

3/13/12

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Santa Clara Stadium Authority and City of Santa Clara Actions for proposed 49ers Stadium

March 13, 2012
Staff Presentation

Key Points

- ▶ Measure J requirements met
- ▶ No General or Enterprise Fund (utilities) monies used or pledged to project for construction or operations
- ▶ No tax increase for Stadium
- ▶ Fair market rent for land to City
- ▶ RDA investment capped at \$40 million, CFD at \$35 million
- ▶ No subordination of City-owned land
- ▶ Although deal structure modified, City still protected from risk

Previous Actions

- ▶ June 2010 – Measure J, was approved by Santa Clara voters, authorizing the City of Santa Clara to move forward with the development of the Stadium, subject to certain binding requirements that safeguard the City's General Fund and its utilities.
- ▶ February 2011 – Santa Clara Stadium Authority was formed. It is a separate and distinct legal entity.
- ▶ December 2011 – In conformance with Measure J, the Stadium Authority approved a Disposition and Development Agreement (DDA) with the Forty Niners Stadium LLC.
- ▶ December 2011 – The Stadium Authority approved a Preliminary Development Budget and Financing Plan.
- ▶ February 2012 – The City of Santa Clara approved a Ground Lease with the Stadium Authority to allow the Stadium Authority to construct the Stadium on City owned land, with a fair market lease payment to the City.

Stadium Authority/City Actions

- ▶ Approval of City making certain findings regarding Stadium Lease Between Santa Clara Stadium Authority and Forty Niners SC Stadium Company, LLC (Stadco)
- ▶ Approval of Stadium Authority of Stadium Lease Agreement with Forty Niners SC Stadium Company, LLC
- ▶ Approval of Stadium Authority of Final Development Budget and Final Financing Plan

Parking update
Financial update
Update from Goldman Sachs

Stadium Lease Summary

- ▶ The parties to the Stadium Lease are the Stadium Authority and Forty Niners SC Stadium Company LLC (“StadCo”).
- ▶ The Stadium Lease will have an initial term of 40 years, commencing on completion of the Stadium.
- ▶ StadCo will have a short term interim option commencing on the date following the expiration of the initial term.
- ▶ StadCo will also have five (5) extension options, each four (4) years in duration, and which would commence following the interim option.

Stadium Lease Summary

- ▶ The Lease Year will be divided into two seasons: the NFL Season (August 1 to January 31) and the Off-Season (February 1 to July 31).
- ▶ StadCo will pay the operating costs of the Stadium during the NFL Season.
- ▶ The Stadium Authority will pay the operating costs during the Off-Season
- ▶ Some costs will be shared.
- ▶ StadCo will pay an annual Facility Rent to the Stadium Authority under the Stadium Lease.

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Stadium Lease Summary

- ▶ The Facility Rent will be set such that, when added to the other sources of Stadium Authority revenue, the total Stadium Authority revenue will be projected to be sufficient to pay all the estimated debt service and operating expenses of the Stadium Authority.
- ▶ Besides the Facility Rent, the Stadium Authority will have numerous sources of funds to pay its debt service and operating expenses.
- ▶ Sources include SBL sales, Naming Rights, an NFL Ticket Surcharge and income from Non-NFL Events.

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Stadium Lease Summary

- ▶ The Stadium Authority will retain 50% of the net revenues from the Non-NFL Events (under the Ground Lease 50% of the net Non-NFL event revenue is paid to the City as ground rent).
- ▶ It is estimated that in the first 15 Lease Years, the Facility Rent will be in the range of \$30 million a year.
- ▶ The Facility Rent is expected to be reduced over time but will not fall below \$5 million in any year.

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Stadium Lease Summary

- ▶ The Stadium Authority and StadCo expect to enter into a management agreement with 49ers Stadium Management Company (ManagementCo) to manage the Stadium on a year-round basis.
- ▶ ManagementCo will provide the Stadium Authority with a revolving line of credit to allow the Stadium Authority to borrow up to \$25 million in the event revenues and expenses are not as projected.
- ▶ The Stadium Authority will be able to draw on the line of credit at any time Stadium Authority revenues are insufficient to pay Stadium expenses, including debt service.

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Stadium Lease Summary

- ▶ If a Second Team permanently relocates to the Stadium, StadCo is required to pay an amount equal to:
 - the former redevelopment agency's upfront contribution in the approximate amount of \$9,750,000
 - any payments made to pay down the principal of the StadCo Advance
 - the amount of the development fees paid to City by the redevelopment/successor agency.
- ▶ The Stadium Lease requires StadCo to reimburse the City each year for the amount of public safety costs which exceed the fees received from the Off-Site Parking Permits.

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Stadium Lease Summary

- ▶ The Stadium Lease contains provisions to allow the Stadium Authority to convert the Stadium Lease to twelve month triple net lease, known as "Put Rights."
- ▶ If the Stadium Authority exercises its Put Rights, StadCo will be responsible for paying the operating costs of the Stadium on a year-round basis.
- ▶ Upon exercising its Put Rights, the Stadium Authority would use funds in the reserves to pay its debt. StadCo would pay or assume any remaining debt.

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Stadium Lease Summary

- ▶ If any debt from a lender could not be assumed by StadCo, the Facility Rent would be adjusted so that the Stadium Authority could pay its debt service.
- ▶ After the Put, the Facility Rent would equal the amount of ground rent and participation rent (fifty percent of Net Non-NFL Event Income) to be paid to the City, and any third-party lender debt service, if needed.

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Stadium Lease Summary

- ▶ If the City elects to demolish the Stadium at the end of the term of the Stadium Lease, StadCo will be required to pay the demolition costs. StadCo is required to fund a demolition reserve, that when added to the amounts in the other reserve, would be sufficient to pay the costs of demolition

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Future Actions

- ▶ March 15, 2012
 - Stadium Management Agreement
 - Line of Credit Agreement
 - Non-Relocation Agreement
 - Stadco Obligations Agreement
 - Funding Agreement
 - Third Amendment to Training Facility Lease
 - Parking Rights Agreements

Recommendations

- ▶ That the Council adopt the Resolution Making Certain Findings Regarding the Stadium Lease Between the Santa Clara Stadium Authority and Forty Niners SC Stadium Company LLC
- ▶ That the Stadium Authority adopt the Resolution Approving the Final Development Budget, Final Financing Plan, and the Stadium Lease



New Stadium Parking Overview

- Onsite Parking: 10,460 stalls
- Onsite parking includes:
 - Convention Center Garage, Tech Mart, Surface
 - Tasman Drive Parking Structure
 - Stars and Stripes Drive
 - 49ers Training Facility
 - South and Main Lots from Great America Park
- Offsite Parking Projections: 19,688 stalls
- Combined Parking: 30,148 stalls

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Offsite Parking Agreements as of March 13, 2012

- 14 signed Letter of Intent Agreements
- Parking lots range in size from 200 to 2,250 stalls
- LOI: 15,662 stalls
- In current negotiations with two properties
- Parking lots range in size from 2,000 to 2,026 stalls
- In-Negotiations: 4,026 stalls
- Projected offsite parking (LOI & Negotiation): 19,688 stalls

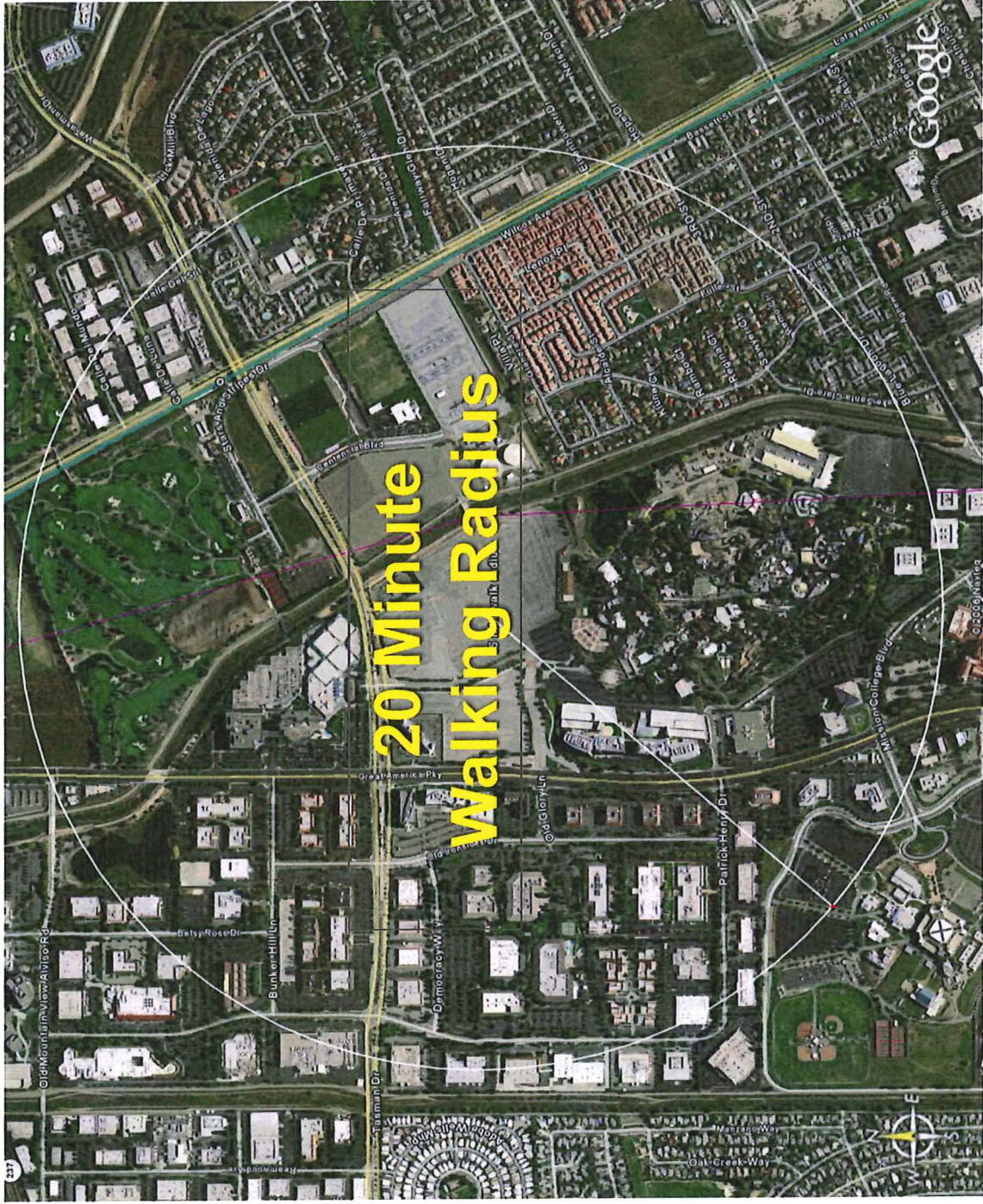


Offsite Parking Goals

- Parking should be within a 20-minute walking radius of the stadium
- Long term use agreement between Owner and Stadium Authority for a specified number of stalls (10 years plus options)
- NFL games: 10 weekends in the Fall committed; weekday game scheduling addressed on an annual basis in January of each year. Other major events: 10-15 per year
- Parking, pricing, and traffic operations under common control (SCPD, Stadium Authority and a single parking operator)
- Tailgating in open surface lots
- Presale of offsite lots to season ticket holders



Area Map

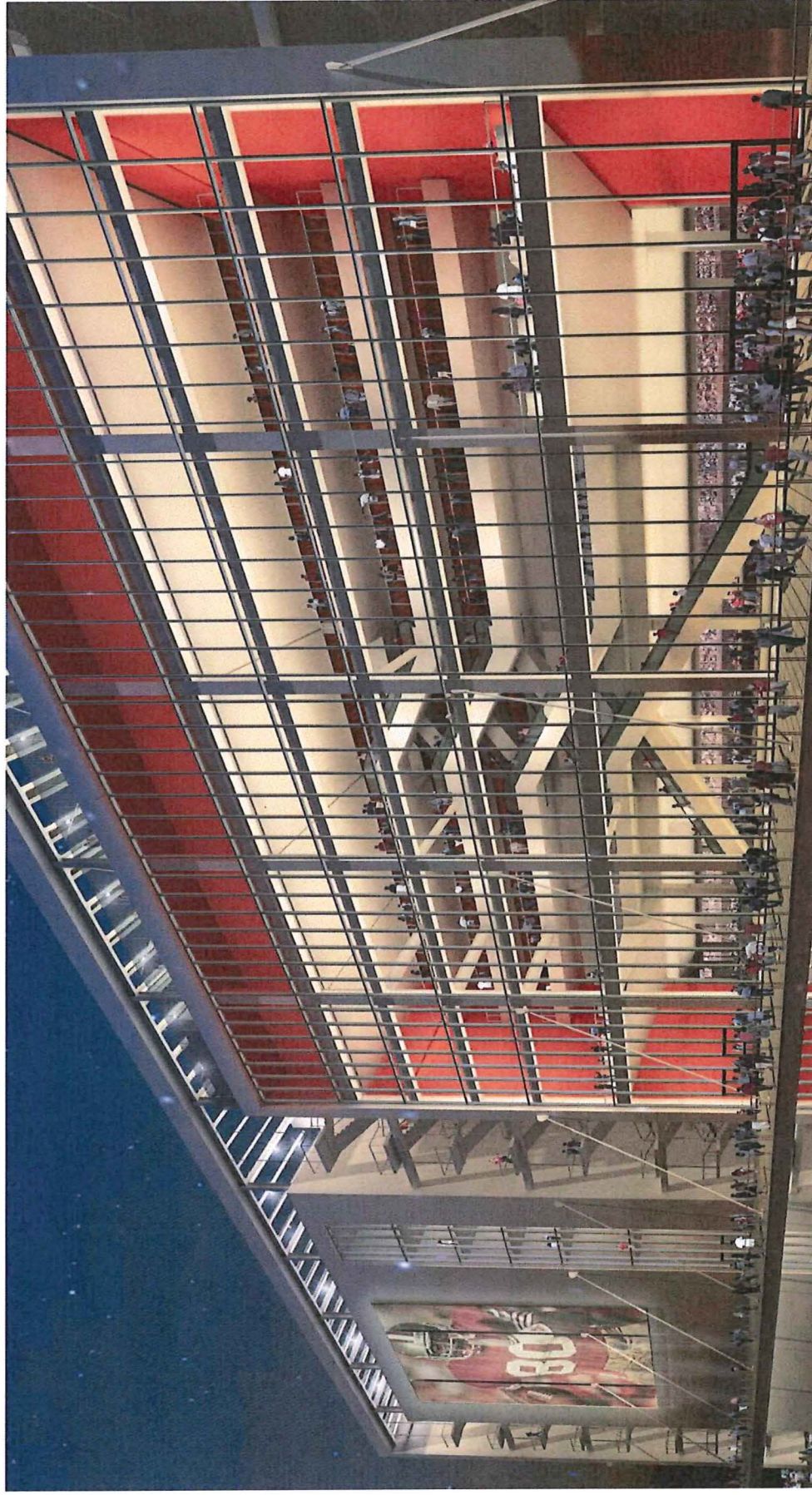


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Final Development Budget



Presentation to Santa Clara Stadium Authority Board

March 13, 2012

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Final Development Budget

(\$ MM's)	Preliminary Development Budget (at DDA)	Final Development Budget 3/13/2012	Difference
Design Builder Costs	868	878	
Other Development Costs	152	171	
Subtotal	1,020	1,049	29
Costs of Issuance & Interest During Construction	75	78	3
Technology Allowances & Owner Contingency	NA	50	50
Total Development Costs	1,095	1,177	82
Less: Tenant Improvement Costs (Payable by StadCo)		(150)	
Additional rent from StadCo for early completion		(5)	
Development Costs to the SCSA		1,022	

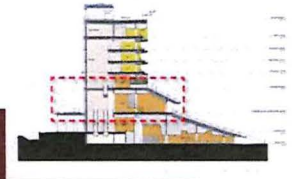
- Final stadium construction budget is up \$29M from the December 2011 estimate as a result of additional design development.
- Costs of Issuance and interest expense is up \$3M due to refinement of loan draw schedule
- Added a \$50M allowance to provide for:
 - Additional technology and sustainability initiatives
 - Owners contingency above the 8% carried by the Design Builder

Additional Design Development



[Champions Club]

- Significant Upgrades to:
 - Finish levels in the Club spaces
 - Concession areas throughout the building

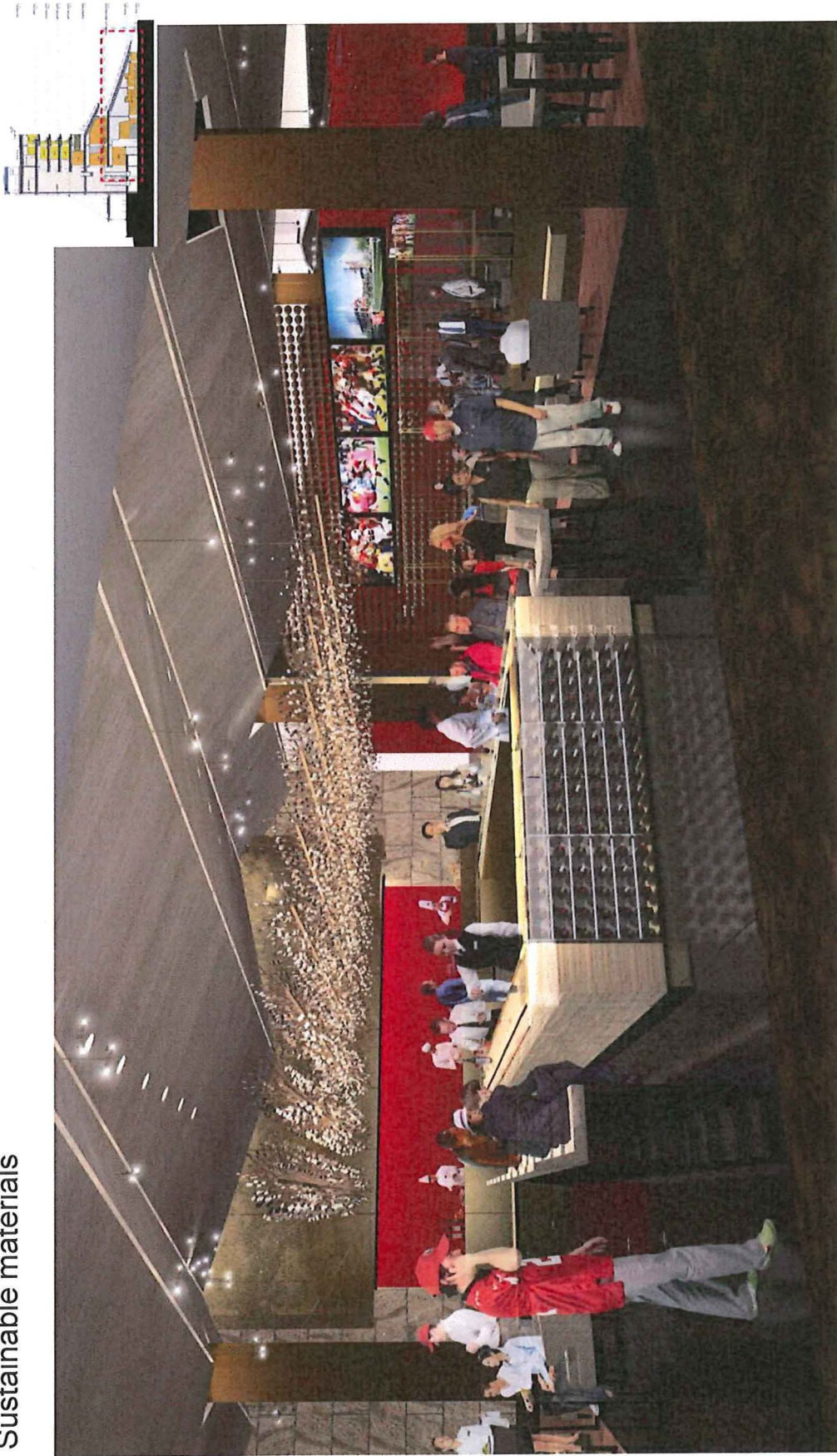


Club Space Finishes



[West Legacy Club]

- High end finishes
- Sustainable materials



Club Space Finishes



- High quality club spaces will enhance the Authority's ability to generate special event revenue
- Superior club finishes will support the sale of club seat SBLs

[Loft Club]



Upgrades to Stadium Systems



- In order to deliver a top-quality interactive experience to fans, the budget for communications infrastructure (wireless, cellular, etc) has been increased
- Other systems such as heating and cooling have been upgraded in order to make the facility more energy efficient, and to move the LEED goal up from “certified” to “silver”.





Other Design Refinements

- Site work and grading in the Great America main lot to increase parking counts and improve ADA access
- Reconfiguration of the stair towers based on input from the Fire Department.
- Relocated the cooling tower to the South Lot
- Further refinement of the bridges over San Tomas creek





Facility Rent

- **Fundamental Principle:** The Facility Rent from StadCo to the Authority will be set so that the Authority's total revenues will be sufficient to cover all of its expenses, including:
 - Ground Rent to the City
 - Stadium operating expenses
 - Capital reserves
 - Debt service
- The final rent schedule will be set at the takeout of the construction loan, as will the payment schedule for the StadCo Subordinated Loan
- Key factors that assure the Authority will be able to cover its expenses:
 - Operating reserve of \$10M in first year
 - Conservative projections on revenues and expenses
 - Required annual payments on StadCo Subordinated loan reduced for first 10-years

SCSA Senior Cash Flow Projections



REVENUE AND EXPENSE PROJECTIONS

	2015	2020	2025	2030	2035	2045
Revenues						
NFL Ticket Surcharges/Fees, Naming Rights, and SBLs	51.2	49.7	22.3	23.2	26.4	15.9
Net Revenues from Non-NFL Events	5.1	5.9	6.9	8.0	9.2	12.4
StadCo Facility Rent	30.0	30.0	30.0	30.0	30.0	5.0
Total Revenues	86.3	85.6	59.2	61.2	65.6	33.3
Expenses						
Operating Expenses, Including Management Fees	(6.5)	(7.7)	(9.0)	(10.6)	(12.5)	(17.4)
Ground Rent to City (Base & Performance Rent), Youth/Sr Fees	(2.9)	(3.4)	(4.2)	(4.4)	(5.1)	(6.7)
Capital Expenditure Reserve Funding	(2.1)	(2.4)	(2.8)	(3.2)	(3.7)	(5.0)
Total Expenses	(11.5)	(13.5)	(16.0)	(18.2)	(21.3)	(29.1)
Operating Cash Flow	74.8	72.1	43.2	43.0	44.3	4.2
Takeout Financing						
Takeout Financing Debt Service	(36.8)	(36.0)	(22.0)	(22.5)	(23.7)	-
Residual Cash flow (to StadCo Sub Loan, SCSA Reserves)	38.0	36.1	21.2	20.5	20.6	4.2

SCSA Residual Cash Flow Projections



RESIDUAL CASH FLOWS

	2015	2020	2025	2030	2035	2045
Residual Cash flow to StadCo Sub Loan and SCSA Reserves	38.0	36.1	21.2	20.5	20.6	4.2
Scheduled StadCo-SCSA Subordinate Loan Debt Service						
Amount Paid from Residual Cash Flow	(27.7)	(27.7)	(21.2)	(19.2)	(19.2)	-
Reduction in Amount Due (from Prior Principal Prepayments)	-	-	(6.5)	-	-	-
Total Payments & Credits towards Scheduled Sub Loan Service	(27.7)	(27.7)	(27.7)	(19.2)	(19.2)	-
Excess Cash Flow after Scheduled Sub Loan Payments	10.3	8.4	-	1.3	1.4	4.2
Application of Excess Cash flow *						
1 Pay off outstanding LOC balance (none projected)	-	-	-	-	-	-
2 Fund the OpEx Reserve up to a balance of \$2 million	-	-	-	-	-	-
3 Fund \$1 million to CapEx Reserve	(1.0)	(1.2)	-	(1.3)	(1.5)	(2.5)
4 Fund the OpEx Reserve up to a balance of \$10 million	(0.3)	(0.2)	-	-	-	(1.7)
5 Prepay the Sub-Loan until it is fully repaid	(9.0)	(7.1)	-	-	-	-
6 Fund the OpEx Reserve up to a balance of \$20 million	-	-	-	-	-	-
7 Remainder is retained/distributed by the SCSA	-	-	-	-	-	-

* All referenced values are as of the first year of stadium operations. Values in future years increase by 3% per year to account for inflation
Numbers may not foot due to rounding

Facility Rent



- Key factors that assure the Authority will be able to cover its expenses:
 - Operating reserve of \$10M in first year
 - Conservative projections on revenues and expenses
 - Required annual payments on StadCo Subordinated loan reduced for first 10-years
 - StadCo Line of Credit (unlikely to be used, but available as a fail safe)
 - Authority “put right”



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3/13/12

Santa Clara Stadium Project

SCSA

SANTA CLARA STADIUM AUTHORITY



Goldman, Sachs & Co.
March 13, 2012

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POST MEETING MATERIAL





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The Stadium Project has made enormous progress since we last presented in December.

- The \$850 million bank loan approved by the Santa Clara Stadium Authority (the "Authority") in December 2011 is expected to close on March 28, 2012
 - A successful secondary syndication launched on February 13 with commitments due on March 7
 - 13 additional banks have since committed, subject to final documentation, to the bank loan
- 80% of the subcontracts for the Design Build Agreement ("DBA") have been bid, and the Initial Guaranteed Maximum Price ("IGMP") contract at closing will be well within the construction cost limitation
- Make ready work has begun on the site
- The March closing coupled with the status of the DBA subcontracts put the Stadium on track for a 2014 opening





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Construction Financing Plan

- The Authority is funding Stadium construction from a combination of bank loan draws, investment by Forty Niners SC Stadium Company LLC (“StadCo”), and construction period revenues
 - Construction period revenues represent a portion of Stadium Builders Licenses (“SBLs”) and Naming Rights revenues that are expected to be received during the construction period
- While the bank loan has been sized at \$450 million, we expect that the actual amount drawn will be less due to receipt of Construction Period Revenues above the \$162 million target
- In the unlikely event the construction costs exceed the Final Development Budget, StadCo is required to fund the “Cost Over-Run” as additional rent

Construction Financing Plan (\$ Mn)	
Authority Bank Loan Draws	\$450
Advances from StadCo	
Subordinated Loan to the Authority	335
RDA Advance	30
CFD Advance	35
RDA Funding	10
Tenant Costs Paid by StadCo ¹	155
Construction Period Revenues	162
Total	\$1,177

¹ \$155mm represents the estimated cost of StadCo Tenant Improvements (\$125mm), plus soft costs (\$25mm), plus \$5mm for the Turner Devcon Joint Venture early completion bonus, which will be paid as additional rent to the Authority if the Stadium is completed by July 31, 2014

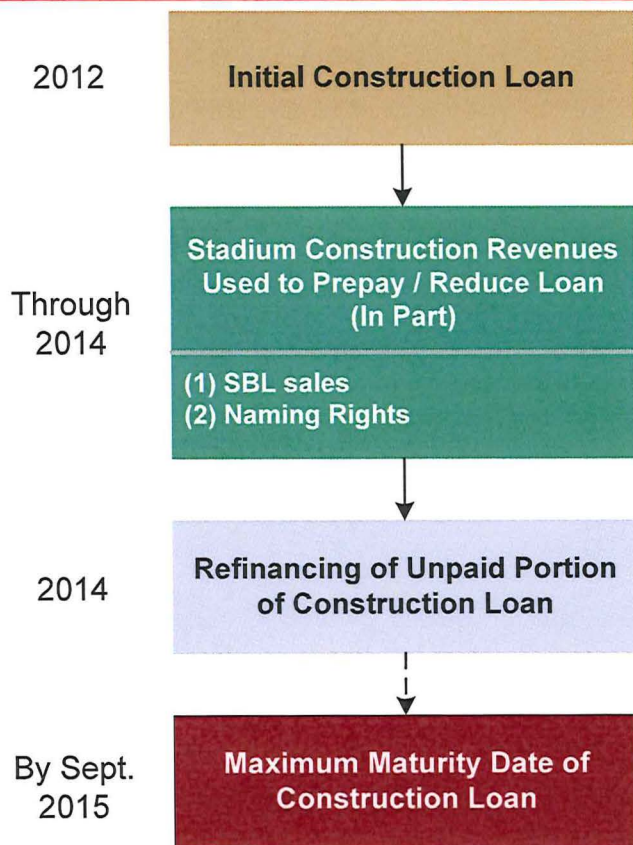


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As the construction loan is reduced over time, the Authority and StadCo will monitor the refinancing markets with a dual track approach.

Financing and Construction Timeline



Potential Refinancing Markets

Option 1: Bank Market Takeout

- Pre-payable at anytime
- Attractive cost of funding
- Target commercial lenders active in the NFL space

Option 2: Bond Market Takeout

- Long-term financing matched to long-dated asset
- Long-term rates at historic lows
- Target insurance companies and bond funds

The ultimate takeout financing will likely be a combination of both bond and bank options.



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Take-out Financing Illustration

- All stadium revenues received by the Authority during construction will be used to fund construction costs or to prepay the loan, including payments on:
 - SBL sales
 - Naming Rights
- Long-term financing will be executed prior to the loan's maturity to repay the balance
- Market conditions and other factors will determine the exact timing and structure of the takeout

Required Refinancing by 2015	
Total Project Costs	\$1,177
Funded by Construction Period Revenues	(292)
Funded by StadCo Advances ¹	(400)
Funded by RDA	(10)
Funded by StadCo for Tenant Costs	(155)
Construction Debt to be Refinanced at Completion²	\$320

Note: All amounts are preliminary, subject to change. Final allocations will be set at closing

¹ Includes funds advanced to the Authority, the Redevelopment Agency of the City of Santa Clara, and the Community Facilities District

² Excludes the StadCo Subordinated Loan, which will be finalized at the same time as and with similar terms to the take-out financing



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Lender Disclaimers

Lender Communication

The foregoing presentation summarizes certain of the terms of the proposed financing, and provides certain other information intended for discussion purposes only. This document is neither an expressed nor implied commitment by Goldman Sachs, Bank of America Merrill Lynch, USBank (together the "Lenders"), or any of the affiliates of any of the foregoing to provide any financing, to provide or purchase any loans or securities in connection with the transactions contemplated hereby or to provide or assist in providing the financing described herein. Such commitment is only as set forth in the separate commitment letter executed as of November 4, 2011, by Goldman, Sachs Bank USA, Bank of America, N.A., and U.S. Bank National Association (the "Commitment Letter") and other contracts and agreement related thereto. Such commitment is subject to the terms and conditions, including an expiration date and conditions precedent to funding, set forth or described in the Commitment Letter, term sheets attached thereto and other contracts and agreements related thereto. The Commitment Letter and the term sheets attached thereto, and related contracts and agreements (and not this presentation) are the legal documents governing the commitment and the terms and conditions under which it was made, and this presentation, including any summary of terms and conditions and the transaction herein, does not modify, and does not purport to summarize all of, the terms, conditions, representations, warranties and other provisions with respect to the transactions referred to herein or in the Commitment Letter and the term sheets attached thereto and related contracts and agreements. All matters described in this presentation are qualified in their entirety by reference to the Commitment Letter, the term sheets attached thereto, and the related agreements and contracts.

The Lenders Are Not Acting as a Municipal Advisor

The Lenders are not acting as your financial advisor or Municipal Advisor (as defined in Section 15B of the Exchange Act of 1934, as amended), and shall not have a fiduciary duty to you, in connection with the matters contemplated by these materials. You should consult your own financial advisors to the extent you deem appropriate. Any information contained in this document relating to a bond underwriting is provided for discussion purposes only in anticipation of serving as an underwriter in the transaction. The primary role of an underwriter is to purchase securities from the issuer in an arms-length commercial transaction and the underwriter has financial and other interests that differ from the issuer.

3/13/12

NO.	FEASIBILITY STUDY ISSUES	FEASIBLE Yes Yes w/Conditions No	CONFORMS TO CITY GUIDELINES (Exhibit 2)	COMMENTS / CONDITIONS / UNRESOLVED ISSUES
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5 Effects of Redevelopment Bonding for Stadium (Cont'd.):

B. Cooperation Agreement (CA)	Yes w/Cond.	see comment	The Cooperation Agreement was subordinated to all other RDA obligations to allow the City Council to pursue additional development in the North Bayshore RDA if an opportunity arose. The Cooperation Agreement will be fully paid by lease revenues from the RDA, but at a much slower rate than without a project. There is an estimated \$75M (NPV) opportunity cost to the City in using RDA tax increment for a stadium rather than for repayment to the City. This opportunity cost can be offset, in part, by lease revenue to the General Fund from the 49ers for the stadium land.
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STADIUM

6 Construction Financing (\$864M):

A. Stadium Authority (Public Agency) Financing (\$330M):

1. Admissions Fee Bonds	Yes w/Cond.	Yes-4	Fee only applied to event attendees, not the general public. 49ers want to keep full ticket revenue after bonds are retired (25 years). City's return could be improved by participating in post-bond retirement revenue.
2. Naming Rights Bonds	Yes w/Cond.	not addressed in Guidelines	Unresolved as to disposition of naming rights after bonds are retired (20 years). Potential to improve City's return on investment by participating in post-bond retirement revenue from naming rights.
3. Concessions, Corporate Founding Partners, Stadium Builders Licenses, Pouring Rights	Yes	not addressed in Guidelines	Formal negotiations would be required to determine optimal allocation of available revenue streams between the Stadium Authority and the 49ers.
4. Construction Cost Overruns and/or Timing Delays	Yes w/Cond.	Yes-1,2	The 49ers have committed to guaranteeing any construction cost overrun from a one-year delay only. This issue remains unresolved beyond a one-year construction delay. There can be no construction cost overruns that become an obligation of the City or the Redevelopment Agency. City/RDA proposed financing has a ceiling of \$136M (Exhibit 8).
5. Financing Schedule	Yes w/Cond.	not addressed in Guidelines	As mentioned in 2.B. above, the current financing schedule has a greater proportion of public monies going to construction financing early, with the Team/NFL monies coming later. A more equitable distribution of the finance timing should be determined (Exhibit 8).
6. Reimbursement of historic costs to 49ers	Yes w/Cond.	not addressed in Guidelines	The 49ers are requesting reimbursement through Stadium Authority financing for costs incurred in the development of the stadium proposal and design work from 2005 forward. This concept can be considered in formal negotiations, but only for documented expenses related to a Santa Clara stadium.

B. Team and NFL Financing (\$363M):

1. 49ers Financing	Yes w/Cond.	not addressed in Guidelines	Team proposes to form a limited liability company (LLC) as the financing/participating interest in the stadium project. The City must be assured there is a stronger backstop beyond the LLC to ensure cost overruns or other significant issues that may arise in the negotiations process and/or during the term of the agreement.
2. NFL Contribution	Yes w/Cond.	not addressed in Guidelines	The previous NFL "G-3" program for contributing to publically subsidized stadiums has expired. The City has received verbal guarantees from the 49ers that an equivalent "G-3" program will be created to assist a Santa Clara stadium financing. That program is not yet in existence.

C. City Contribution to Financing (\$136M)

Refer to 1A. and 2A.,B.,C. above

D. Private Sector Financing-Hotel Mello Roos (\$35M)

Refer to 3A. above.

7 Construction Schedule:

A. Construction Timing	Open	Open-7,8	Attachment A is a proposed timeline developed by the 49ers that results in a stadium completion for the 2012 NFL season. This schedule requires, among other issues, that stadium construction commence prior to the completion of the garage which may impact replacement parking. This is an issue that needs further discussion with Cedar Fair and therefore the schedule remains open to modification.
B. Garage Design Costs	Open	Open-1,2	If a stadium project does not go forward, any garage project design in the Great America parking lot would be abandoned and the original Convention Center garage north of Tasman would be pursued. The City should be reimbursed for design costs if the garage is not needed in the Great America parking lot. The location of the garage has not as yet been determined.

POST MEETING MATERIAL

January 2008

3A

funds as a result of the construction of the Stadium, estimated to be approximately One Million Seven Hundred Thousand Dollars (\$1,700,000). The Agency will pay the other one-half of the development fees required to be paid to the City's enterprise funds as of a result of the construction of the Stadium. A list of development fees to be paid to the City's enterprise funds as of a result of the construction of the Stadium is attached as Attachment E.

ARTICLE 7.
STADIUM CONSTRUCTION FINANCING.

Section 7.1 Financing Overview. Based on current projections, Stadium development costs will be in the range of Nine Hundred Million Dollars (\$900,000,000) assuming construction starts in 2012, and is completed in 2014. This cost projection will change as the Stadium design process moves forward. As further described in the succeeding Sections of this Article 7, funding for the development of the Stadium will be provided by the Agency, the CFD, the Stadium Authority and 49ers Stadium Company. The Agency investment will not exceed a total of Forty Million Dollars (\$40,000,000) (exclusive of debt service and other financing costs). The CFD investment will not exceed a total of Thirty-Five Million Dollars (\$35,000,000) (exclusive of debt service and other financing costs). No CFD funds will be used to pay debt service on the Tax Allocation Bonds or to repay the 49ers Agency Advance, as such terms are defined below. No Agency funds will be used to pay debt service on the Mello Roos Bonds or to repay the 49ers CFD Advance, as such terms are defined below. The Stadium Authority will raise funds through such methods as upfront payments and financings relating to the sale of naming rights contracts, vendor contracts and Stadium Builders Licenses. The Stadium Authority also intends to raise funds through a surcharge on NFL Game tickets. If all Conditions to Closing are satisfied, 49ers Stadium Company will be responsible to invest all the funds necessary to pay the costs to complete the Stadium which are not paid by the other sources.

Section 7.2 Finance Plan. The Parties understand and acknowledge that the actual amounts of the potential revenue streams that are planned to be used to finance the development of the Stadium, as generally described in this Article 7, and the specific requirements of the various bond underwriters and lenders that will provide financing in the future, are uncertain at this point in time and that no Party has committed to any specific amount to be raised from these funding sources nor has any Party made any representation that it will be financially feasible to capitalize these funding sources. In recognition of these facts, the Parties acknowledge that it is critical to maintain flexibility in the approach to financing of the Stadium construction, subject in all events to the limitations on the investment of the City, Agency and CFD as set forth herein. As provided in Section 3.1 above, it will be a Condition to Closing that the City, Agency and Stadium Authority approve a detailed plan for the financing of the Stadium, specifically including the maximum investment of the Agency and CFD and protection of the City's general and enterprise funds (the "Finance Plan"). The Finance Plan will set out in reasonable detail the amount and timing of the Stadium Authority Construction Sources, the Agency Upfront Investment, the Mello Roos Bonds, and the 49ers Stadium Company Investment, and will demonstrate, to the reasonable satisfaction of the City, Agency and Stadium Authority, that 49ers Stadium Company will have sufficient assets, credit and revenue streams to timely fund the 49ers Stadium Company Investment.

June 2009

Feb 2011

Sepmore
emmy Toran

RESOLUTION NO. ___

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CLARA
AUTHORIZING THE EXECUTION OF A JOINT POWERS AGREEMENT WITH THE
REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA TO AUTHORIZE
THE CREATION OF THE SANTA CLARA STADIUM AUTHORITY**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANTA CLARA AS
FOLLOWS:**

WHEREAS, the Redevelopment Agency of the City of Santa Clara (the "Agency") desires to partner with the City of Santa Clara (the "City") in the construction and operation of a stadium suitable for professional football and other large events (the "Stadium Project") as a means of reducing physical and economic blight in the Bayshore North Project Area (the "Project Area");

WHEREAS, on June 8, 2010, the citizens of the City approved Measure J, "The Santa Clara Stadium Taxpayer Protection and Economic Progress Act" which endorses the development of the Stadium Project and calls for the creation of the Santa Clara Stadium Authority (the "Stadium Authority") to own, develop, construct, operate and maintain the Stadium Project.

WHEREAS, in order to facilitate the Stadium Project and to fulfill the mandates of Measure J, the Agency and City desire to form the Stadium Authority which will operate within the jurisdiction of the City;

WHEREAS, the Stadium Authority's activities would include the ownership and operation of the Stadium Project;

WHEREAS, the Stadium Authority would exercise its powers in accordance with Measure J, and other City and applicable state and federal laws; and

WHEREAS, in order to form the Stadium Authority, the Agency and the City desire to enter into that certain Joint Exercise of Powers Agreement for the Santa Clara Stadium Authority, which establishes the governing and operational structure of the Stadium Authority in greater

maintenance, accounting, audit and other relevant procedures with which the parties to the Funding Agreement shall comply.

Section 6.5. Construction Cost Overrun. Stadco will be responsible to pay the amount, if any, by which the total, actual Development Costs incurred by the Stadium Authority exceed the amount of such costs set forth in the approved Final Development Budget (a "Cost Overrun"). Prior to the Close of Escrow, Stadco and the Stadium Authority shall negotiate and approve the form of the Cost Overrun Commitment.

ARTICLE 7.
STADIUM AUTHORITY FINANCING

Section 7.1. Stadium Authority Financing. Consistent with the Final Financing Plan, the Stadium Authority, in consultation with Stadco, shall make a good faith effort to negotiate and execute Stadium Authority Financing Documents reasonably acceptable to the Stadium Authority and Stadco for all Stadium Authority Financings identified in the Final Financing Plan. The Stadium Authority Financing Documents shall expressly provide that no lender or bondholder under such documents shall have any recourse to the City or the Agency general funds or operating revenues or to the City enterprise funds, and any recourse shall be solely against the Stadium Authority and/or any Stadium Authority Source pledged to secure such financing. The Stadium Authority makes no representation as to the amount of funds from one or more of the Stadium Authority Financings that will be available to pay Development Costs.

Section 7.2. Conditions to Stadium Authority Financing. The conditions set forth in this Section 7.2 must be met prior to the Stadium Authority's consummation of any Stadium Authority Financing, unless waived in writing by the parties with approval rights over the applicable condition:

(a) The conditions to the Close of Escrow set forth in Article 3 shall have been satisfied or waived.

(b) As applicable, the Stadium Authority's legal counsel shall be irrevocably prepared to issue an opinion letter in a form acceptable to the Stadium Authority's lenders, and approved by the Stadium Authority in its reasonable discretion, stating, among other things, that the Stadium Authority Financing Documents constitute the valid and binding obligations of the Stadium Authority, enforceable against the Stadium Authority, and the Stadium Authority Financing Documents have been duly executed and delivered by, and constitute the valid and binding obligation of, the Stadium Authority enforceable against the Stadium Authority and that such Stadium Authority Financing does not constitute a debt of the City or the Agency.

(c) The Stadium Authority and Stadco shall have approved the projected amount of proceeds to be realized from such funds.

(d) The Stadium Authority and Stadco shall have approved, each in its sole discretion, the final form of all Stadium Authority Financing Documents required for each