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Santa Clara Stadium Authority

SANTA CLARA STADIUM AUTHORITY FINANCIAL STATUS REPORT

Quarter Ending December 31, 2018



April 30, 2019

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Introduction

This Santa Clara Stadium Authority (“Stadium Authority”) Financial Status Report provides information covering the first three quarters of the Stadium Authority’s Fiscal Year 2018/19 which ended on December 31, 2018. Comparative data from prior fiscal years is also included.

In addition to these quarterly reports, the Stadium Authority produces annual financial statements within six months of fiscal year-end. The 2017/18 financial statements were audited by an external audit firm and presented to the Stadium Authority’s Audit Committee on August 27, 2018 and the Stadium Authority Board (“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 each fiscal year. The FY 2018/19 budget was adopted on March 27, 2018. The proposed FY 2019/20 budget was considered at a study session on March 19, 2019 and adopted by the Board on March 27, 2019.

Staff is requesting specific adjustments to the Operating and Debt Service budgets as a result of (1) the final rent reset arbitration award; (2) projected increase in Stadium Builder License (“SBL”) proceeds; (3) projected increase in contributions from the Community Facilities District (“CFD”); and (4) activity related to the College Football Playoff National Championship (“CFP”), explained on pages 15-16 and 21 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 (“ManagementCo”) or the Stadium Authority are fully reimbursed.

It is important to note that at the request of the 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.

NFL Events

This section provides fiscal year to date and comparative data for National Football League (“NFL”) games categorized as pre-season and regular season games.

The San Francisco Forty-Niners (“49ers”) played a total of ten NFL games (two pre-season games and eight regular season games) at Levi’s® Stadium as of December 31, 2018. There were a total of 651,237 tickets sold to these NFL games, an average of 65,124 per game. This is up by 8,048 or 1.3% when compared to the same period in the prior fiscal year. The ticket sales resulted in \$8.1 million in NFL ticket surcharge revenue (10% of ticket sales) to the Stadium Authority. The average NFL ticket surcharge revenue was \$808,000 per game in the current year which is up by \$27,000 or 3.5% from the same period in the prior fiscal year. A total of \$228,000 of Senior and Youth Program Fees, or \$0.35 per NFL ticket sold, were collected through the end of the third quarter of the fiscal year. These fees were transferred to the City’s General Fund in support of such programs.

A total of 56,390 cars were parked in the permitted offsite parking lots generating \$317,000 in offsite parking fees. The Tasman lot parking fee generated \$24,000 for the General Fund through the end of the third quarter of the fiscal year. The overall number of cars parked in the permitted offsite lots and the Tasman lots went up by 1,482 or 2.5% when compared to the prior fiscal year.

There was \$2.9 million of NFL event public safety costs in the current reporting period which is an increase of \$485,000 or 20.3% when compared to the prior year. This increase is primarily due to increases in negotiated salary and benefits costs for the various agencies providing public safety services when compared to the prior year as well as the additional costs for providing the appropriate level of public safety services for each game. Of the \$2.9 million, NFL event public safety costs of \$2.2 million or 75.4% are direct City costs and \$707,000 or 24.6% are outside agency costs. Of the total NFL event public safety costs \$317,000 were covered by the offsite parking fees and the remaining \$2.6 million were invoiced to the ManagementCo. ManagementCo has paid all NFL public safety costs except one invoice in the amount of \$2,000 which will be due on April 27, 2019.

Statistics for the NFL games held at Levi’s® Stadium in the first three quarters of FY 2018/19 are shown in Table 1 and comparative data from all five years of operations can be found in Table 2.

Table 1
Levi's® Stadium
2018/19 NFL Event Statistics
As of December 31, 2018

	Game 1 vs Cowboys 08/09/18	Game 2 vs Chargers 08/30/18	Game 3 vs Lions 09/16/18	Game 4 vs Cardinals 10/07/18	Game 5 vs Rams 10/21/18	Game 6 vs Raiders 11/01/18	Game 7 vs Giants 11/12/18	Game 8 vs Broncos 12/09/18	Game 9 vs Seahawks 12/16/18	Game 10 vs Bears 12/23/18	2018/19 YTD Total
No. of Tickets Sold	63,679	60,106	67,055	65,099	63,795	66,562	65,795	65,702	65,118	68,326	651,237
NFL Ticket Surcharge	\$ 568,799	\$ 547,854	\$ 615,682	\$ 587,555	\$ 829,137	\$ 1,683,019	\$ 728,618	\$ 830,940	\$ 827,713	\$ 857,194	\$ 8,076,510
Senior/Youth Program Fees	\$ 22,288	\$ 21,037	\$ 23,469	\$ 22,785	\$ 22,328	\$ 23,297	\$ 23,028	\$ 22,996	\$ 22,791	\$ 23,914	\$ 227,933
Cars Parked at Offsite Lots	5,103	3,028	6,899	5,707	5,415	6,689	5,864	5,610	5,385	6,690	56,390
City Offsite Parking Fee	\$ 28,730	\$ 17,048	\$ 38,841	\$ 32,130	\$ 30,486	\$ 37,659	\$ 33,014	\$ 31,584	\$ 30,318	\$ 37,665	\$ 317,476
Cars Parked on Tasman Lots	456	346	442	468	533	605	534	407	434	504	4,729
City Tasman Lot Parking Fee	\$ 2,280	\$ 1,730	\$ 2,210	\$ 2,340	\$ 2,665	\$ 3,025	\$ 2,670	\$ 2,035	\$ 2,170	\$ 2,520	\$ 23,645
Stadium Public Safety Costs	\$ 260,102	\$ 222,788	\$ 249,818	\$ 267,128	\$ 248,290	\$ 497,903	\$ 274,321	\$ 283,240	\$ 284,858	\$ 284,767	\$ 2,873,214
Less: Offsite Parking Fee Credit	\$ (28,730)	\$ (17,048)	\$ (38,841)	\$ (32,130)	\$ (30,486)	\$ (37,659)	\$ (33,014)	\$ (31,584)	\$ (30,318)	\$ (37,665)	\$ (317,476)
Reimbursable Stadium Public Safety Costs	\$ 231,372	\$ 205,740	\$ 210,976	\$ 234,998	\$ 217,803	\$ 460,244	\$ 241,306	\$ 251,656	\$ 254,541	\$ 247,102	\$ 2,555,739
Amount Reimbursed	\$ 231,352	\$ 205,726	\$ 210,976	\$ 234,998	\$ 217,803	\$ 460,144	\$ 241,306	\$ 251,194	\$ 253,721	\$ 246,269	\$ 2,553,490

Table 2
Levi's® Stadium
Historical NFL Event Statistics

	2014/15 Q3 Total	2015/16 Q3 Total	2016/17 Q3 Total	2017/18 Q3 Total	2018/19 Q3 Total
No. of NFL Events	10	9	9	10	10
No. of Tickets Sold	682,095	602,268	588,794	643,189	651,237
NFL Ticket Surcharge	\$ 8,366,290	\$ 7,448,271	\$ 7,403,778	\$ 7,806,190	\$ 8,076,510
Senior/Youth Program Fees	\$ 238,734	\$ 210,794	\$ 206,078	\$ 225,116	\$ 227,933
Cars Parked at Offsite Lots	90,024	51,375	61,310	54,107	56,390
City Offsite Parking Fee	\$ 442,919	\$ 260,985	\$ 321,264	\$ 293,260	\$ 317,476
Cars Parked on Tasman Lots	4,983	6,184	4,653	5,530	4,729
Cars Parked on Golf Course	233,306	18,823	-	-	-
City Tasman Lot and Golf Course Parking Fee	\$ 141,445	\$ 125,035	\$ 23,265	\$ 27,650	\$ 23,645
Stadium Public Safety Costs	\$ 2,414,028	\$ 2,092,697	\$ 2,497,858	\$ 2,388,347	\$ 2,873,214
Golf Course Public Safety Costs	\$ 180,766	\$ 71,000	\$ -	\$ -	\$ -
Subtotal Event Public Safety Costs	\$ 2,594,794	\$ 2,163,698	\$ 2,497,858	\$ 2,388,347	\$ 2,873,214
Less: Offsite Parking Fee Credit	\$ (442,919)	\$ (260,985)	\$ (321,264)	\$ (293,260)	\$ (317,476)
Reimbursable Stadium Public Safety Costs	\$ 2,151,875	\$ 1,902,713	\$ 2,176,593	\$ 2,095,087	\$ 2,555,738
Amount Reimbursed	\$ 2,151,875	\$ 1,902,713	\$ 2,176,593	\$ 2,095,087	\$ 2,553,490

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 290,341 tickets sold for the 11 ticketed Non-NFL Events with 312,551 total attendees. This resulted in \$1.2 million Non-NFL Event ticket surcharge revenue (\$4 per ticket). This is a decrease in ticket surcharge revenue of \$117,000 or 9.1% over the same period in the prior year. The reason for the decrease is lower volume of ticket sales to the Non-NFL Events in the current period.

There were also 87 smaller special events held at Levi's® Stadium which is very similar to the same period in the prior fiscal year (84). However the attendance at these events went down from 51,928 in the prior year to 32,593 in the current year, a 37.2% decrease. Examples of these special events include corporate events of various sizes, weddings, holiday parties, high school dances, etc.

The number of cars parked at the permitted offsite parking lots saw a small increase when compared to the prior year. There were 26,041 cars parked at these offsite lots, a 1.2% increase from the previous year. The City received \$144,000 in related offsite parking fees.

Total Non-NFL Event public safety costs were \$1.9 million, an increase of \$347,000 or 21.6% from the prior year. The main reason for this increase is due to an overall increase in deployment in order to provide the appropriate public services to support events at the Stadium and increases in negotiated salary and benefit costs. The offsite parking fee for this period is \$144,000, and the Stadium Authority invoiced ManagementCo for the remaining \$1.8 million. There are currently three invoices totaling \$334,000 outstanding, two of which are past due (\$27,000 was due on March 7, 2019 and \$306,000 was due on March 22, 2019).

Statistics for the 11 Non-NFL ticketed events and 87 special events are shown in Table 3 and comparative data from all five years of operations are shown in Table 4.

Table 3
Levi's® Stadium
2018/19 Non-NFL Event Statistics
As of December 31, 2018

	Wedding Fair 04/22/18	Monster Jam 04/28/18	Taylor Swift Concert I 05/11/18	Taylor Swift Concert II 05/12/18	Earthquakes Soccer Match 07/22/18	Champions Cup Soccer Match 08/04/18	High School Football 09/21/18	OTR II Concert (Beyonce & Jay-Z) 09/29/18	SJSU vs Army Football 10/13/18	Pac-12 Football 11/30/18	Redbox Bowl 12/31/18	2018/19 Q1-Q3 Special Events	2018/19 YTD Total
No. of Scanned Attendees ⁽¹⁾		37,294	49,802	52,074	29,342	44,922	3,701	48,806		24,023	22,587	-	312,551
No. of Tickets Sold	473	35,302	29,333	50,503	22,281	43,393	3,802	47,235	4,005	24,530	29,484	-	290,341
Non-NFL Ticket Surcharge	\$ 1,892	\$ 141,208	\$ 117,332	\$ 202,012	\$ 89,124	\$ 173,572	\$ 15,208	\$ 188,940	\$ 16,020	\$ 98,120	\$ 117,936	\$ -	\$ 1,161,364
No. of Non-NFL Special Events												87	87
Non-NFL Special Event Attendees												32,593	32,593
Cars Parked at Offsite Lots	-	3,719	2,196	4,580	2,698	4,641	-	4,504	58	1,787	1,858	-	26,041
City Offsite Parking Fee	\$ -	\$ 20,157	\$ 11,902	\$ 24,824	\$ 15,190	\$ 26,129	\$ -	\$ 25,358	\$ 327	\$ 10,061	\$ 10,461	\$ -	\$ 144,407
Stadium Public Safety Costs	\$ -	\$ 209,965	\$ 239,202	\$ 234,710	\$ 184,729	\$ 202,005	\$ 8,007	\$ 231,608	\$ 40,474	\$ 227,376	\$ 317,992	\$ 52,527	\$ 1,948,594
Less: Offsite Parking Fee Credit	\$ -	\$ (20,157)	\$ (11,902)	\$ (24,824)	\$ (15,190)	\$ (26,129)	\$ -	\$ (25,358)	\$ (327)	\$ (10,061)	\$ (10,461)	\$ -	\$ (144,407)
Reimbursable Public Safety Costs	\$ -	\$ 189,808	\$ 227,300	\$ 209,886	\$ 169,539	\$ 175,876	\$ 8,007	\$ 206,251	\$ 40,147	\$ 217,316	\$ 307,531	\$ 52,527	\$ 1,804,187
Amount Reimbursed	\$ -	\$ 189,808	\$ 227,267	\$ 209,886	\$ 169,539	\$ 175,876	\$ 8,007	\$ 206,194	\$ 40,147	\$ 209,741	\$ -	\$ 33,237	\$ 1,469,701

⁽¹⁾ The number of scanned attendees was not provided by ManagementCo for the Wedding Fair that was held on April 22, 2018 nor the San Jose State College Football game held on October 13, 2018. It is also important to note that the difference between tickets sold and scanned attendees is not a clear indicator of how many tickets were given away because some tickets are never used (i.e. some individuals with tickets do not show up to the event).

Table 4
Levi's® Stadium
Historical Non-NFL Event Statistics

	2014/15 Q3 Total	2015/16 Q3 Total	2016/17 Q3 Total	2017/18 Q3 Total	2018/19 Q3 Total
No. of non-NFL Ticketed Events	7	15	17	11	11
No. of Tickets Sold	248,591	623,687	579,059	319,580	290,341
Non-NFL Ticket Surcharge	\$ 916,656	\$ 2,455,816	\$ 2,316,236	\$ 1,278,320	\$ 1,161,364
No. of Non-NFL Special Events	138	171	101	84	87
Non-NFL Special Event Attendees	42,808	97,747	43,526	51,928	32,593
Cars Parked at Offsite Lots	16,054	55,720	60,969	25,741	26,041
City Offsite Parking Fee	\$ 78,986	\$ 278,703	\$ 313,978	\$ 138,087	\$ 144,407
Cars Parked on Golf Course	8,566	21,572	9,562	-	-
City Golf Course Parking Fee	\$ 42,830	\$ 107,860	\$ 47,810	\$ -	\$ -
Stadium Public Safety Costs	\$ 1,217,852	\$ 3,003,358	\$ 2,938,082	\$ 1,601,824	\$ 1,948,594
Golf Course Public Safety Costs	\$ 64,618	\$ 119,842	\$ 39,905	\$ -	\$ -
Subtotal Event Public Safety Costs	\$ 1,282,469	\$ 3,123,200	\$ 2,977,987	\$ 1,601,824	\$ 1,948,594
Less: Offsite Parking Fee Credit	\$ (78,986)	\$ (278,703)	\$ (313,978)	\$ (138,087)	\$ (144,407)
Reimbursable Public Safety Costs	\$ 1,203,483	\$ 2,844,497	\$ 2,664,009	\$ 1,463,737	\$ 1,804,187
Amount Reimbursed	\$ 1,203,483	\$ 2,844,497	\$ 2,664,009	\$ 1,463,737	\$ 1,469,701

Discretionary Fund

The Discretionary Fund is funded by revenue equal to 50% of the Non-NFL Ticket Surcharge of \$4 per event. The 11 ticketed Non-NFL Events contributed \$581,000 to the Discretionary Fund in the current reporting period, and \$89,000 was spent on various contractual service agreements. Table 5 shows the revenues and expenses in the discretionary fund since FY 2014/15. The current balance is \$1.8 million.

Table 5

Discretionary Fund - Accrual Basis				
Fiscal Year	Beginning Balance	Revenue	Expenses	Ending Balance
2014/15	\$ -	\$ 715,770	\$ 714,028	\$ 1,742
2015/16	1,742	1,238,542	699,129	541,155
2016/17	541,155	1,164,698	1,209,342	496,511
2017/18	496,511	768,564	-	1,265,075
2018/19	1,265,075	580,682	89,402	1,756,355

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 4% annual increase. Any NFL public safety costs that exceed the annual cap have been funded by transfers from the Stadium Authority “Discretionary Fund”.

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.

Stadium Builder Licenses

The total principal value of currently active Stadium Builder Licenses (“SBLs”) is \$531.5 million and, as of December 31, 2018, 80.1% of the total principal value of all SBLs sold (i.e., \$425.8 million) had been collected.

SBL holders that finance their purchase pay an annual interest rate of 8.5% and payments are due by March 1st 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 ManagementCo 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 60,177 currently active SBLs, or 91.3% of the 65,877 total sellable SBL seats. This is down by 290 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 sale of new SBLs and (2) the net increase related to the customer seat relocation program. The 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, 545 SBLs were sold for a total face value of \$3.6 million. The customer seat relocation program resulted in an increase of \$1.2 million to the SBL face value, while netting 206 more SBLs. There were also 1,040 SBLs defaulted during the same period with a total face value of \$6.3 million.

Additional details regarding currently active SBLs are noted in Table 6.

Table 6
Santa Clara Stadium Authority
Currently Active Stadium Builder License (SBL) Summary ⁽¹⁾

Through December 31, 2018

Seat Value	SBL Seats Available	SBL Seats Sold as of 3/31/18	New SBL Sales	Net SBL Relocations	SBL Defaults	Other ⁽²⁾	SBL Seats Sold	SBL Value	SBL Collected	% SBL Principal Collected
141,392	98	98	-	-	-	-	98	\$ 13,856,398	\$ 11,135,365	80.4%
80,000	938	928	6	2	(6)	-	930	74,400,000	61,821,349	83.1%
40,000	2	2	-	-	-	-	2	80,000	58,343	72.9%
30,000	4,869	4,596	16	(13)	(37)	-	4,562	136,860,000	114,152,112	83.4%
20,000	3,397	2,973	7	17	(36)	-	2,961	59,220,000	48,237,613	81.5%
15,000	7	7	-	-	-	-	7	105,000	56,923	54.2%
12,000	2,167	2,103	32	(4)	(16)	-	2,115	25,380,000	20,601,073	81.2%
10,000	7	8	-	-	-	(1)	7	70,000	54,698	78.1%
6,000	20,623	20,177	198	235	(320)	-	20,290	121,740,000	91,352,865	75.0%
5,000	14,301	13,292	120	(62)	(201)	-	13,149	65,745,000	51,138,748	77.8%
4,000	917	913	1	5	-	-	919	3,676,000	3,176,873	86.4%
3,000	94	96	-	-	(2)	-	94	282,000	199,671	70.8%
2,500	45	46	-	-	(1)	-	45	112,500	83,435	74.2%
2,000	18,373	15,186	165	26	(418)	-	14,959	29,918,000	23,742,896	79.4%
1,000	39	42	-	-	(3)	-	39	39,000	29,138	74.7%
Total	65,877	60,467	545	206	(1,040)	(1)	60,177	\$ 531,483,898	\$ 425,841,102	80.1%
									44,257,994	
									\$ 470,099,096	

Plus: Interest on financed SBLs 44,257,994
Total Principal & Interest \$ 470,099,096

⁽¹⁾ This table does not include \$20.1 million that has been collected life-to-date from defaulted SBL holders.

⁽²⁾ This change was the result of a SBL system reconciliation in the current year.

Santa Clara Stadium Authority Budget Status Reports

Operating Budget

With three quarters of the Fiscal Year complete, total operating revenues for the current reporting period were \$42.8 million, representing 32% of the overall budget for revenues. The primary reason that revenue is below 75% is because Non-NFL Event revenue, which makes up 47% of the total revenue budget, is recorded at the end of the fiscal year in accordance with Article 5 of the Stadium Management Agreement. In January 2019, ManagementCo provided the Stadium Authority with an estimated Net Non-NFL Event Revenue amount of \$750,000 for events held in the current FY 2018/19. Upon receipt of this information, staff requested that ManagementCo provide supporting documentation, given that the fiscal trend information and documentation provided to date did not support this revised net revenue, and ManagementCo has not provided staff with the supporting documentation to determine how such a low value was calculated when compared to prior years. As such, once the event information is received and validated, a budget adjustment may be required if gross Non-NFL expenses are determined to be higher than budget. This due diligence will need to be completed in FY 2019/20 and does not assume a budget adjustment in this proposed budget.

Stadium rent earned from StadCo totaled \$19.6 million. During the current reporting period, the Stadium Authority also collected \$9.4 million in SBL proceeds or 36% of budget. All SBL proceeds are transferred to the debt service fund per applicable loan agreements. The Non-NFL Event ticket surcharge amounted to \$1.2 million or 65% of the budget.

Total operating expenses were \$33 million, or 25% of the annual budget. Similar to operating revenue, the primary reason that total expenses are below 75% 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 73% or \$8.2 million of the \$11.2 million budgeted amount and SBL Sales & Service expenses were 76% of the budget or \$1.8 million. The Stadium Authority pays for all utility costs from February 1st through July 31st and the tenant (StadCo) pays for utility costs from August 1st through January 31st (Tenant Season). The current reporting period covers 67% of the months (four) that the Stadium Authority is responsible for utility costs. Therefore, utility costs are 70% of the budget for the first three quarters, or \$1.1 million. Transfers-out amounted to \$20.2 million. Lastly, Stadium Authority G&A costs were \$945,000 or 56% of the budget.

Overall, the Stadium Authority operating fund ended the third quarter with a fund balance of \$32.6 million, an increase of \$9.9 million or 43% over the nine months

ending December 31, 2018. This is the result of revenues being received faster than expenses are incurred; as noted on page 12, total revenues are currently at 32% of the total budget whereas expenses are only at 25% of budget. Included in that amount is a \$10.9 million operating reserve and \$1.8 million in the discretionary fund.

Additional details are shown in Table 7.

Table 7
Santa Clara Stadium Authority
Operating Budget Status Report
For the Period Ending December 31, 2018 and 2017

	Period Ending December 31, 2018							Period Ending December 31, 2017			
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Resources											
Revenues											
NFL Ticket Surcharge	\$ 8,031,000	\$ -	\$ 1,732,335	\$ 6,344,175	\$ 8,076,510	\$ (45,510)	101%	\$ 8,258,000	\$ 7,806,190	\$ 451,810	95%
SBL Proceeds	26,156,000	7,395,026	1,699,686	316,223	9,410,935	16,745,065	36%	28,056,000	7,822,277	20,233,723	28%
Interest	794,000	165,737	220,492	255,399	641,628	152,372	81%	280,000	274,853	5,147	98%
Non-NFL Event Revenue	62,147,000	-	-	-	-	62,147,000	0%	-	-	-	N/A
Net Revenues from Non-NFL Events	-	-	-	-	-	-	N/A	10,768,135	5,316,894	5,451,241	49%
Naming Rights	6,558,000	-	-	3,230,211	3,230,211	3,327,790	49%	6,366,000	3,136,127	3,229,874	49%
Sponsorship Revenue (STR)	545,000	143,453	81,250	81,250	305,953	239,047	56%	406,000	257,540	148,460	63%
Rent	25,810,000	6,125,001	7,303,999	6,190,500	19,619,500	6,190,500	76%	24,500,000	16,875,000	7,625,000	69%
Senior & Youth Program Fees	230,000	-	66,794	161,139	227,933	2,067	99%	231,000	225,116	5,884	97%
Non-NFL Event Ticket Surcharge	1,800,000	460,552	466,844	233,968	1,161,364	638,636	65%	2,000,000	1,020,568	979,432	51%
Bay Area Host Committee Reimbursement	-	-	107,325	63,011	170,336	(170,336)	N/A	-	-	-	N/A
Other Revenue	-	-	1,686	-	1,686	(1,686)	N/A	-	-	-	N/A
Revenues Subtotal	\$ 132,071,000	\$ 14,289,768	\$ 11,680,411	\$ 16,875,875	\$ 42,846,055	\$ 89,224,945	32%	\$ 80,865,135	\$ 42,734,565	\$ 38,130,570	53%
Net Transfers	-	-	-	-	-	-	N/A	(54,817,000)	(19,395,107)	-	35%
Total Resources	\$ 132,071,000	\$ 14,289,768	\$ 11,680,411	\$ 16,875,875	\$ 42,846,055	\$ 89,224,945	32%	\$ 26,048,135	\$ 23,339,458	\$ 38,130,570	90%
Expenses											
Shared Stadium Manager Expenses											
Stadium Operations	\$ 3,721,000	\$ 930,294	\$ 933,201	\$ 930,294	\$ 2,793,789	\$ 927,211	75%	\$ 3,613,000	\$ 2,398,881	\$ 1,214,119	66%
Engineering	1,835,000	458,681	458,681	458,681	1,376,044	458,956	75%	1,636,000	1,467,742	168,258	90%
Guest Services	813,000	203,248	203,248	203,248	609,745	203,255	75%	848,000	432,699	415,301	51%
Groundskeeping	164,000	40,892	40,892	40,892	122,675	41,325	75%	246,000	89,678	156,322	36%
Security	1,543,000	385,778	385,778	385,778	1,157,333	385,667	75%	1,498,000	939,048	558,952	63%
Insurance	2,871,000	717,513	717,512	717,513	2,152,538	718,462	75%	2,787,000	2,671,032	115,968	96%
Stadium Management Fee	226,000	-	-	-	-	226,000	0%	219,000	620	218,380	0%
Shared Stadium Mngr Exps Subtotal	\$ 11,173,000	\$ 2,736,406	\$ 2,739,312	\$ 2,736,406	\$ 8,212,123	\$ 2,960,877	73%	\$ 10,847,000	\$ 7,999,699	\$ 2,847,301	74%
Other Operating Expenses											
SBL Sales and Service	\$ 2,324,000	\$ 581,000	\$ 594,912	\$ 581,000	\$ 1,756,912	\$ 567,088	76%	\$ 2,095,000	\$ 695,043	\$ 1,399,957	33%
Senior & Youth Fees (paid to City)	230,000	-	66,794	161,139	227,933	2,067	99%	231,000	202,645	28,355	88%
Non-NFL Event Expense	56,519,000	-	-	-	-	56,519,000	0%	-	-	-	N/A
Ground Rent (paid to City)	320,000	-	320,000	-	320,000	-	100%	285,000	285,000	-	100%
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	39,699	41,218	89,402	900,598	9%	1,150,000	1,173,342	(23,342)	102%
Utilities	1,506,000	787,500	262,500	-	1,050,000	456,000	70%	1,434,000	890,012	543,988	62%
Use of StadCo Tenant Improvements	236,000	463	-	-	463	235,537	0%	245,000	(3,940)	248,940	-2%
Stadium Authority G&A	1,685,000	311,701	394,695	238,224	944,620	740,380	56%	2,370,000	1,845,669	524,331	78%
College Football Playoff Expense	-	-	107,325	63,011	170,336	(170,336)	N/A	-	-	-	N/A
Other Expenses	105,000	-	-	-	-	105,000	0%	76,000	(4,149)	80,149	-5%
Transfers Out	54,001,000	7,372,926	3,477,965	9,349,130	20,200,021	33,800,979	37%	-	-	-	N/A
Contribution to Operating Reserve	328,000	-	-	-	-	328,000	0%	-	-	-	N/A
Other Operating Expenses Subtotal	\$ 120,898,000	\$ 9,062,076	\$ 5,263,890	\$ 10,433,722	\$ 24,759,688	\$ 96,138,312	20%	\$ 10,414,000	\$ 7,617,069	\$ 2,796,931	73%
Total Expenses	\$ 132,071,000	\$ 11,798,481	\$ 8,003,202	\$ 13,170,127	\$ 32,971,811	\$ 99,099,189	25%	\$ 21,261,000	\$ 15,616,769	\$ 5,644,231	73%
Operating Reserve	\$ 11,255,088				\$ 10,927,270			\$ 10,927,270	\$ 10,609,000		
Discretionary Fund	\$ 1,086,407				\$ 1,756,355			\$ 624,677	\$ 1,042,795		

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. 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 was an additional \$1.31 million in rent revenue for the first five years of operations. On October 2, 2018 the board approved a budget amendment in relation to the additional rent and the resulting transfer to debt service and prepayment on the StadCo Subordinated Loan.

On December 10, 2018 the arbitrator entered the Final Arbitration Award which included the reimbursement of reasonable attorney's fees to the Stadium Authority in the amount of \$2.3 million. This reimbursement from StadCo constitutes additional revenue to the Stadium Authority that is in excess of expenses. In accordance with Article 14 of the Amended and Restated Stadium Lease Agreement, excess revenue is transferred out to debt service to prepay the StadCo Subordinated Loan. Hence, staff recommends the appropriate budget amendments consistent with the receipt of revenue and the agreement.

ManagementCo has also projected that the SBL proceeds will be \$1.1 million higher than budgeted at the end of the Fiscal Year. Since SBL proceeds can only be used for debt, this additional projected revenue is recommended to be transferred out to debt service.

Lastly, on October 5, 2018 the Stadium Authority, ManagementCo, and Bay Area Host Committee (BAHC) entered into an Assignment and Assumption Agreement ("Agreement") for the CFP, held at Levi's[®] Stadium on January 7, 2019, that ensures no financial losses to the Stadium Authority, with terms for BAHC to (1) pay for all CFP-related expenses for all actual public services/workforce costs; (2) share any net revenues with the Stadium Authority, if applicable; and (3) provide a complete accounting of all revenue and expenses and BAHC's annual financial audits for the fiscal years that contain Stadium Authority related expenses to the SCSA Executive Director.

For proper accounting of all CFP expenses, the City invoices the Stadium Authority, not BAHC, and the Stadium Authority invoices BAHC for all City and Stadium Authority expenses. A budget amendment is needed to reflect the CFP expenses as well as appropriate the reimbursement revenue from BAHC. Staff has projected the costs associated with this event to be \$1.4 million; therefore staff is requesting an operating budget amendment to account for these additional costs and the related reimbursement

from BAHC. It should be noted that this is just a projection, and should the actual costs be higher than projected another budget amendment will be required. The Stadium Authority will need to initiate an audit of this event, per the agreement terms, over FY 2019/20.

Therefore staff is requesting the budget amendments shown in Table 8.

Table 8
Santa Clara Stadium Authority
2018/19 Operating Budget Adjustment

	2018/19 Fiscal Year			
	Adopted Budget	Amended Budget	Adjustments	Final Amended Budget
Resources				
Revenues				
NFL Ticket Surcharge	\$ 8,031,000	\$ 8,031,000	\$ -	\$ 8,031,000
SBL Proceeds	26,156,000	26,156,000	1,058,000	27,214,000
Interest	794,000	794,000	-	794,000
Non-NFL Event Revenue	62,147,000	62,147,000	-	62,147,000
Naming Rights	6,558,000	6,558,000	-	6,558,000
Sponsorship Revenue (STR)	545,000	545,000	-	545,000
Rent	24,500,000	25,810,000	-	25,810,000
Senior & Youth Program Fees	230,000	230,000	-	230,000
Non-NFL Event Ticket Surcharge	1,800,000	1,800,000	-	1,800,000
Bay Area Host Committee Reimbursement	-	-	1,400,000	1,400,000
Other Revenue	-	-	2,281,000	2,281,000
Revenues Subtotal	\$ 130,761,000	\$ 132,071,000	\$ 4,739,000	\$ 136,810,000
Net Transfers	-	-	-	-
Total Resources	\$ 130,761,000	\$ 132,071,000	\$ 4,739,000	\$ 136,810,000
Expenses				
Shared Stadium Manager Expenses				
Stadium Operations	\$ 3,721,000	\$ 3,721,000	\$ -	\$ 3,721,000
Engineering	1,835,000	1,835,000	-	1,835,000
Guest Services	813,000	813,000	-	813,000
Groundskeeping	164,000	164,000	-	164,000
Security	1,543,000	1,543,000	-	1,543,000
Insurance	2,871,000	2,871,000	-	2,871,000
Stadium Management Fee	226,000	226,000	-	226,000
Shared Stadium Mngr Exps Subtotal	\$ 11,173,000	\$ 11,173,000	\$ -	\$ 11,173,000
Other Operating Expenses				
SBL Sales and Service	\$ 2,324,000	\$ 2,324,000	\$ -	\$ 2,324,000
Senior & Youth Fees (paid to City)	230,000	230,000	-	230,000
Non-NFL Event Expense	56,519,000	56,519,000	-	56,519,000
Ground Rent (paid to City)	320,000	320,000	-	320,000
Performance Rent (paid to City)	2,654,000	2,654,000	-	2,654,000
Discretionary Fund Expense	990,000	990,000	-	990,000
Utilities	1,506,000	1,506,000	-	1,506,000
Use of StadCo Tenant Improvements	236,000	236,000	-	236,000
Stadium Authority G&A	1,685,000	1,685,000	-	1,685,000
College Football Playoff Expense	-	-	1,400,000	1,400,000
Other Expenses	105,000	105,000	-	105,000
Transfers Out	52,691,000	54,001,000	3,339,000	57,340,000
Contribution to Operating Reserve	328,000	328,000	-	328,000
Other Operating Expenses Subtotal	\$ 119,588,000	\$ 120,898,000	\$ 4,739,000	\$ 125,637,000
Total Expenses	\$ 130,761,000	\$ 132,071,000	\$ 4,739,000	\$ 136,810,000
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 FY2018/19 debt service revenue budget of \$3.6 million represents anticipated contributions from the Community Facilities District (CFD). During the first three quarters of the current fiscal year \$2.8 million was contributed by the CFD. Transfers-in from the operating fund amounted to \$20.2 million or 40% of the budget. \$9.5 million was contributed by fund balance to make debt service payments.

Total Stadium Authority debt service expenses for the current reporting period were \$32.5 million, 55% of the budgeted amount. The debt service expenses for the CFD Advance, the Term A Loan, and the StadCo Subordinated Loan were \$2.8 million, \$22.7 million, and \$7.1 million, respectively.

The Stadium Authority debt service fund ended the current quarter with a fund balance of \$20.2 million which includes \$11.5 million in the debt service reserve account. The remaining \$8.7 million is reserved for future debt payments.

As of December 31, 2018, the total outstanding amount of Stadium Authority debt had declined to \$364 million. This is a reduction in principal of \$18.7 million from the March 31, 2018 outstanding debt amount of \$382.7 million.

Additional details are shown in Tables 9 and 10 and Chart 1.

Table 9

Santa Clara Stadium Authority

Debt Service Budget Status Report

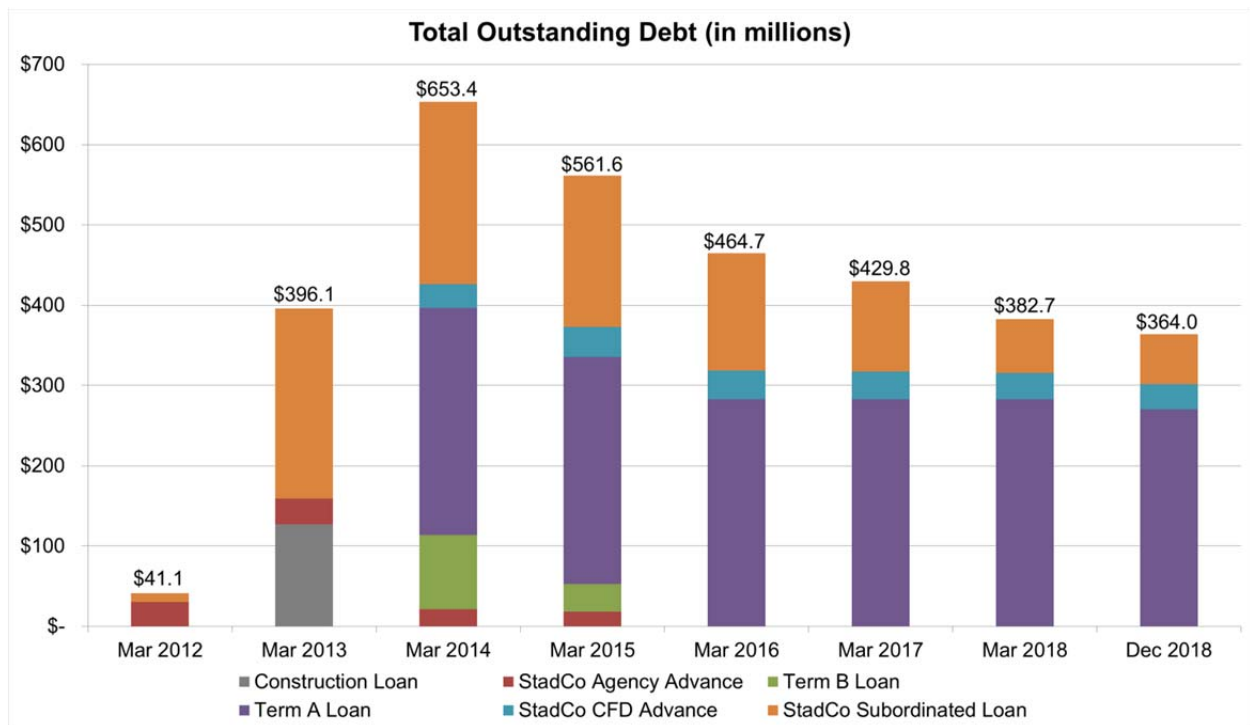
For the Period Ending December 31, 2018 and 2017

	Period Ending December 31, 2018							Period Ending December 31, 2017			
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Resources											
Revenues											
Contribution from CFD	\$ 3,600,000	\$ 984,180	\$ 959,320	\$ 886,110	\$ 2,829,610	\$ 770,390	79%	\$ 4,500,000	\$ 2,661,127	\$ 1,838,873	59%
Revenues Subtotal	\$ 3,600,000	\$ 984,180	\$ 959,320	\$ 886,110	\$ 2,829,610	\$ 770,390	79%	\$ 4,500,000	\$ 2,661,127	\$ 1,838,873	59%
Transfers In from Operating	50,624,000	7,372,926	3,477,965	9,349,130	20,200,021	30,423,979	40%	51,539,000	19,395,107	32,143,893	38%
Contribution from Fund Balance	4,653,000	13,825,931	801,467	(5,112,402)	9,514,995	(4,861,995)	204%	7,031,000	22,435,796	(15,404,796)	N/A
Total Resources	\$ 58,877,000	\$ 22,183,036	\$ 5,238,753	\$ 5,122,838	\$ 32,544,627	\$ 31,194,369	55%	\$ 63,070,000	\$ 44,492,030	\$ 18,577,970	71%
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
Expenses											
CFD Advance	\$ 3,600,000	\$ 878,861	\$ 1,000,671	\$ 884,757	\$ 2,764,289	\$ 835,711	77%	\$ 3,860,000	\$ 2,661,127	\$ 1,198,873	69%
Term A Loan	25,644,000	15,908,172	3,378,330	3,378,330	22,664,832	2,979,168	88%	21,210,000	14,139,705	7,070,295	67%
StadCo Subordinated Loan	29,633,000	5,396,004	859,751	859,751	7,115,506	22,517,494	24%	38,000,000	27,691,198	10,308,802	73%
Total Expenses	\$ 58,877,000	\$ 22,183,036	\$ 5,238,753	\$ 5,122,838	\$ 32,544,627	\$ 26,332,373	55%	\$ 63,070,000	\$ 44,492,030	\$ 18,577,970	71%
Debt Service Reserve	\$ 11,536,235				\$ 11,536,235			\$ 11,536,235	\$ 11,536,235		

Table 10
Santa Clara Stadium Authority
Debt Summary Report
For the Period Ending December 31, 2018

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2018	Net Change	Outstanding as of December 31, 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	(1,608,093)	31,226,792
StadCo Subordinated Loan	5.50%	67,032,627	(4,505,279)	62,527,348
Total		\$ 382,661,620	\$ (18,641,068)	\$ 364,020,552

Chart 1



Debt Service Budget - Adjustment

As described on page 15 of this report, the Stadium Authority was awarded \$2.3 million of its attorney’s fees as a result of the rent reset arbitration, which is considered additional FY 2018/19 revenue. 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. Also described on page 15, ManagementCo has projected an additional \$1.1 million in SBL proceeds. This additional revenue will be transferred to the debt service fund per the Amended and Restated Deposit and Disbursement Agreement and be offered as a prepayment to the Term A holders.

Finally, staff is projecting an additional \$200,000 contributed by the CFD based on the special hotel taxes that have been collected in the first three quarters of the Fiscal Year. All contributions from CFD are used to pay the CFD Advance per the CFD Stadium Authority Reimbursement Agreement.

Therefore staff is requesting the budget amendments noted in Table 11.

Table 11
Santa Clara Stadium Authority
2018/19 Debt Service Budget Adjustment

	2018/19 Fiscal Year			
	Adopted Budget	Amended Budget	Adjustments	Final Amended Budget
Resources				
Revenues				
Contribution from CFD	\$ 3,600,000	\$ 3,600,000	\$ 200,000	\$ 3,800,000
Revenues Subtotal	\$ 3,600,000	\$ 3,600,000	\$ 200,000	\$ 3,800,000
Transfers in from Operating	49,314,000	50,624,000	3,339,000	53,963,000
Contribution from Fund Balance	4,653,000	4,653,000	-	4,653,000
Total Resources	\$ 57,567,000	\$ 58,877,000	\$ 3,539,000	\$ 62,416,000
Expenses				
CFD Advance	\$ 3,600,000	\$ 3,600,000	\$ 200,000	\$ 3,800,000
Term A Loan	25,644,000	25,644,000	1,058,000	26,702,000
StadCo Subordinated Loan	28,323,000	29,633,000	2,281,000	31,914,000
Total Expenses	\$ 57,567,000	\$ 58,877,000	\$ 3,539,000	\$ 62,416,000
Debt Service Reserve	\$ 11,536,235	\$ 11,536,235		\$ 11,536,235

Capital Improvement Project Budget

As part of the Capital Expense (“CapEx”) Plan, the following projects have been completed as of the current reporting period:

- Flag Poles
- Concrete Masonry Unit (CMU) Wall Build
- LED Lighting at the Pepsi Deck (Prior Year Carryover)
- Temporary Power Installation (Prior Year Carryover)
- Field Safety Barrier (Prior Year Carryover)

The following CapEx projects are currently in progress:

- Fire Sprinkler System
- Lymtal Floor Coating
- Terrazzo Floor Restoration
- Service Tunnel Epoxy Coating
- Public Safety Equipment
- Stadium Field Conduits
- Hot Water Additions for Sump Pump
- Security Access Control System
- Water Bottle Refilling Stations

A total of \$1.3 million has been spent in the first three quarters of FY 2018/19, which amounts to 16% of the budget. The main reasons that this is below 75% are (1) there has been little activity on warranty work which makes up 20% of the CIP Budget, and (2) a number of projects are scheduled for completion at year end and/or are behind schedule and will be carried over into the next fiscal year.

Additional details are shown below in Table 12.

Table 12
Santa Clara Stadium Authority
CIP Budget Status Report
For the Period Ending December 31, 2018 and 2017

	Period Ending December 31, 2018							Period Ending December 31, 2017			
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Beginning Balances	\$ 12,358,833	\$ 12,718,700	\$ 12,371,543	\$ 11,750,011	\$ 12,718,700			\$ 8,528,701	\$ 8,887,218		
Resources											
Transfers In from Operating Budget	3,377,000	-	-	-	-	3,377,000	0%	3,278,000	-	3,278,000	0%
Transfers from Stadium Development	-	-	-	-	-	-	N/A	1,851,000	1,851,000	-	100%
Total Resources	\$ 15,735,833	\$ 12,718,700	\$ 12,371,543	\$ 11,750,011	\$ 12,718,700	\$ 3,377,000	81%	\$ 13,657,701	\$ 10,738,218	\$ 3,278,000	79%
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
Expenses											
Construction	4,875,415	278,907	570,062	246,957	1,095,927	3,779,488	22%	1,766,517	695,841	1,070,676	39%
Equipment	1,210,000	65,000	17,700	23,076	105,776	1,104,224	9%	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	1,600,971	-	33,769	39,000	72,769	1,528,202	5%	1,851,000	197,729	1,653,271	11%
Total Expenses	\$ 7,982,932	\$ 347,157	\$ 621,531	\$ 309,033	\$ 1,277,722	\$ 6,705,210	16%	\$ 4,761,517	\$ 893,570	\$ 3,867,947	19%
Ending Balances	\$ 7,752,901	\$ 12,371,543	\$ 11,750,011	\$ 11,440,978	\$ 11,440,978			\$ 8,896,184	\$ 9,844,648		

City of Santa Clara Net General Fund Impact

During the current reporting period there was a total of \$572,000 contributed to the General Fund as shown in Table 13. This section of the report also provides information on General Fund revenue and expenditure impacts resulting from the Stadium. Performance Rent is reflected as zero because it is calculated at the end of the fiscal year when the Non-NFL Event revenue and expenses have been finalized and provided to Stadium Authority staff by ManagementCo. See page 12 for additional information regarding the Net Non-NFL Event Revenue.

Table 13

City of Santa Clara Net General Fund Impact

For Stadium Authority Fiscal Year to Date Ending December 31, 2018

Ground Rent	\$	320,000
Performance Rent		-
Senior and Youth Fee		227,933
Tasman Lots Parking Fee		23,645
<hr/>		
Total Net General Fund Impact	\$	571,578

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. Public safety costs incurred in support of NFL and Non-NFL Events totaled \$2.9 million and \$1.9 million, respectively. These costs are reimbursed by a combination of payments from ManagementCo and the offsite parking fees that were collected. There are currently two outstanding invoices totaling \$333,000 that are past due (see page 6).

The City had also incurred costs for planning, preparing and staffing the CFP. These costs amounted to \$170,000 in the current reporting period which has been reimbursed to the City by the Stadium Authority. BAHC has subsequently reimbursed the Stadium Authority for \$129,000 of these CFP planning costs.

In addition to public safety costs, 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 three quarters of FY 2018/19, a total of \$428,000 of administrative costs were incurred by the General Fund, which have been reimbursed to the City.

Rents and Senior and Youth Fee

As noted on page 24 of this report, the City's General Fund collected ground rent (\$320,000) from the Stadium Authority. Additionally, the Senior and Youth Fee generated \$228,000 which was forwarded to the City in support of senior and youth programs. Lastly, the Tasman Lot Parking Fee generated \$24,000 for the City. See the Glossary for more information on these revenues and how they are calculated.

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 \$671,000 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 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 to 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 collections in Santa Clara and 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	Fiscal Year	Annual Fixed Ground Rent
1	2014/15	\$ 180,000
2	2015/16	\$ 215,000
3	2016/17	\$ 250,000
4	2017/18	\$ 285,000
5	2018/19	\$ 320,000
6	2019/20	\$ 355,000
7	2020/21	\$ 390,000
8	2021/22	\$ 425,000
9	2022/23	\$ 460,000
10	2023/24	\$ 495,000
11-15	2024/25 - 2028/29	\$ 1,000,000
16-20	2029/30 - 2033/34	\$ 1,100,000
21-25	2034/35 - 2038/39	\$ 1,200,000
26-30	2039/40 - 2043/44	\$ 1,300,000
31-35	2044/45 - 2048/49	\$ 1,400,000
36-40	2049/50 - 2053/54	\$ 1,500,000

Net Non-NFL Event Revenue – Net Non-NFL Event revenue is remitted by ManagementCo 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.

Beginning with FY 2018/19, 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 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 FY 2017/18 (July 1, 2017 through June 30, 2018) the offsite parking fee was \$5.42 and it increased to \$5.63 in the City's FY 2018/19.

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. Multiple City departments provide staffing, materials, and supplies to support the public safety plan. Services are provided through a combination of City staff, contracts with other agencies (California Highway Patrol, County Sheriff's Office, and City of Sunnyvale) and some vendor provided services.

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 requires that StadCo collect a Senior and Youth Program Fee of \$0.35 per NFL ticket sold on behalf of the Stadium Authority. Per section 8.2 of the Ground Lease Agreement between the City and the Stadium Authority, the Stadium Authority remits this fee to the City as additional rent to support senior and youth programs in the City .

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.

Fiscal Year	Lease Year	Annual Base Stadium Management Fee (SCSA Share)	Stadium Marketing and Booking Fee Benchmark	Net Income from Non-NFL Events	Additional Stadium Marketing and Booking Fee	Total Stadium Management Fee
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.