Authority. Therefore the cost of providing public safety services are tracked through the City's financial system and invoices are sent to the Stadium Manager. All of these costs are reimbursed to the City of Santa Clara.

**Senior and Youth Program Fees** – The Amended and Restated Stadium Lease Agreement between the Stadium Authority and the Forty Niners SC Stadium Company LLC (StadCo) require that StadCo collect a Senior and Youth Program Fee of \$0.35 per NFL ticket sold on behalf of the Stadium Authority. The Stadium Authority then remits this fee to the City as additional rent to support senior and youth programs in the City per section 8.2 of the Ground Lease Agreement between the City and the Stadium Authority.

**Stadium Management Fee** – The Stadium Manager receives an annual base management fee to manage Levi’s Stadium. The fee was \$400,000 in the first lease year and increases by 3% annually as detailed in the table below. This annual base management fee is split 50/50 between StadCo and the Stadium Authority since the Stadium Manager manages the stadium year-round for both entities. In addition to the base management fee, the Stadium Manager also receives a stadium marketing and booking fee (incentive fee) which is based on a percentage of the amount that the net income from non-NFL events exceeds the marketing and booking fee benchmark. The marketing and booking fee benchmark was \$5 million in the first lease year and also increases by 3% annually as detailed in the table below. The annual stadium management fee for each of the first ten lease years are noted in the chart below.

<b>Fiscal Year</b>	<b>Lease Year</b>	<b>Annual Base Stadium Management Fee (SCSA Share)</b>	<b>Stadium Marketing and Booking Fee Benchmark</b>	<b>Net Income from Non-NFL Events</b>	<b>Additional Stadium Marketing and Booking Fee</b>	<b>Total Stadium Management Fee</b>
2014/15	1	\$ 200,000	\$ 5,000,000	\$5,207,553	\$ 10,378	\$ 210,378
2015/16	2	206,000	5,150,000	6,079,016	46,451	252,451
2016/17	3	212,180	5,304,500	5,316,894	620	212,800
2017/18	4	218,545	5,463,635	5,163,329	-	218,545
2018/19	5	225,102	5,627,544	To be determined		
2019/20	6	231,855	5,796,370			
2020/21	7	238,810	5,970,261			
2021/22	8	245,975	6,149,369			
2022/23	9	253,354	6,333,850			
2023/24	10	260,955	6,523,866			

**Tasman Lots Parking Fees** – The City collects a fee of \$5 per space for all cars that are parked on the Tasman surface lots during NFL events.