

SCSA

Santa Clara Stadium Authority

SANTA CLARA STADIUM AUTHORITY FINANCIAL STATUS REPORT

Quarter Ending June 30, 2020



December 1, 2020

Table of Contents

Introduction.....	2
NFL Events.....	3
Non-NFL Events.....	3
Discretionary Fund	3
Stadium Builder Licenses	4
Santa Clara Stadium Authority Budget Status Reports.....	6
<i>Operating Budget</i>	6
<i>Debt Service Budget</i>	9
<i>Capital Improvement Project Budget</i>	12
City of Santa Clara Net General Fund Impact.....	14
<i>Public Safety and Administrative Cost Reimbursement</i>	14
<i>Rents and Senior and Youth Fee</i>	14
<i>Other Revenue Impacts</i>	14
Glossary.....	16

Introduction

This Santa Clara Stadium Authority ("Stadium Authority") Financial Status Report provides information covering the first quarter of the Stadium Authority's 2020/21 fiscal year (FY) which ended on June 30, 2020.

In addition to these quarterly reports, the Stadium Authority produces annual financial statements. The FY 2019/20 financial statements were audited by an external audit firm and presented to the Stadium Authority's Audit Committee on September 24, 2020 and the Stadium Authority Board ("Board") on October 13, 2020. Once presented to the Stadium Authority Board, the financial statements 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 2020/21 budget was considered at a study session on March 5, 2020 and adopted by the Board on March 24, 2020.

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 with Stadium Authority funds.

Methodology

Information provided in this report was based in part on documentation submitted by ManagementCo. Specifically, NFL and Non-NFL event statistics and financial information relating to Stadium Manager expenses are provided by ManagementCo. However, it should be noted that Stadium Manager still refuses full access to the Stadium Authority's books and records. Stadium Authority staff is limited to 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 has not been conducted by the Stadium Authority for this report.

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 scheduled to be discussed at the December 1, 2020 Stadium Authority Board meeting.

The information provided reflects the best known and available at the time of the writing of this report and is subject to further revision when the full body of records becomes available and review is complete. Consequently, the Board's notation and filing of this report should not be considered an approval of the accuracy of the information in the report.

NFL Events

There were no NFL games held in the first quarter of the 2020/21 Fiscal Year. Levi's® Stadium planned to host the first 49ers pre-season game of the 2020 season on August 21, 2020, however, the NFL canceled all pre-season games due to COVID-19. The first game held at Levi's® Stadium of the 2020 season was Game 3 on September 13, 2020, which will be reported in the Quarter 2 report.

Non-NFL Events

There were no Non-NFL events held in the first quarter of the 2020/21 Fiscal Year. Due to the pandemic, there is no estimated timeframe for Non-NFL events to resume.

Discretionary Fund

The Discretionary Fund is funded by revenue equal to 50% of the Non-NFL Ticket Surcharge of \$4 per ticket. Table 1 shows the revenues and expenses in the Discretionary Fund since FY2014/15. The balance at the end of this reporting period was \$2.3 million.

Table 1

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	367,748	-	2,327,850
2020/21	2,327,850	-	-	2,327,850

Stadium Builder Licenses

The total principal value of currently active Stadium Builder Licenses (“SBLs”) is \$533.7 million and, as of June 30, 2020, 86.3% of the total principal value of all SBLs sold (i.e., \$460.4 million) had been collected.

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

There is a total of 60,442 currently active SBLs, or 91.7% of the 65,879 total sellable SBL seats. This is an increase of 205 from the total active SBLs at the end of the prior fiscal year (March 31, 2020). The main reasons for the increase are due to sale of new SBLs and 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, 133 SBLs were sold for a total face value of \$671 thousand. The customer seat relocation program resulted in an increase of \$1.3 million to the SBL face value, while netting 71 more SBLs.

Additional details regarding currently active SBLs are noted in Table 2.

Table 2

Santa Clara Stadium Authority

Currently Active Stadium Builder License (SBL) Summary⁽¹⁾

Through June 30, 2020										
Seat Value	SBL Seats Available	SBL Seats Sold as of 3/31/20	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	\$ 12,285,200	87.2%	
80,000	938	930	-	-	-	930	74,400,000	66,108,593	88.9%	
40,000	2	2	-	-	-	2	80,000	65,883	82.4%	
30,000	4,869	4,527	1	25	-	4,553	136,590,000	120,525,544	88.2%	
20,000	3,395	2,912	3	9	-	2,924	58,480,000	50,967,809	87.2%	
15,000	7	7	-	-	-	7	105,000	82,828	78.9%	
12,000	2,167	2,151	-	-	-	2,151	25,812,000	22,299,898	86.4%	
10,000	9	7	-	-	-	7	70,000	60,186	86.0%	
6,000	20,623	20,504	44	30	1	20,579	123,474,000	102,560,695	83.1%	
5,000	14,301	13,320	49	69	-	13,438	67,190,000	56,792,628	84.5%	
4,000	917	914	-	4	-	918	3,672,000	3,334,228	90.8%	
3,000	94	91	-	-	-	91	273,000	222,523	81.5%	
2,500	45	44	-	-	-	44	110,000	92,971	84.5%	
2,000	18,373	14,693	36	(66)	-	14,663	29,326,000	24,994,357	85.2%	
1,000	39	35	-	-	-	35	35,000	29,989	85.7%	
Total	65,879	60,237	133	71	1	60,442	\$ 533,699,625	\$ 460,423,330	86.3%	

Plus: Interest on financed SBLs **56,098,561**
Total Principal & Interest \$ 516,521,891

⁽¹⁾ This table does not include \$26.1 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 2020/21 Fiscal Year were \$6.3 million representing 9% of the overall budget for revenues. The primary reason that revenue is below 25% is because there are not currently any non-NFL events being held at the Stadium due to the pandemic and therefore the Stadium Authority is not receiving any revenue related to event attendance. The revenue affected by the pandemic includes NFL Ticket Surcharge, Non-NFL Event Revenue, Non-NFL Event Ticket Surcharge and Senior & Youth Fees. The Stadium Authority is still collecting SBL proceeds, Naming Rights revenue and rent all of which are expected to meet budget this fiscal year. The Naming Rights revenue is collected twice a year, in October and February, and will be included in the Quarter 3 report. The first receipt of SBL proceeds this fiscal year amounted to \$7.2 million and will be included in the Quarter 2 report.

Total operating expenses were \$25.8 million, or 38% of the annual budget. Of note, the payment on shared stadium manager expenses, except insurance, is withheld until sufficient support is received for the expenses. The Stadium Authority's FY2020/21 budget was adopted on March 24, 2020 and included the Stadium Manager's recommended Shared Expense budget of \$9.2 million in a Legal Contingency line item. The expenses that were included in the Legal Contingency line are Stadium Operations, Engineering, Guest Services, Groundskeeping, Security and the Stadium Management Fee. The budget for these expenses will remain in the Legal Contingency line item until adequate support is provided to justify legitimate expenditures of the amounts requested. Operating expense payments 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 ManagementCo 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 forced loans on the Stadium Authority through the revolving loan instrument and continues to pay itself public funds without demonstrating compliance with State and local laws.

In the first quarter of FY2020/21, ManagementCo drew a total of \$1.3 million, not including interest, against the revolving loan line of credit for the Shared Stadium Manager Expense payments withheld by the Stadium Authority. The draws on the revolving loan were not authorized by the Stadium Authority and documentation rejecting these draws was provided to the Stadium Manager. The Stadium Authority maintains its position that it should not release public funds to ManagementCo unless it can demonstrate compliance with public procurement laws, prevailing wage laws,

and absence of self-dealing/conflicts of interests. Shared Stadium Manager insurance expenses were at 25% of the budget, or \$761 thousand.

SBL Sales & Service expenses were 17% of the budget, or \$606 thousand. The Stadium Authority pays for all utility costs from February 1st through July 31st and the tenant (StadCo) pays for utility costs from August 1st through January 31st (Tenant Season). Utility costs are 50% of the budget for the year, or \$798 thousand. Transfers out amounted to \$22.9 million and, lastly, Stadium Authority G&A costs were \$509 thousand or 11% of the budget.

Additional details are shown in Table 3.

Table 3
Santa Clara Stadium Authority
Operating Budget Status Report
For the Period Ending June 30, 2020 and 2019

	Period Ending June 30, 2020					Period Ending June 30, 2019				
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received	
Resources										
Revenues										
NFL Ticket Surcharge	\$ 8,665,000	\$ -	\$ -	\$ 8,665,000	0%	\$ 8,412,291	\$ -	\$ 8,412,291	0%	
SBL Proceeds	24,213,000	-	-	24,213,000	0%	25,416,000	8,525,454	16,890,546	34%	
Interest	896,000	17,609	17,609	878,391	2%	938,000	234,203	703,797	25%	
Non-NFL Event Revenue	-	-	-	-	NA	-	-	-	N/A	
Net Revenues from Non-NFL Events	1,500,000	-	-	1,500,000	0%	5,796,000	-	5,796,000	NA	
Naming Rights	6,957,000	-	-	6,957,000	0%	6,754,000	-	6,754,000	0%	
Sponsorship Revenue (STR)	392,000	81,250	81,250	310,750	21%	345,000	81,250	263,750	24%	
Rent	24,762,000	6,190,500	6,190,500	18,571,500	25%	24,762,000	6,190,500	18,571,500	25%	
Senior & Youth Program Fees	230,000	-	-	230,000	0%	250,000	-	250,000	0%	
Non-NFL Event Ticket Surcharge	572,000	-	-	572,000	0%	735,496	229,376	506,120	31%	
Bay Area Host Committee Reimbursement	-	727	727	(727)	NA	4,642	3,715	927	NA	
Other Revenue	-	-	-	-	NA	115,773	-	115,773	NA	
Revenues Subtotal	\$ 68,187,000	\$ 6,290,085	\$ 6,290,085	\$ 61,896,915	9%	\$ 73,529,202	\$ 15,264,498	\$ 58,264,704	21%	
Net Transfers	-	-	-	-	N/A	-	-	-	NA	
Total Resources	\$ 68,187,000	\$ 6,290,085	\$ 6,290,085	\$ 61,896,915	9%	\$ 73,529,202	\$ 15,264,498	\$ 58,264,704	21%	
Expenses										
Shared Stadium Manager Expenses										
Stadium Operations	\$ -	\$ -	\$ -	\$ -	NA	\$ 653,401	\$ 653,401	\$ 0	100%	
Engineering	-	-	-	-	NA	328,481	328,481	0	100%	
Guest Services	-	-	-	-	NA	137,782	137,782	0	100%	
Groundskeeping	-	-	-	-	NA	29,039	29,039	(0)	100%	
Security	-	-	-	-	NA	270,450	270,450	(0)	100%	
Insurance	3,045,000	761,250	761,250	2,283,750	25%	2,956,000	739,038	2,216,962	25%	
Stadium Management Fee	-	-	-	-	NA	-	-	-	NA	
Shared Stadium Mngr Exps Subtotal	\$ 3,045,000	\$ 761,250	\$ 761,250	\$ 2,283,750	25%	\$ 4,375,153	\$ 2,158,191	\$ 2,216,962	49%	
Other Expenses										
SBL Sales and Service	\$ 3,610,000	\$ 606,000	\$ 606,000	\$ 3,004,000	17%	\$ 3,614,477	\$ 589,477	\$ 3,025,000	16%	
Senior & Youth Fees (paid to City)	230,000	-	-	230,000	0%	250,000	-	250,000	0%	
Non-NFL Event Expense	-	-	-	-	NA	-	-	-	NA	
Ground Rent (paid to City)	390,000	-	-	390,000	0%	355,000	-	355,000	0%	
Performance Rent (paid to City)	555,000	-	-	555,000	0%	2,721,000	-	2,721,000	0%	
Discretionary Fund Expense	250,000	-	-	250,000	0%	250,000	-	250,000	0%	
Utilities	1,597,000	798,000	798,000	799,000	50%	1,568,265	791,625	776,640	50%	
Use of StadCo Tenant Improvements	73,000	-	-	73,000	0%	182,000	-	182,000	0%	
Stadium Authority G&A	4,581,000	508,710	508,710	4,072,290	11%	2,480,000	295,995	2,184,005	12%	
Naming Rights Commission	30,000	-	-	30,000	0%	-	-	-	NA	
Legal Contingency	9,231,000	-	-	9,231,000	0%	6,996,000	-	6,996,000	NA	
Other Expenses	1,400,000	193,000	193,000	1,207,000	14%	110,000	109,915	85	100%	
College Football Playoff Expense	-	727	727	(727)	NA	4,642	3,715	927	80%	
Transfers Out	42,847,000	22,888,899	22,888,899	19,958,101	53%	50,284,665	-	50,284,665	0%	
Other Expenses Subtotal	\$ 65,142,000	\$ 24,995,336	\$ 24,995,336	\$ 40,146,664	38%	\$ 69,154,049	\$ 1,790,726	\$ 67,363,322	3%	
Total Expenses	\$ 68,187,000	\$ 25,756,586	\$ 25,756,586	\$ 42,430,414	38%	\$ 73,529,202	\$ 3,948,917	\$ 69,580,284	5%	
Operating Reserve	\$ 11,593,270		\$ 11,592,741			\$ 11,255,088	\$ 11,255,088			
Discretionary Fund	\$ 2,302,075		\$ 2,327,850			\$ 1,086,407	\$ 2,074,790			

Debt Service Budget

The Stadium Authority's FY 2020/21 debt service revenue budget of \$4 million represents anticipated contributions from the Community Facilities District (CFD). The CFD levies and collects a special hotel tax on hotel rooms within the CFD. All collections from the special CFD hotel taxes are contributed to Stadium Authority to pay down the CFD advance. The CFD Advance is payable solely from amounts actually received by the Stadium Authority from the CFD. During the first quarter, \$52 thousand was contributed by the CFD. The CFD collections have declined due to the County health orders related to the COVID-19 pandemic. Transfers in from the operating fund amounted to \$21.7 million or 55% of the budget.

Total Stadium Authority debt service expenses for the current reporting period were \$31 million, 72% of the budgeted amount. The debt service expenses for the CFD Advance, the Term A Loan, and the StadCo Subordinated Loan were \$792 thousand, \$16.4 million, and \$13.9 million, respectively.

The Stadium Authority completed the Trust Excess Cash Flow funding instructions and provided it to the FinanceCo and StadCo to complete the year end Trust Excess Cash Flow funding distribution per the Deposit and Disbursement Agreement. The Trust Excess Cash Flow instruction specifically excluded payments to the Revolving Loan of \$6,300,653 because the Stadium Authority did not recognize this as an expense due to the fact that it is currently under litigation. StadCo did not follow the funding instructions and took the Excess Revenues from the distribution to pay off the Management Company Revolving Loan instead of paying down the amount that the Stadium Authority instructed StadCo be paid against the Subordinated Loan. The Stadium Authority was informed of this diversion in a letter dated April 27, 2020. On May 18, 2020, the Stadium Authority notified StadCo and the Trust that the diversion is in direct contravention of the Stadium Authority's instructions to the Trustee with regards to the use of Excess Revenue. Subsequently, the Stadium Authority has recorded a receivable from StadCo for \$6,300,653 for the portion diverted from the funding instruction.

As of June 30, 2020, the total outstanding amount of Stadium Authority debt had declined to \$297.9 million. This is a reduction in principal of \$27.3 million from the March 31, 2020 outstanding debt amount of \$325.3 million.

Additional details are shown in Tables 4 and 5 and Chart 1.

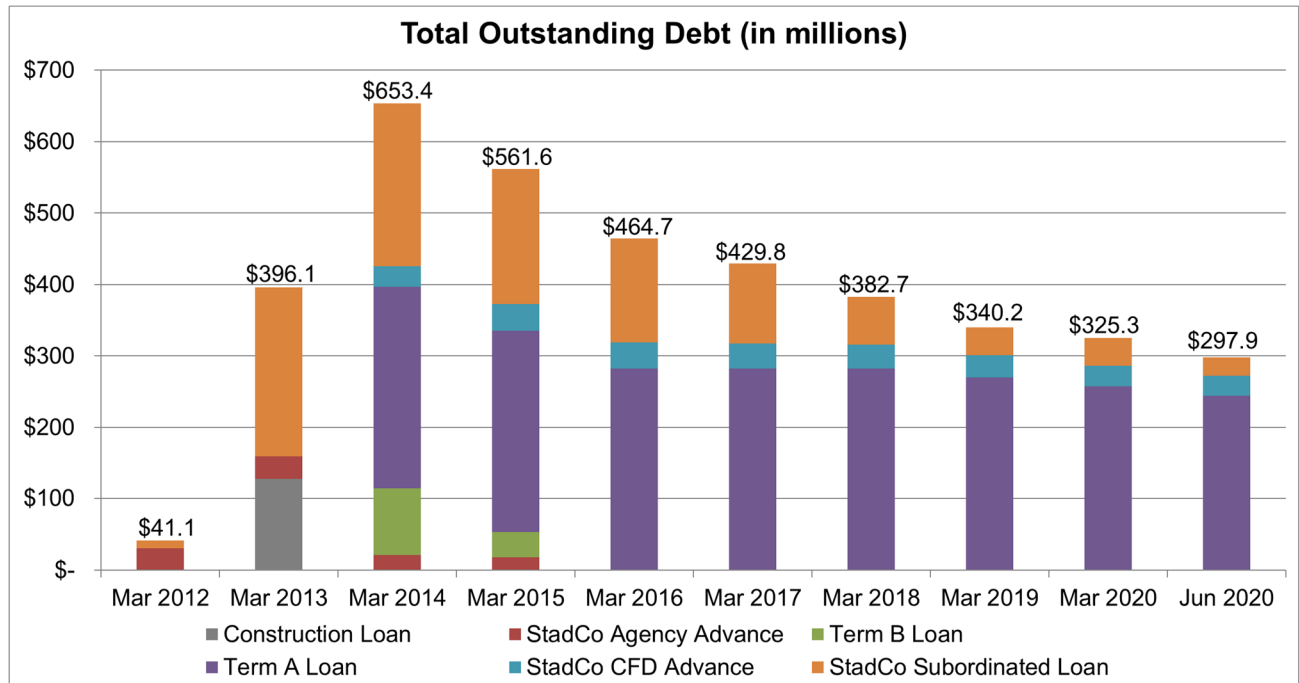
Table 4
Santa Clara Stadium Authority
Debt Service Budget Status Report
For the Period Ending June 30, 2020 and 2019

	Period Ending June 30, 2020					Period Ending June 30, 2019			
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Resources									
Revenues									
Contribution from CFD	\$ 4,028,000	\$ 52,013	\$ 52,013	\$ 3,975,987	1%	\$ 3,872,000	\$ 951,360	\$ 2,920,640	25%
Revenues Subtotal	\$ 4,028,000	\$ 52,013	\$ 52,013	\$ 3,975,987	1%	\$ 3,872,000	\$ 951,360	\$ 2,920,640	25%
Transfers In from Operating	39,265,000	21,729,625	21,729,625	17,535,375	55%	46,806,665	-	46,806,665	0%
Contribution from Fund Balance	-	-	-	-	NA	-	16,665,922	(16,665,922)	NA
Total Resources	\$ 43,293,000	\$ 21,781,638	\$ 21,781,638	\$ 21,511,362	50%	\$ 50,678,665	\$ 17,617,282	\$ 33,061,383	35%
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
Expenses									
CFD Advance	\$ 3,989,000	\$ 792,083	\$ 792,083	\$ 3,196,917	20%	\$ 3,844,000	\$ 1,002,705	\$ 2,841,295	26%
Term A Loan	25,562,000	16,406,003	16,406,003	9,155,997	64%	26,383,000	15,971,276	10,411,724	61%
StadCo Subordinated Loan	13,742,000	13,893,380	13,893,380	(151,380)	101%	15,645,000	643,301	15,001,699	4%
Total Expenses	\$ 43,293,000	\$ 31,091,466	\$ 31,091,466	\$ 12,201,534	72%	\$ 45,872,000	\$ 17,617,282	\$ 28,254,718	38%
Debt Service Reserve	\$ 11,536,235		\$ 11,536,235			\$ 11,536,235	\$ 11,536,235		

Table 5
Santa Clara Stadium Authority
Debt Summary Report
For the Period Ending June 30, 2020

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2020	Net Change	Outstanding as of June 30, 2020
Stadium Funding Trust Loan:				
Term A Loan	5.00%	\$ 257,514,240	\$ (13,354,000)	\$ 244,160,240
StadCo CFD Advance	5.73%	28,832,979	(380,839)	28,452,140
StadCo Subordinated Loan	5.50%	38,917,384	(13,540,057)	25,377,327
Total		\$ 325,264,603	\$ (27,274,896)	\$ 297,989,707

Chart 1



Capital Improvement Project Budget

There were no projects completed during the first quarter of the fiscal year. However, significant progress has been made towards public safety purchases. The following projects are in progress and will be reported as complete in the coming quarterly reports:

- Motorola APX 600 Radio
- Radio Earpieces
- Mass Decontamination Hydrant Nozzles
- Stadium Vehicle Upfits
- Storage Conex Garage
- Heavy Lift Kit
- Stadium Personal Protective Equipment
- Safety Gear for Special Event Officers & Traffic Control Personnel
- Motor Vehicle Barricades
- Body Worn Cameras
- Explosive Ordinance Detection Blankets/Water Barrier

The main reasons that this is below budget are (1) there has been little activity on warranty work which makes up 12% of the CIP Budget, and (2) a number of projects are behind schedule due to ManagementCo's inability to demonstrate compliance with State procurement and prevailing wage laws. As a result, capital projects have stalled. We 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 6.

Table 6

Santa Clara Stadium Authority

CIP Budget Status Report

For the Period Ending June 30, 2020 and 2019

	Period Ending June 30, 2020					Period Ending June 30, 2019			
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Beginning Balances	\$ 17,837,300	\$ 17,010,611	\$ 17,010,611	\$ 826,689		\$ 14,532,870	\$ 14,516,225		
Resources									
Transfers In from Operating Budget	3,582,000	1,159,274	1,159,274	2,422,726	32.36%	3,478,000	-	3,478,000	0%
Transfers In from Stadium Manager	-	-	-	-	N/A	-	-	-	
Total Resources	\$ 21,419,300	\$ 18,169,885	\$ 18,169,885	\$ 3,249,415	85%	\$ 18,010,870	\$ 14,516,225	\$ 3,478,000	81%
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
Expenses									
Construction	4,725,327	-	-	4,725,327	0%	4,956,922	(4,845)	4,961,767	0%
Equipment	6,460,557	-	-	6,460,557	0%	7,070,988	65,038	7,005,950	1%
Contingency	559,296	-	-	559,296	0%	657,397	812	656,585	0%
Stadium Warranty Related Construction	1,528,202	-	-	1,528,202	0%	1,528,202	-	1,528,202	0%
Total Expenses	\$ 13,273,382	\$ -	\$ -	\$ 13,273,382	0%	\$ 14,213,509	\$ 61,005	\$ 14,152,504	0%
Ending Balances	\$ 8,145,918	\$ 18,169,885	\$ 18,169,885			\$ 3,797,361	\$ 14,455,221		

City of Santa Clara Net General Fund Impact

During the current reporting period there was a total of \$6,800 that was contributed to the General Fund as shown in Table 7. This section of the report also provides information on General Fund revenue and expenditure impacts resulting from the stadium.

Table 7

City of Santa Clara Net General Fund Impact

For Stadium Authority Fiscal Year to Date Ending June 30, 2020

Ground Rent	\$	-
Performance Rent		-
Senior and Youth Fee		-
Tasman Lots Parking Fee		-
Sales Tax		6,852
<hr/>		
Total Net General Fund Impact	\$	6,852

Public Safety and Administrative Cost Reimbursement

Costs incurred by the City on NFL and non-NFL Events are tracked and billed to the Stadium Manager. Public safety costs incurred in support of NFL and non-NFL events occurring in FY2020/21 will be reimbursed in full to the City of Santa Clara.

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 2020/21, a total of \$225,000 of administrative costs were incurred by the General Fund, which have been reimbursed to the City.

Rents and Senior and Youth Fee

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

Other Revenue Impacts

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

Food and beverage concession sales and merchandise sales at Levi's® Stadium are taxable, resulting in sales tax revenue for the City. The last four quarters of sales tax collections from Levi's® Stadium transactions generated \$834,000 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	(2,741,014)	-	231,855
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.