

## **Santa Clara Stadium Authority Preliminary Finance Plan**

**“Committee of the Whole” Study Session  
Staff Presentation  
December 8, 2011**

### **COMMITMENT LETTER (CONSTRUCTION LOAN)**

- **Parties to Commitment**
  - Lenders: Goldman Sachs Bank, USA; Merrill Lynch, Pierce, Fenner & Smith, Bank of America, N.A. and U.S. Bank National Association
  - Borrower: Stadium Funding Trust (FinanceCo)
  - Sub-Borrowers: Stadium Authority, 49ers Stadium LLC (StadCo)

## **COMMITMENT LETTER (CONSTRUCTION LOAN)**

- The Loan is to be used to pay the cost and expenses of the development of the Stadium
- Total commitment of \$850M
  - Each Lender to contribute a portion of the funds

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## **COMMITMENT LETTER (CONSTRUCTION LOAN)**

- FinanceCo will borrow \$850M from the Lenders and make two loans:
  - A loan to the Stadium Authority in the approximate amount of \$450M
  - A loan to StadCo in the approximate amount of \$400M

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## **COMMITMENT LETTER (CONSTRUCTION LOAN)**

- **StadCo obligations**
  - StadCo agrees to advance up to \$400M to the Stadium Authority as a loan
  - StadCo agrees to purchase from FinanceCo a portion of the Stadium Authority Loan at Maturity

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## **COMMITMENT LETTER (CONSTRUCTION LOAN)**

- **Closing Date for the loan by April 30, 2012**
- **Stadium Authority will pledge its revenue (SBLs, naming rights, 50% of net non-NFL event revenue) and leasehold interest in the Stadium Site and improvements as security**

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## **COMMITMENT LETTER (CONSTRUCTION LOAN)**

- **Conditions to Closing**
  - Lender's Non-Relocation Agreement
  - Design-Build Agreement with an initial Guaranteed Maximum Price
  - NFL Consent Letter
- **Interest accrued during construction is paid from Capitalized Interest Reserve**

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## **COMMITMENT LETTER (CONSTRUCTION LOAN)**

- **Disbursement of the loan to be made in the form of progress payments**
- **Payments will be made only for work completed**
- **Maturity Date for loan is September 1, 2015**

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## **COMMITMENT LETTER (CONSTRUCTION LOAN)**

- **Other Commitment Letter Provisions**
  - Stadium Authority to work with Lenders in further syndicating the Loan
  - Commitment Fee to be paid at Closing
  - Joint and Several Indemnity Provisions require Contribution Agreement

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## **ENGAGEMENT LETTER (RIGHT OF FIRST OFFER)**

- **Parties:**
  - Borrowers: FinanceCo, StadCo, and the Stadium Authority
  - Arrangers: Goldman Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith, Incorporated, U.S. Bank National Association

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## **ENGAGEMENT LETTER (RIGHT OF FIRST OFFER)**

- Under the Engagement Letter, the Borrowers agree to offer to retain the Arrangers to act in a senior role in arranging the Permanent Financing for the Stadium Authority and StadCo.
- The Borrowers may not proceed to obtain Permanent Financing without first giving the opportunity to the Arrangers.

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## **ENGAGEMENT LETTER (RIGHT OF FIRST OFFER)**

- If the Arrangers elect not to arrange the Borrowers may proceed without any obligation to the Arrangers
- Fees for the Arrangers will be determined by the then market rate for similar transactions.

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## **JOINDER (COMMITMENT LETTER AND ENGAGEMENT LETTER)**

- By executing the Joinder the Stadium Authority agrees to be bound by all the terms of the Commitment Letter and the Engagement Letter
- Under the Joinder the Stadium Authority acknowledges that it has all the rights and obligations set forth in the Commitment Letter and the Engagement Letter

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## **SUMMARY OF STADCO LOAN**

- StadCo Summary parallels the obligations in the Commitment Letter.
- StadCo will make a loan to the Stadium Authority of approximately \$400M
- The loan will be used to pay development costs of the Stadium

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## **SUMMARY OF STADCO LOAN**

- The Maturity Date may be set at September 1, 2015 or may have an original term of 25 years, to be determined prior to closing.
- Interest-only payments during the construction period

## **SUMMARY OF STADCO LOAN**

- If not a 25-year loan, the StadCo Loan will be converted to a long-term loan following construction
- After construction, the StadCo Loan will be fully amortized over the remaining term
- StadCo will have a subordinated pledge of the Stadium Authority assets pledged for the Market Debt



## **SUMMARY OF STADCO LOAN**

- **StadCo will have the obligation to make a capital call on the Team to fund the Loan**
- **StadCo obligated to purchase from Lenders portion of Stadium Authority Construction Loan not repaid by September 1, 2015**

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## **SUMMARY OF STADCO LOAN**

- **If StadCo purchases Loan, Maturity Date extended 3 years**
- **SBL Proceeds not used until approximately \$350M - \$400M applied**
- **StadCo Commitment subject to NFL Consent Letter**

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