



## Agenda Report

20-91

Agenda Date: 3/24/2020

### REPORT TO STADIUM AUTHORITY BOARD

#### **SUBJECT**

Action on the Santa Clara Stadium Authority Financial Status Report for Quarters Ending June 30, 2019 and September 30, 2019 and Related Budget Amendments [Board Pillar: Ensure Compliance with Measure J and Manage Levi's Stadium & Enhance Community Engagement and Transparency]

#### **BACKGROUND**

In Fiscal Year 2014/15 the Stadium Authority Board ("Board") requested that staff prepare quarterly Santa Clara Stadium Authority ("Stadium Authority") Financial Status Reports. These reports provide an update on the events held at Levi's Stadium, Stadium Authority finances, and the impact of Stadium Authority activity on the City of Santa Clara's ("City").

These reports provide information covering the Stadium Authority's first (April 1, 2019 - June 30, 2019) and second (July 1, 2019 - September 30, 2019) quarters of the 2019/20 fiscal year.

The Adopted Stadium Authority Budget incorporates the estimated revenues and expenses for all Stadium Authority funds. The attached Financial Status Reports provide the budget to actual revenue and expense summaries for the operating, debt service, and capital funds. Analysis of the financial activity through the fiscal year measures the adherence to the budget and allows the Stadium Authority to monitor and project revenues and expenses. Any significant variances are explained in the reports.

Additionally, staff is recommending amendments to the Fiscal Year 2019/20 Stadium Authority Budget to align revenues and expenditures to actual activity during the fiscal year.

#### **DISCUSSION**

The attached financial status reports provide information covering the Stadium Authority's first (April 1, 2019 - June 30, 2019) and second (July 1, 2019 - September 30, 2019) quarters of the 2019/20 fiscal year. The reports summarize National Football League ("NFL") and non-NFL event activity at Levi's Stadium and describes the financial impact of these events on the Stadium Authority and City since FY 2014/15.

#### **NFL Event Revenue and Expenses**

Levi's Stadium hosted three NFL games in the first two quarters of FY 2019/20 with a total of 184,769 tickets sold. This resulted in \$2.4 million in NFL ticket surcharge for the Stadium Authority and \$65,000 of Senior and Youth Program Fees for the City. Public safety costs for NFL games totaled \$1.2 million which is 51% higher than the prior fiscal year due to increases in negotiated salary and benefits costs for the various agencies providing public safety services as well as City costs for providing the appropriate level of public safety services for each game. The Tasman lot parking fee also generated \$7,425 for the City's General Fund.

### Non-NFL Event Revenue and Expenses

The Stadium Authority held six ticketed Non-NFL event and 28 special events which are detailed in the report. The Non-NFL event ticket sales generated \$502,000 in ticket surcharge revenue, half of which funded the discretionary fund. Public safety costs for these events totaled \$1 million, of which \$791,000 has been reimbursed to the City as of the end of February 2020.

The table below summarizes ticketed Non-NFL Event revenue and expenditures by event through the end of the fiscal year. This table shows that six of the eight ticketed events operated at a loss or did not make any money. The inclusion of this information is to provide a greater level of transparency and provide the overall financial results of the Non-NFL events. It is estimated that the ticketed Non-NFL Events will lose close to \$2 million in FY 2019/20. It should be noted, however, the financial information provided in the table is draft and subject to change as additional revenue and/or expenditures are recorded. Final performance will be presented to the Board at a later date.

**Table 1**

Levi's ® Stadium

**Ticketed Non-NFL Events Revenue and Expenditure Summary**

**FY 2019/20**

In Millions \$

Ticketed Event	Revenue	Expense	Net
Monster Jam	\$ 1.6	\$ 2.0	\$ (0.4)
Bay Area Wedding Fair	0.0	0.0	0.0
USWNT vs South Africa	0.3	0.1	0.2
ICC: Chivas vs Benfica	1.2	1.4	(0.2)
Rolling Stones: No Filter Tour	11.3	10.5	0.8
High School Football Series	0.1	0.1	0.0
Pac-12 Championship	3.1	5.3	(2.2)
Redbox Bowl	4.5	4.5	0.0
<b>Total Ticketed Non-NFL Net Revenue to date</b>	<b>\$ 22.2</b>	<b>\$ 23.9</b>	<b>\$ (1.8)</b>

When combining ticketed and non-ticketed Non-NFL Revenue to date, Table 2 below shows approximately \$943,000 in net revenue through the end of the second quarter. It should be noted, however, the financial information provided in Table 1 and 2 are draft and subject to change as additional revenue and/or expenditures are recorded. In addition, as presented in Table 1, additional ticketed Non-NFL Events completed in the third quarter and fourth quarter show that the ticketed net revenue is estimated to lose close to \$2 million for FY 2019/20. Final performance for the third and fourth quarter will be presented to the Board at a later date.

**Table 2**

**Net Revenue for Non-NFL Events  
by Event Type  
FY 2019/20 Quarter 2**

Event Type	No. of Events	Net Revenue
<b>Ticketed Events</b>		
Concerts	1	\$ 871,777
Sporting Events		
Football (Non-NFL)	1	30,938
Soccer	2	83,456
Miscellaneous Events	2	(404,883)
Subtotal Ticketed Events	6	\$ 581,288
Subtotal Non-Ticketed Non-NFL Events (weddings, corporate events, etc)	28	\$ 362,074
<b>Total Non-NFL Event Net Revenue</b>	<b>34</b>	<b>\$ 943,362</b>
<b>Total Estimated Performance Rent paid to the General Fund</b> <sup>(1)</sup>		<b>\$ 294,181</b>

<sup>(1)</sup> Performance Rent is calculated as 50% of the net revenue from Non-NFL events less

### Stadium Builder Licenses ("SBLs")

SBLs account for 35% of the Stadium Authority's annual budgeted revenue in FY 2019/20. SBL proceeds through the second quarter amounted to \$9.4 million, 37% of what was budgeted. There are a total of 58,957 currently active SBLs which is 89% of the 65,879 total sellable SBL seats. The value of the active SBLs amount to \$524.5 million of which \$440.4 million has already been collected.

### Stadium Authority Budgets

The detailed analysis of Stadium Authority budget to actual financials is provided in the attached Financial Status Reports. In summary, total operating revenues were \$28.7 million representing 39% of the overall budget for revenues and total operating expenses were \$18.3 million or 25% of the budget. The debt service fund was able to pay down \$13.4 million in debt, bringing total Stadium Authority debt down to \$326.8 million. Lastly, capital expenses amounted to \$61,000 or <1% of the \$14.2 million budget.

### FY 2019/20 Stadium Authority Budget Amendments

As mentioned previously, staff is recommending amendments to the FY 2019/20 Stadium Authority Budget. From time to time, budget adjustments may be necessary to align revenues or expenditures to actual or unexpected activity during the course of a fiscal year, known after the adoption of the Stadium Authority Budget. As of the timing of the publication of this report, additional information from activity known through the completion of the majority of FY 2019/20 has resulted in recommended budget adjustments as follows:

- 1) The Stadium Authority, ManagementCo, and BAHC entered into an Assignment and Assumption Agreement ("Agreement") on October 5, 2018 which in part describes the process by which the City is to be reimbursed for its costs as they relate to the CFP Championship that was

held at Levi's Stadium on January 7, 2019. The process that has been established is to have the Stadium Authority reimburse the City for all costs when incurred and invoice the BAHC for reimbursement. All costs that the City incurs to plan for and staff the CFP Championship as well as any post-event work will be reimbursed by the Stadium Authority within 15 days of being invoiced by the City. Per the Agreement the Stadium Authority will subsequently invoice the BAHC for the costs and be reimbursed within 15 days. City costs were paid by SCSA after the end of FY 2018/19 and subsequently invoiced to BAHC and in line with this process a budget amendment is needed to appropriate the CFP Championship expenses as well as the reimbursement revenue from the BAHC.

- 2) Senior and Youth Program Fees (based on \$0.35 per NFL game ticket) came in \$20,000 higher than the \$230,000 budget. A budget amendment is needed to appropriate the \$20,000 increase in the payment to the City's General Fund as well as the revenue to the Stadium Authority.
- 3) In addition, the NFL Ticket Surcharge Revenue (10% NFL ticket surcharge on the price of admission) is higher than anticipated by \$270,300, Non-NFL Event Ticket Surcharge (\$4 per ticket) fell below anticipated by \$496,00, and a reimbursement of Shared Stadium Manager Expenses was received for \$115,700. Staff is requesting operating budget amendments to account for these revenue changes.
- 4) Staff is requesting an operating budget reduction to Shared Stadium Manager Expenses and an increase to a Legal Contingency line item. Payments for Shared Stadium Manager Expenses were withheld based on Board direction for the partial suspension of payments at the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests. At that meeting, the Board directed the Executive Director to only release public funds to the Forty Niners Management Company (ManCo) if all supporting documents have been submitted and adhere to our agreements and State and local laws. As part of that suspension of payment, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. However, rather than provide the Stadium Authority with complete documentation to substantiate proper procurement and/or the absence of self-dealing/conflicts of interests, ManagementCo opted to take out loans and continue to pay itself public funds without demonstrating compliance with State and local laws. Total estimated withheld Shared Stadium Manager Expenses total \$7 million and the Stadium Authority maintains its position that it should not use public funds for violations of public procurement violations, prevailing wage violations, and/or self-dealing/conflicts of interests.

Due to the suspension of payments combined with total invoiced Shared Stadium Manager Expenses falling under budget, staff requests a total reduction of \$7.5 million to Shared Stadium Expenses and an increase to Legal Contingency of \$7 million for the estimated revolving loan/litigation reserve.

- 5) Staff is also requesting an operating budget amendment to the SBL Sales and Service line item for \$1.4 million. This is to incorporate costs associated with providing a complimentary buffet to certain SBL Holders required by Section 4.6.1 of the Stadium Lease. The costs will be partially

offset by the increase in NFL Ticket Surcharge Revenue, reimbursement of Shared Stadium Manager Expenses, and Shared Stadium Manager Expenses falling under budget.

- 6) Utility Expenses were invoiced to the Stadium Authority over budget by \$17,000. Staff requests an operating budget amendment to incorporate this increased cost.
- 7) Budget Adjustments that are not offset by increased revenue and expense reduction is considered a reduction to excess revenues that, after meeting the Operating Reserve and the CapEx Reserve requirements (which are already budgeted for in current FY 2019/20 budget) are used to prepay the StadCo Subordinated Loan. The increase in complimentary buffet costs have reduced the Operating Fund's ability to transfer funds for prepayment of the StadCo Subordinated Loan. Therefore, staff is also requesting a debt service budget adjustment for the reduced transfer in from the Operating Fund.

### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

### **FISCAL IMPACT**

As discussed, staff recommends several budget amendments as detailed in the table below.

	Current	Increase/ (Decrease)	Revised
<b>Operating Fund</b>			
Revenues			
NFL Ticket Surcharge	\$8,142,000	\$270,291	\$8,412,291
Senior & Youth Program Fees	\$230,000	\$20,000	\$250,000
Non-NFL Event Ticket Surcharge	\$1,232,000	(\$496,504)	\$735,496
Bay Area Host Committee Reimb.	\$0	\$4,642	\$4,642
Other Revenue	\$0	\$115,773	\$115,773
Expenses			
Shared Stadium Manager Expenses	\$11,904,000	(\$7,528,847)	\$4,375,153
SBL Sales and Service	\$2,221,000	\$1,393,477	\$3,614,477
Senior & Youth Fees (paid to City)	\$230,000	\$20,000	\$250,000
Utilities	\$1,551,000	\$17,265	\$1,568,265
College Football Playoff Expense	\$0	\$4,642	\$4,642
Legal Contingency	\$0	\$6,996,000	\$6,996,000
Transfers Out	\$51,273,000	(\$988,335)	\$50,284,665

<b>Debt Service Fund</b>			
Revenues			
Transfers In	\$47,795,000	(\$988,335)	\$46,806,665
Expenses			
StadCo Subordinated Loan	\$21,440,000	(\$988,335)	\$20,451,665

**COORDINATION**

This report was coordinated with the Stadium Manager per section 4.6 of the Management Agreement as well as the Stadium Authority Counsel's Office.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

1. Note and file the Santa Clara Stadium Authority Financial Status Reports for the Quarter Ending June 30, 2019 and Quarter Ending September 30, 2019.
2. Approve Budget Amendments to the 2019/20 Santa Clara Stadium Authority Budget.

Reviewed by: Kenn Lee, Treasurer

Approved by: Deanna J. Santana, Executive Director

**ATTACHMENTS**

1. SCSA Financial Status Report for the Quarter Ending June 30, 2019
2. SCSA Financial Status Report for the Quarter Ending September 30, 2019

# SCSA

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Santa Clara Stadium Authority

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

**Quarter Ending June 30, 2019**



**March 24, 2020**



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## **Introduction**

This Santa Clara Stadium Authority (“Stadium Authority”) Financial Status Report provides information covering the first quarter of the Stadium Authority’s 2019/20 fiscal year (FY) which ended on June 30, 2019. Comparative data from prior fiscal years is also included.

In addition to these quarterly reports, the Stadium Authority produces annual financial statements. The FY 2018/19 financial statements were audited by an external audit firm and presented to the Stadium Authority’s Audit Committee on September 10, 2019 and the Stadium Authority Board (“Board”) on September 17, 2019. 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 2019/20 budget was considered at a study session on March 19, 2019 and adopted by the Board on March 27, 2019.

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.

## ***Methodology***

Information provided in this report was based in part on documentation submitted by ManagementCo. Specifically, non-NFL event statistics and financial information relating to Stadium Manager expenses are provided by ManagementCo. Stadium Authority staff conducts a review of selected financial information submitted by ManagementCo, including some source documentation for non-NFL events with attendance greater than 25,000. For all other financial information, a detailed review and/or audit of source documentation for this information has not been conducted by the Stadium Authority for this report. In addition, information provided by ManagementCo is considered draft and subject to change at any time. Non-financial statistical information was also provided by ManagementCo and, similarly, a detailed review and/or audit of source documentation to verify this information is not conducted by the Stadium Authority. The Stadium Authority has contracted with JS Held (formerly Hagen, Streiff, Newton, & Oshiro), a forensic accounting firm, to review and evaluate non-NFL event financial information from prior years, including source documentation. This report is expected in Spring 2020. The information provided reflects the best known and available at the time of the writing of this report.

## NFL Events

There were no NFL games held in the first quarter of the 2019/20 Fiscal Year. Levi's® Stadium hosted the first 49ers pre-season game of the 2019 season on August 10, 2019 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 57,344 tickets sold for the three ticketed Non-NFL Events with 60,946 total attendees. One factor that explains the difference between tickets sold and total attendees is the practice of providing free tickets through the non-NFL event agreement terms. The surcharge is received for tickets sold; there is no surcharge revenue on free tickets. This resulted in \$229,000 Non-NFL Event ticket surcharge revenue (\$4 per ticket sold). This is a decrease in ticket surcharge revenue of \$233,000 or 50.4% less when compared to 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. In the prior fiscal year, there were three large ticketed events (Monster Jam and two Taylor Swift concerts); this reporting period there were only two large ticketed events (Monster Jam and USWNT Soccer).

The ManagementCo reports that there were also 20 smaller special events held at Levi's® Stadium which is similar than the same period in the prior fiscal year (24). However, they report that the attendance at these events went down from 13,683 in the prior year to 5,737 in the current year, a 58% decrease. The attendance figures and number of events are provided by the ManagementCo and cannot be independently confirmed by City staff. Examples of these special events include corporate events of various sizes, weddings, holiday parties, high school dances, etc.

In correlation with the decrease in total tickets sold, the number of cars parked at the permitted offsite parking lots saw a decrease when compared to the prior year. There were 5,251 cars parked at the offsite lots, a 50% decrease from the previous year. The City received \$30,000 in related offsite parking fees.

Total Non-NFL Event public safety costs were \$338,000, a decrease of \$370,000 or 52% from the prior year. As mentioned previously, this decrease in cost is due to the smaller events being held in the current reporting period when compared to the prior year. The offsite parking fee of \$30,000 offset these costs and the remaining \$308,000 was invoiced to ManagementCo and was subsequently reimbursed.

Statistics for the three Non-NFL ticketed events and 20 special events are shown in Table 1 and comparative data from all six years of operations are shown in Table 2.

**Table 1**  
**Levi's® Stadium**  
**FY2019/20 Non-NFL Event Statistics**  
**As of June 30, 2019**

	Monster Jam 04/13/19	Wedding Fair 04/28/19	USWNT Soccer Game 05/12/19	2019/20 Q1 Special Events	2019/20 YTD Total
No. of Scanned Attendees	39,701	781	20,464	-	60,946
No. of Tickets Sold	37,235	381	19,728	-	57,344
Non-NFL Ticket Surcharge	\$ 148,940	\$ 1,524	\$ 78,912	\$ -	\$ 229,376
No. of Non-NFL Special Events				20	20
Non-NFL Special Event Attendees				5,737	5,737
Cars Parked at Offsite Lots	2,997	-	2,254		5,251
City Offsite Parking Fee	\$ 16,873	\$ -	\$ 12,690		\$ 29,563
Stadium Public Safety Costs	\$ 208,375	\$ -	\$ 111,967	\$ 17,630	\$ 337,972
Less: Offsite Parking Fee Credit	\$ (16,873)	\$ -	\$ (12,690)	\$ -	\$ (29,563)
Reimbursable Public Safety Costs	\$ 191,502	\$ -	\$ 99,277	\$ 17,630	\$ 308,409
Amount Reimbursed	\$ 191,502	\$ -	\$ 99,277	\$ 17,630	\$ 308,409

**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	2019/20 Q1 Total
No. of non-NFL Ticketed Events	-	6	8	4	4	3
No. of Tickets Sold	-	284,352	351,837	90,456	115,661	57,344
Non-NFL Ticket Surcharge	\$ -	\$ 1,137,408	\$ 1,407,348	\$ 361,824	\$ 462,444	\$ 229,376
No. of Non-NFL Special Events	-	62	31	25	24	20
Non-NFL Special Event Attendees	-	19,345	13,709	8,438	13,683	5,737
Cars Parked at Offsite Lots	-	27,215	34,376	7,939	10,495	5,251
City Offsite Parking Fee	\$ -	\$ 133,898	\$ 174,632	\$ 41,600	\$ 56,883	\$ 29,563
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	\$ 475,003	\$ 707,108	\$ 337,972
Golf Course Public Safety Costs	\$ -	\$ 73,951	\$ 39,905	\$ -	\$ -	\$ -
Subtotal Event Public Safety Costs	\$ -	\$ 1,499,026	\$ 1,760,960	\$ 475,003	\$ 707,108	\$ 337,972
Less: Offsite Parking Fee Credit	\$ -	\$ (133,898)	\$ (174,632)	\$ (41,600)	\$ (56,883)	\$ (29,563)
Reimbursable Public Safety Costs	\$ -	\$ 1,365,128	\$ 1,586,328	\$ 433,403	\$ 650,225	\$ 308,409
Amount Reimbursed	\$ -	\$ 1,365,128	\$ 1,586,328	\$ 433,403	\$ 650,225	\$ 308,409

<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).

Table 3 summarizes ticketed Non-NFL Event revenue and expenditures by event. This table shows that two of the three events operated at a loss or did not make any money. Table 4 and 5 show Non-NFL net revenue by event type and event revenue and expenses by category. The inclusion of this information is to provide a greater level of transparency and provide the overall financial results of the Non-NFL events.

**NOTE: THE FINANCIAL INFORMATION PROVIDED IN THESE TABLES IS DRAFT AND SUBJECT TO CHANGE AS ADDITIONAL REVENUE AND/OR EXPENDITURES ARE RECORDED.**

**Table 3**  
**Levi's® Stadium**  
**Ticketed Non-NFL Events Revenue and Expenditure Summary**  
**FY 2019/20 Quarter 1**

In Millions \$

Ticketed Event	Revenue	Expense	Net
Monster Jam	\$ 1.6	\$ 2.0	\$ (0.4)
Bay Area Wedding Fair	0.0	0.0	0.0
USWNT vs South Africa	0.3	0.1	0.2
<b>Total Ticketed Non-NFL Net Revenue to date</b>	<b>\$ 1.9</b>	<b>\$ 2.1</b>	<b>\$ (0.2)</b>

There were three ticketed Non-NFL events held in the first quarter of FY 2019/20 with an average net loss to the Stadium Authority of about \$100,000 per event. Out of a total of three ticketed Non-NFL events, two Non-NFL ticketed events (67%) were money losing events or generated no revenue for the Stadium Authority. Based on the analysis shown in the following tables, Special Events (such as weddings, corporate events, birthday parties, etc.) generate the largest revenue for the Stadium Authority followed by the soccer game.

The revenue and expenses in the tables below are created using information provided by ManagementCo. Based on the information provided, it appears that the Food and Beverage portion of the business is operating at a loss. It is difficult to determine by the provided information if this is actually the case or if there is additional Food and Beverage revenue or cost reimbursements that are grouped with other revenue line items and not called out on the face of the provided Event Flash Reports. The Stadium Authority looks to work with ManagementCo on greater transparency for future reports.

**Table 4**  
**Levi's® Stadium**  
**Net Revenue for Non-NFL Events**  
**by Event Type**  
**FY 2019/20 Quarter 1**

Event Type	No. of Events	Net Revenue
<b>Ticketed Events</b>		
Sporting Events		
Soccer	1	\$ 206,729
Miscellaneous Events	2	(404,883)
<b>Subtotal Ticketed Events</b>	<b>3</b>	<b>\$ (198,154)</b>
<b>Subtotal Non-Ticketed Non-NFL Events (weddings, corporate events, etc)</b>	<b>20</b>	<b>\$ 236,588</b>
<b>Total Non-NFL Event Net Revenue</b>	<b>23</b>	<b>\$ 38,433</b>
<b>Total Estimated Performance Rent paid to the General Fund<sup>(1)</sup></b>		<b>\$ -</b>

<sup>(1)</sup> Performance Rent is calculated as 50% of the net revenue from Non-NFL events less performance-based credit of 50% of fixed ground rent

**Table 5**  
**Levi's® Stadium**  
**Non-NFL Event Results by Category**  
**FY 2019/20 Quarter 1**

	2019/20 YTD Total
<b>REVENUE:</b>	
Seating Bowl	\$ 1,180,490
Suites	40,140
Food & Beverage	400,620
Parking	308,280
Miscellaneous <sup>(1)</sup>	813,987
<b>Total Revenue</b>	<b>\$ 2,743,517</b>
<b>EXPENSE:</b>	
Public Safety/Security	\$ 519,514
Utilities/Solid Waste	35,254
Parking	264,912
Food & Beverage - Ticketed Events	61,610
Food & Beverage - Special Events	458,396
Operations/Janitorial/Maintenance	675,944
Miscellaneous <sup>(2)</sup>	689,454
<b>Total Expense</b>	<b>\$ 2,705,084</b>
<b>Total Non-NFL Net Revenue</b>	<b>\$ 38,433</b>

<sup>(1)</sup> Includes special event revenue such as corporate events, weddings, holiday parties, etc.

<sup>(2)</sup> Includes rentals, fees & commissions, transportation, marketing, and other expenses

Section 3.2.1 of the Management Agreement describes the marketing and booking duties and responsibilities of the Stadium Manager as follows:

*Subject to all limitations and exclusions contemplated by the Major Contracts, and consistent with any guidelines as may be adopted from time to time in the Marketing Plan, use commercially reasonable efforts to market, promote, schedule and book Non-NFL Events and other activities at the Stadium in accordance with the Scheduling Procedures; and negotiate, execute, and perform all contracts, use agreements, licenses and other agreements...*

As we move forward it is prudent that the Board be provided a complete Marketing Plan that will provide them with the ability to provide input on the type of Non-NFL events that are being booked and reject those that they do not feel are in the best interest of the Stadium Authority, City, and the surrounding community as a whole. As the Board will recall in early 2019, ManagementCo was unable to provide a Marketing Plan that could be approved by the Stadium Authority Board and that responded to the Stadium Authority's commercially reasonable questions about ManagementCo's proposed business practices. ManagementCo's lack of a strong marketing plan that outlines commercially reasonable strategies for generating revenue is a reflection of a poor business practice and contributes to the current fiscal activity.

## Discretionary Fund

The Discretionary Fund is funded by revenue equal to 50% of the Non-NFL Ticket Surcharge of \$4 per ticket. The three ticketed Non-NFL Events contributed \$114,000 to the Discretionary Fund in the reporting period. Table 6 shows the revenues and expenses in the Discretionary Fund since FY2014/15. The balance at the end of this reporting period was \$2.07 million.

**Table 6**

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	796,294	101,267	1,960,102
2019/20	1,960,102	114,688		2,074,790



## **Stadium Builder Licenses**

The total principal value of currently active Stadium Builder Licenses (“SBLs”) is \$523.6 million and, as of June 30, 2019, 84.0% of the total principal value of all SBLs sold (i.e., \$439.7 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 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 is a total of 58,791 currently active SBLs, or 89% of the 65,879 total sellable SBL seats. This is down by 1,468 from the total active SBLs at the end of the prior fiscal year (March 31, 2019). 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, 82 SBLs were sold for a total face value of \$392,000. The customer seat relocation program resulted in an increase of \$589,000 to the SBL face value, while netting 42 more SBLs. There were also 1,592 SBLs defaulted during the year with a total face value of \$9.8 million. The number of defaults and associated value is in line with the two-year historical average.

Additional details regarding currently active SBLs are noted in Table 7.

Table 7  
**Santa Clara Stadium Authority**  
**Currently Active Stadium Builder License (SBL) Summary<sup>(1)</sup>**

Through June 30, 2019									
Seat Value	SBL Seats Available	SBL Seats Sold as of 3/31/19	New SBL Sales	Net SBL Relocations	SBL Defaults	SBL Seats Sold	SBL Value	SBL Collected	% SBL Principal Collected
141,392	100	100	-	-	-	100	\$ 14,082,625	\$ 11,758,137	83.5%
80,000	938	930	-	4	(5)	929	74,320,000	64,065,689	86.2%
40,000	2	2	-	-	-	2	80,000	61,976	77.5%
30,000	4,869	4,554	-	3	(60)	4,497	134,910,000	116,907,867	86.7%
20,000	3,395	2,965	4	(17)	(78)	2,874	57,480,000	48,945,067	85.2%
15,000	7	7	-	-	(1)	6	90,000	56,748	63.1%
12,000	2,167	2,118	1	12	(23)	2,108	25,296,000	21,450,589	84.8%
10,000	9	7	-	-	-	7	70,000	57,422	82.0%
6,000	20,623	20,441	23	56	(488)	20,032	120,192,000	95,975,168	79.9%
5,000	14,301	13,164	18	22	(304)	12,900	64,500,000	52,923,087	82.1%
4,000	917	913	-	2	(4)	911	3,644,000	3,243,301	89.0%
3,000	94	94	-	-	(3)	91	273,000	208,135	76.2%
2,500	45	45	-	-	(1)	44	110,000	87,211	79.3%
2,000	18,373	14,881	36	(39)	(623)	14,255	28,510,000	23,981,642	84.1%
1,000	39	38	-	(1)	(2)	35	35,000	27,935	79.8%
<b>Total</b>	<b>65,879</b>	<b>60,259</b>	<b>82</b>	<b>42</b>	<b>(1,592)</b>	<b>58,791</b>	<b>\$ 523,592,625</b>	<b>\$ 439,749,972</b>	<b>84.0%</b>

Plus: Interest on financed SBLs 50,506,781  
**Total Principal & Interest \$ 490,256,753**

<sup>(1)</sup> This table does not include \$26.3 million that has been collected life-to-date 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 2019/20 Fiscal Year were \$15.3 million representing 21% of the overall budget for revenues. The two primary reasons that revenue is below 25% is because non-NFL event revenue is recorded at the end of the fiscal year in accordance with Article 5 of the Stadium Management Agreement, and the Naming Rights revenue is collected twice a year in October and February. Stadium rent earned from StadCo totaled \$6.2 million. During the current reporting period, the Stadium Authority also collected \$8.5 million in SBL proceeds or 34% of what was budgeted. All SBL proceeds are to be transferred to the debt service fund per applicable loan agreements. The non-NFL event ticket surcharge amounted to \$229,000 or 19% of the budget.

Total operating expenses were \$3.9 million, or 5% of the annual budget. The primary reason that total expenses are below 25% is due to timing of the debt service transfer that takes place in Quarter 2. The shared stadium manager expenses were at 18% or \$2.1 million of the \$11.9 million budgeted amount and SBL Sales & Service expenses were 27% of the budget, or \$589,000. 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 51% of the budget for the first quarter, or \$792,000. The current reporting period covers 50% (three out of the six months) that the Stadium Authority is responsible for utility costs. Lastly, Stadium Authority G&A costs were \$296,000 or 12% of the budget.

Overall, the Stadium Authority operating fund ended the first quarter with a fund balance of \$34 million, an increase of \$11.3 million or 49%. Included in that amount is an \$11.2 million operating reserve and a \$2.1 million discretionary fund.

Additional details are shown in Table 8.

Table 8  
**Santa Clara Stadium Authority**  
**Operating Budget Status Report**  
For the Period Ending June 30, 2019 and 2018

Period Ending June 30, 2019							Period Ending June 30, 2018						
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Received		Final Budget	YTD Actuals	Budget to Actual Difference	% Received			
<b>Resources</b>													
<b>Revenues</b>													
NFL Ticket Surcharge	\$ 8,142,000	\$ -	\$ -	\$ 8,142,000	0%		\$ 8,031,000	\$ -	\$ 8,031,000	0%			
SBL Proceeds	25,416,000	8,525,454	8,525,454	16,890,546	34%		27,214,000	7,395,026	19,818,974	27%			
Interest	938,000	234,203	234,203	703,797	25%		794,000	165,737	628,263	21%			
Non-NFL Event Revenue	-	-	-	-	NA		62,147,000	-	62,147,000	N/A			
Net Revenues from Non-NFL Events	5,796,000	-	-	5,796,000	0%		-	-	-	NA			
Naming Rights	6,754,000	-	-	6,754,000	0%		6,558,000	-	6,558,000	0%			
Sponsorship Revenue (STR)	345,000	81,250	81,250	263,750	24%		545,000	143,453	401,547	26%			
Rent	24,762,000	6,190,500	6,190,500	18,571,500	25%		25,810,000	6,125,001	19,684,999	24%			
Senior & Youth Program Fees	230,000	-	-	230,000	0%		230,000	-	230,000	0%			
Non-NFL Event Ticket Surcharge	1,232,000	229,376	229,376	1,002,624	19%		1,800,000	460,552	1,339,448	26%			
Bay Area Host Committee Reimbursement	-	3,715	3,715	(3,715)	NA		1,400,000	-	1,400,000	N/A			
Other Revenue	-	-	-	-	NA		2,281,000	-	2,281,000	N/A			
<b>Revenues Subtotal</b>	<b>\$ 73,615,000</b>	<b>\$ 15,264,498</b>	<b>\$ 15,264,498</b>	<b>\$ 58,350,502</b>	<b>21%</b>		<b>\$ 136,810,000</b>	<b>\$ 14,289,768</b>	<b>\$ 122,520,232</b>	<b>10%</b>			
Net Transfers	-	-	-	-	N/A		-	-	-	NA			
<b>Total Resources</b>	<b>\$ 73,615,000</b>	<b>\$ 15,264,498</b>	<b>\$ 15,264,498</b>	<b>\$ 58,350,502</b>	<b>21%</b>		<b>\$ 136,810,000</b>	<b>\$ 14,289,768</b>	<b>\$ 122,520,232</b>	<b>10%</b>			
<b>Expenses</b>													
<b>Shared Stadium Manager Expenses</b>													
Stadium Operations	\$ 4,004,000	\$ 653,401	\$ 653,401	\$ 3,350,599	16%		\$ 3,721,000	\$ 930,294	\$ 2,790,706	25%			
Engineering	2,054,000	328,481	328,481	1,725,519	16%		1,835,000	458,681	1,376,319	25%			
Guest Services	825,000	137,782	137,782	687,218	17%		813,000	203,248	609,752	25%			
Groundskeeping	177,000	29,039	29,039	147,961	16%		164,000	40,892	123,108	25%			
Security	1,656,000	270,450	270,450	1,385,550	16%		1,543,000	385,778	1,157,222	25%			
Insurance	2,956,000	739,038	739,038	2,216,962	25%		2,871,000	717,513	2,153,487	25%			
Stadium Management Fee	232,000	-	-	232,000	0%		226,000	-	226,000	0%			
<b>Shared Stadium Mngr Exps Subtotal</b>	<b>\$ 11,904,000</b>	<b>\$ 2,158,191</b>	<b>\$ 2,158,191</b>	<b>\$ 9,745,809</b>	<b>18%</b>		<b>\$ 11,173,000</b>	<b>\$ 2,736,406</b>	<b>\$ 8,436,594</b>	<b>24%</b>			
<b>Other Expenses</b>													
SBL Sales and Service	\$ 2,221,000	\$ 589,477	\$ 589,477	\$ 1,631,523	27%		\$ 2,324,000	\$ 581,000	\$ 1,743,000	25%			
Senior & Youth Fees (paid to City)	230,000	-	-	230,000	0%		230,000	-	230,000	0%			
Non-NFL Event Expense	-	-	-	-	NA		56,519,000	-	56,519,000	0%			
Ground Rent (paid to City)	355,000	-	-	355,000	0%		320,000	-	320,000	0%			
Performance Rent (paid to City)	2,721,000	-	-	2,721,000	0%		2,654,000	-	2,654,000	0%			
Discretionary Fund Expense	250,000	-	-	250,000	0%		990,000	8,486	981,514	1%			
Utilities	1,551,000	791,625	791,625	759,375	51%		1,506,000	787,500	718,500	52%			
Use of StadCo Tenant Improvements	182,000	-	-	182,000	0%		236,000	463	235,537	0%			
Stadium Authority G&A	2,480,000	295,995	295,995	2,184,005	12%		1,685,000	311,701	1,373,299	18%			
College Football Playoff Expense	-	3,715	3,715	(3,715)	NA		1,400,000	-	1,400,000	NA			
Other Expenses	110,000	109,915	109,915	85	100%		105,000	-	105,000	0%			
Transfers Out	51,273,000	-	-	51,273,000	0%		57,340,000	7,372,926	49,967,074	13%			
Contribution to Operating Reserve	338,000	-	-	338,000	0%		328,000	-	328,000	0%			
<b>Other Expenses Subtotal</b>	<b>\$ 61,711,000</b>	<b>\$ 1,790,726</b>	<b>\$ 1,790,726</b>	<b>\$ 59,920,274</b>	<b>3%</b>		<b>\$ 125,637,000</b>	<b>\$ 9,062,076</b>	<b>\$ 116,574,924</b>	<b>7%</b>			
<b>Total Expenses</b>	<b>\$ 73,615,000</b>	<b>\$ 3,948,918</b>	<b>\$ 3,948,918</b>	<b>\$ 69,666,082</b>	<b>5%</b>		<b>\$ 136,810,000</b>	<b>\$ 11,798,481</b>	<b>\$ 125,011,519</b>	<b>9%</b>			
Operating Reserve	\$ 11,593,270		\$ 11,255,088				\$ 11,255,088	\$ 10,927,270					
Discretionary Fund	\$ 2,302,075		\$ 2,074,790				\$ 1,086,407	\$ 1,486,865					

## ***Operating Budget – Recommended Budget Adjustments***

From time to time, budget adjustments may be necessary to align revenues or expenditures to actual or unexpected activity during the course of a fiscal year, known after the adoption of the Stadium Authority Budget. As of the timing of the publication of this report, additional information from activity known through the completion of the majority of FY 2019/20 has resulted in recommended budget adjustments as follows:

- 1) The Stadium Authority, ManagementCo, and BAHC entered into an Assignment and Assumption Agreement (“Agreement”) on October 5, 2018 which in part describes the process by which the City is reimbursed for its costs as they relate to the CFP Championship that will be held at Levi’s Stadium on January 7, 2019. The process that has been established is to have the Stadium Authority reimburse the City for all costs when incurred and invoice the BAHC for reimbursement. All costs that the City incurs to plan for and staff the CFP Championship as well as any post-event work will be reimbursed by the Stadium Authority within 15 days of being invoiced by the City. Per the Agreement the Stadium Authority will subsequently invoice the BAHC for the costs and be reimbursed within 15 days. In line with this process a budget amendment is needed to appropriate the CFP Championship expenses as well as the reimbursement revenue from the BAHC.
- 2) Senior and Youth Program Fees (based on \$0.35 per NFL game ticket) came in \$20,000 higher than the \$230,000 budget. A budget amendment is needed to appropriate the \$20,000 increase in the payment to the City’s General Fund as well as the revenue to the Stadium Authority.
- 3) In addition, the NFL Ticket Surcharge Revenue (10% NFL ticket surcharge on the price of admission) is higher than anticipated by \$270,300, Non-NFL Event Ticket Surcharge (\$4 per ticket) fell below anticipated by \$496,00, and a reimbursement of Shared Stadium Manager Expenses was received for \$115,700. Staff is requesting operating budget amendments to account for these revenue changes.
- 4) Staff is requesting an operating budget reduction to Shared Stadium Manager Expenses and an increase to a Legal Contingency line item. Payments for Shared Stadium Manager Expenses were withheld based on Board direction for the partial suspension of payments at the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo’s inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests. At that meeting, the Board directed the Executive Director to only release public funds to the Forty Niners Management Company (ManCo) if all supporting documents have been submitted and adhere to our agreements and State and local laws. As part of that suspension of payment, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. However, rather than provide the Stadium Authority with complete documentation to substantiate proper procurement and/or the absence of self-dealing/conflicts of interests, ManagementCo opted to take out loans and continue to pay itself public funds without demonstrating compliance

with State and local laws. Total estimated withheld Shared Stadium Manager Expenses total \$7 million and the Stadium Authority maintains its position that it should not use public funds for violations of public procurement violations, prevailing wage violations, and/or self-dealing/conflicts of interests.

Due to the suspension of payments combined with total invoiced Shared Stadium Manager Expenses falling under budget, staff requests a total reduction of \$7.5 million to Shared Stadium Expenses and an increase to Legal Contingency of \$7 million for the estimated revolving loan/litigation reserve.

- 5) Staff is also requesting an operating budget amendment to the SBL Sales and Service line item for \$1.4 million. This is to incorporate costs associated with providing a complimentary buffet to certain SBL Holders required by Section 4.6.1 of the Stadium Lease. The costs will be partially offset by the increase in NFL Ticket Surcharge Revenue, reimbursement of Shared Stadium Manager Expenses, and Shared Stadium Manager Expenses falling under budget.
- 6) Utility Expenses were invoiced to the Stadium Authority over budget by \$17,000. Staff requests an operating budget amendment to incorporate this increased cost.
- 7) Budget Adjustments that are not offset by increased revenue and expense reduction is considered a reduction to excess revenues that, after meeting the Operating Reserve and the CapEx Reserve requirements (which are already budgeted for in current FY 2019/20 budget) are used to prepay the StadCo Subordinated Loan. The increase in complimentary buffet costs have reduced the Operating Fund's ability to transfer funds for prepayment of the StadCo Subordinated Loan. Therefore, staff is also requesting a debt service budget adjustment for the reduced transfer in from the Operating Fund.

Details regarding the operating budget adjustment are shown in Table 9.

Table 9  
**Santa Clara Stadium Authority**  
**2019/20 Operating Budget Adjustment**

2019/20 Fiscal Year				
	Adopted Budget	Amended Budget	Adjustments	Final Amended Budget
<b>Resources</b>				
<b>Revenues</b>				
NFL Ticket Surcharge	\$ 8,142,000	\$ 8,142,000	\$ 270,291	\$ 8,412,291
SBL Proceeds	25,416,000	25,416,000	-	25,416,000
Interest	938,000	938,000	-	938,000
Net Revenues from Non-NFL Events	5,796,000	5,796,000	-	5,796,000
Naming Rights	6,754,000	6,754,000	-	6,754,000
Sponsorship Revenue (STR)	345,000	345,000	-	345,000
Rent	24,762,000	24,762,000	-	24,762,000
Senior & Youth Program Fees	230,000	230,000	20,000	250,000
Non-NFL Event Ticket Surcharge	1,232,000	1,232,000	(496,504)	735,496
Bay Area Host Committee Reimbursement	-	-	4,642	4,642
Other Revenue	-	-	115,773	115,773
<b>Revenues Subtotal</b>	<b>\$ 73,615,000</b>	<b>\$ 73,615,000</b>	<b>\$ (85,798)</b>	<b>\$ 73,529,202</b>
Net Transfers	-	-	-	-
<b>Total Resources</b>	<b>\$ 73,615,000</b>	<b>\$ 73,615,000</b>	<b>\$ (85,798)</b>	<b>\$ 73,529,202</b>
<b>Expenses</b>				
<b>Shared Stadium Manager Expenses</b>				
Stadium Operations	\$ 4,004,000	\$ 4,004,000	\$ (3,350,599)	\$ 653,401
Engineering	2,054,000	2,054,000	(1,725,519)	328,481
Guest Services	825,000	825,000	(687,218)	137,782
Groundskeeping	177,000	177,000	(147,961)	29,039
Security	1,656,000	1,656,000	(1,385,550)	270,450
Insurance	2,956,000	2,956,000	-	2,956,000
Stadium Management Fee	232,000	232,000	(232,000)	-
<b>Shared Stadium Mngr Exps Subtotal</b>	<b>\$ 11,904,000</b>	<b>\$ 11,904,000</b>	<b>\$ (7,528,847)</b>	<b>\$ 4,375,153</b>
<b>Other Operating Expenses</b>				
SBL Sales and Service	\$ 2,221,000	\$ 2,221,000	\$ 1,393,477	\$ 3,614,477
Senior & Youth Fees (paid to City)	230,000	230,000	20,000	250,000
Non-NFL Event Expense	-	-	-	-
Ground Rent (paid to City)	355,000	355,000	-	355,000
Performance Rent (paid to City)	2,721,000	2,721,000	-	2,721,000
Discretionary Fund Expense	250,000	250,000	-	250,000
Utilities	1,551,000	1,551,000	17,265	1,568,265
Use of StadCo Tenant Improvements	182,000	182,000	-	182,000
Stadium Authority G&A	2,480,000	2,480,000	-	2,480,000
College Football Playoff Expense	-	-	4,642	4,642
Legal Contingency	-	-	6,996,000	6,996,000
Other Expenses	110,000	110,000	-	110,000
Transfers Out	51,273,000	51,273,000	(988,335)	50,284,665
Contribution to Operating Reserve	338,000	338,000	-	338,000
<b>Other Operating Expenses Subtotal</b>	<b>\$ 61,711,000</b>	<b>\$ 61,711,000</b>	<b>\$ 7,443,049</b>	<b>\$ 69,154,049</b>
<b>Total Expenses</b>	<b>\$ 73,615,000</b>	<b>\$ 73,615,000</b>	<b>\$ (85,798)</b>	<b>\$ 73,529,202</b>
Operating Reserve	\$ 11,593,270	\$ 11,593,270		\$ 11,593,270
Discretionary Fund	\$ 2,302,075	\$ 2,302,075		\$ 2,302,075



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

The Stadium Authority's FY2019/20 debt service revenue budget of \$3.8 million represents anticipated contributions from the Community Facilities District (CFD). During the first quarter of the current fiscal year, \$951,000 was contributed by the CFD.

Total Stadium Authority debt service expenses for the current reporting period were \$17.6 million, 34% of the budgeted amount. The debt service expenses for the CFD Advance, the Term A Loan, and the StadCo Subordinated Loan were \$1 million, \$15.9 million, and \$643,000, respectively.

As of June 30, 2019, the total outstanding amount of Stadium Authority debt had declined to \$326.8 million. This is a reduction in principal of \$13.4 million from the March 31, 2019 outstanding debt amount of \$340.2 million.

Additional details are shown in Tables 10 and 11 and Chart 1.

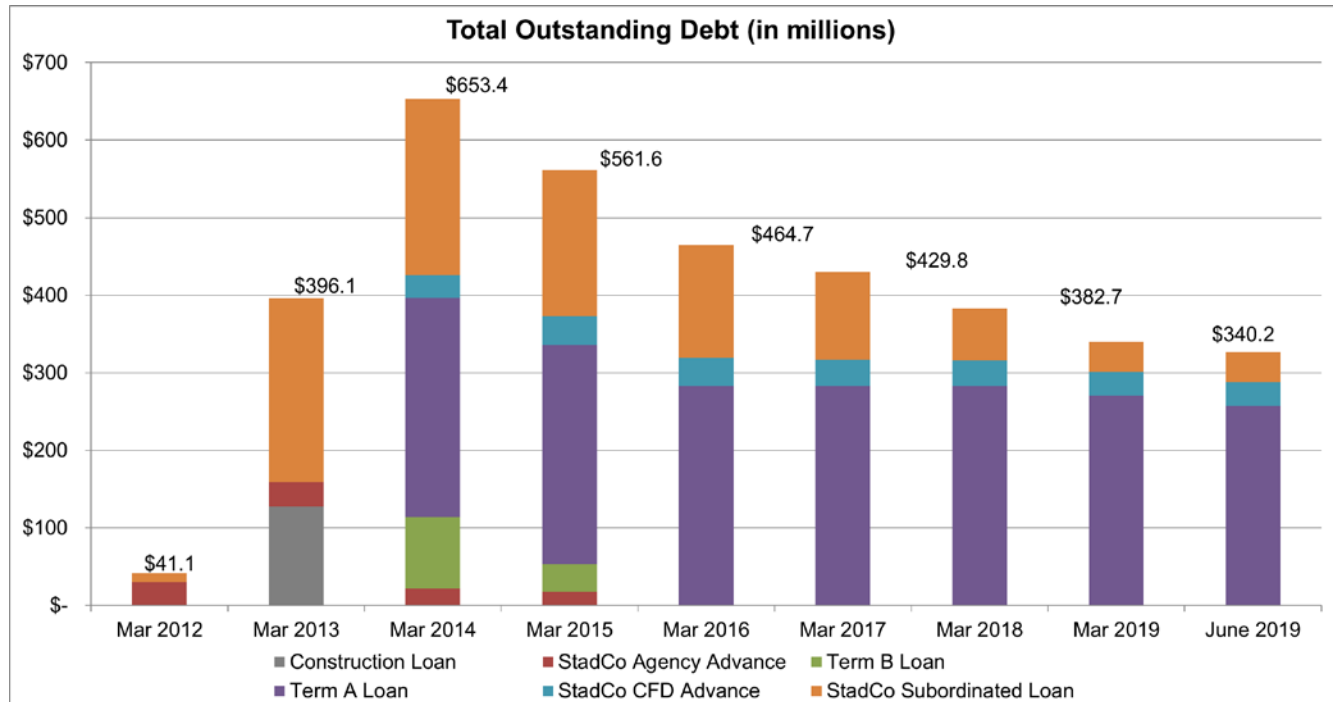
Table 10  
**Santa Clara Stadium Authority**  
**Debt Service Budget Status Report**  
For the Period Ending June 30, 2019 and 2018

	Period Ending June 30, 2019					Period Ending June 30, 2018			
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
<b>Resources</b>									
<b>Revenues</b>									
Contribution from CFD	\$ 3,872,000	\$ 951,360	\$ 951,360	\$ 2,920,640	25%	\$ 3,800,000	\$ 984,180	\$ 2,815,820	26%
<b>Revenues Subtotal</b>	<b>\$ 3,872,000</b>	<b>\$ 951,360</b>	<b>\$ 951,360</b>	<b>\$ 2,920,640</b>	<b>25%</b>	<b>\$ 3,800,000</b>	<b>\$ 984,180</b>	<b>\$ 2,815,820</b>	<b>26%</b>
Transfers In from Operating	47,795,000	-	-	47,795,000	0%	53,963,000	7,372,926	46,590,074	14%
Contribution from Fund Balance	-	16,665,922	16,665,922	(16,665,922)	NA	4,653,000	13,825,931	(9,172,931)	297%
<b>Total Resources</b>	<b>\$ 51,667,000</b>	<b>\$ 17,617,282</b>	<b>\$ 17,617,282</b>	<b>\$ 50,715,640</b>	<b>34%</b>	<b>\$ 62,416,000</b>	<b>\$ 22,183,037</b>	<b>\$ 40,232,963</b>	<b>36%</b>
<b>Expenses</b>									
CFD Advance	\$ 3,844,000	\$ 1,002,705	\$ 1,002,705	\$ 2,841,295	26%	\$ 3,800,000	\$ 878,861	\$ 2,921,139	23%
Term A Loan	26,383,000	15,971,276	15,971,276	10,411,724	61%	26,702,000	15,908,172	10,793,828	60%
StadCo Subordinated Loan	21,440,000	643,301	643,301	20,796,699	3%	31,914,000	5,396,004	26,517,996	17%
<b>Total Expenses</b>	<b>\$ 51,667,000</b>	<b>\$ 17,617,282</b>	<b>\$ 17,617,282</b>	<b>\$ 34,049,718</b>	<b>34%</b>	<b>\$ 62,416,000</b>	<b>\$ 22,183,037</b>	<b>\$ 40,232,963</b>	<b>36%</b>
Debt Service Reserve	\$ 11,536,235		\$ 11,536,235			\$ 11,536,235	\$ 11,536,235		

Table 11  
**Santa Clara Stadium Authority**  
**Debt Summary Report**  
For the Period Ending June 30, 2019

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2019		Net Change	Outstanding as of June 30, 2019
Stadium Funding Trust Loan:					
Term A Loan	5.00%	\$	270,266,412	\$ (12,752,172)	\$ 257,514,240
StadCo CFD Advance	5.73%		30,925,978	(561,874)	30,364,104
StadCo Subordinated Loan	5.50%		39,024,833	(107,449)	38,917,384
Total		\$	340,217,223	\$ (13,421,495)	\$ 326,795,728

Chart 1



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

As described on page 10 of this report, the Stadium Authority received \$115,000 in refunded Shared Stadium Manager Expenses and \$270,000 in additional NFL Ticket Surcharge revenue, which is considered additional FY 2019/20 revenue. This additional revenue, along with the portion of Shared Stadium Manager Expenses falling under budget, will be used to partially offset the increased cost in SBL Sales and Service and Utilities. The costs that are not offset, primarily the increase to SBL Sales and Service for the complimentary buffet, by the additional revenue received reduce the excess revenue transfer to the debt service fund that is used to prepay the StadCo Subordinated Loan.

Therefore, staff is requesting the budget amendments noted in Table 12.

Table 12  
**Santa Clara Stadium Authority**  
**2019/20 Debt Service Budget Adjustment**

2019/20 Fiscal Year				
	Adopted Budget	Amended Budget	Adjustments	Final Amended Budget
<b>Resources</b>				
<b>Revenues</b>				
Contribution from CFD	\$ 3,872,000	\$ 3,872,000	\$ -	\$ 3,872,000
<b>Revenues Subtotal</b>	<b>\$ 3,872,000</b>	<b>\$ 3,872,000</b>	<b>\$ -</b>	<b>\$ 3,872,000</b>
Transfers in from Operating	47,795,000	47,795,000	(988,335)	46,806,665
Contribution from Fund Balance	-	-	-	-
<b>Total Resources</b>	<b>\$ 51,667,000</b>	<b>\$ 51,667,000</b>	<b>\$ (988,335)</b>	<b>\$ 50,678,665</b>
<b>Expenses</b>				
CFD Advance	\$ 3,844,000	\$ 3,844,000	\$ -	\$ 3,844,000
Term A Loan	26,383,000	26,383,000	-	26,383,000
StadCo Subordinated Loan	21,440,000	21,440,000	(988,335)	20,451,665
<b>Total Expenses</b>	<b>\$ 51,667,000</b>	<b>\$ 51,667,000</b>	<b>\$ (988,335)</b>	<b>\$ 50,678,665</b>
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:

- Kawasaki Mule Purchase
- Two Auto Pulse Automated Compressor Purchases
- ALS Lifepack Monitor Purchase

The following CapEx projects are currently in progress and expected to be completed by the end of the fiscal year:

- Diesel Particulate Filter
- Mobile Radio
- Chemical Warfare Detector
- Staff Scheduling Software
- Upfit Kawasaki Mules

A total of \$61,000 has been spent in FY 2019/20, which amounts to <1% of the budget. The main reasons that this is below budget are (1) there has been little activity on warranty work which makes up 11% of the CIP Budget, and (2) a number of projects are behind schedule due to the ManagementCo not following State procurement and prevailing wage laws so projects had to be halted. Given the fact that almost no capital projects were completed by ManagementCo, there is serious concern where ManagementCo is unable to complete the projects included in this budget. We will continue to raise this issue with ManagementCo to ensure the Stadium Authority asset is maintained in a sufficient manner; however, there is valid concern that ManagementCo is unable to complete these duties given the record to date. During this reporting period, the ManagementCo has not demonstrated its ability to award contracts in compliance with state laws.

Additional details are shown below in Table 13.

Table 13  
**Santa Clara Stadium Authority**  
**CIP Budget Status Report**  
For the Period Ending June 30, 2019 and 2018

	Period Ending June 30, 2019					Period Ending June 30, 2018			
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
<b>Beginning Balances</b>	\$ 14,532,870	\$ 14,516,225	\$ 14,516,225	\$ 16,645		\$ 12,358,833	\$ 12,718,700		
<b>Resources</b>									
Transfers In from Operating Budget	3,478,000	-	-	3,478,000	0.00%	3,377,000	-	3,377,000	0%
<b>Total Resources</b>	<b>\$ 18,010,870</b>	<b>\$ 14,516,225</b>	<b>\$ 14,516,225</b>	<b>\$ 3,494,645</b>	<b>81%</b>	<b>\$ 15,735,833</b>	<b>\$ 12,718,700</b>	<b>\$ 3,377,000</b>	<b>81%</b>
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
<b>Expenses</b>									
Construction	4,956,922	(4,845)	(4,845)	4,961,767	0%	4,875,415	278,907	4,596,508	6%
Equipment	7,070,988	65,038	65,038	7,005,950	1%	1,210,000	65,000	1,145,000	5%
Contingency	657,397	812	812	656,585	0%	296,546	3,250	293,296	1%
Stadium Warranty Related Construction	1,528,202	-	-	1,528,202	0%	1,600,971	-	1,600,971	0%
<b>Total Expenses</b>	<b>\$ 14,213,509</b>	<b>\$ 61,005</b>	<b>\$ 61,005</b>	<b>\$ 14,152,504</b>	<b>0%</b>	<b>\$ 7,982,932</b>	<b>\$ 347,157</b>	<b>\$ 7,635,774</b>	<b>4%</b>
<b>Ending Balances</b>	<b>\$ 3,797,361</b>	<b>\$ 14,455,221</b>	<b>\$ 14,455,221</b>			<b>\$ 7,752,901</b>	<b>\$ 12,371,543</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 \$338,000 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, 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 FY 2019/20, a total of \$218,000 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 quarter of sales tax collections from Levi's® Stadium transactions generated \$179,000 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 ManagmentCo 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 2019/20 (July 1, 2019 through June 30, 2020) the offsite parking fee is \$5.63.

**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	18,591	-	225,102
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.