



Agenda Report

21-1292

Agenda Date: 1/26/2021

REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Action on the Santa Clara Stadium Authority Financial Status Report for Quarter Ending September 30, 2020

BOARD PILLARS

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").

This report provides information covering the Stadium Authority's second (July 1, 2020 - September 30, 2020) quarter of the 2020/21 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.

DISCUSSION

The attached financial status reports provide information covering the Stadium Authority's second (July 1, 2020 - September 30, 2020) quarter of the 2020/21 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

The San Francisco Forty-Niners ("49ers") played one regular season NFL game at Levi's Stadium as of September 30, 2020. The two pre-season games originally scheduled for August 21, 2020, and September 3, 2020, were cancelled by the NFL due to COVID-19. The regular season game was held at Levi's Stadium absent any fans and, therefore, no tickets were sold.

Non-NFL Event Revenue and Expenses

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

Stadium Builder Licenses (“SBLs”)

SBLs account for 36% of the Stadium Authority’s annual budgeted revenue in FY 2020/21. There is a total of 60,917 currently active SBLs which is 92.5% of the 65,879 total sellable SBL seats. The value of the active SBLs amount to \$534.4 million of which \$461.7 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 \$23.2 million representing 34% of the overall budget for revenues and total operating expenses were \$38.8 million or 57% of the budget. The debt service fund was able to pay down \$27.3 million in debt, bringing total Stadium Authority debt down to \$297.9 million. Capital expenses were \$134 thousand representing 1% of the overall CIP budget.

COVID - 19 Impacts

Subsequent to the activities reflected in the September 30, 2020 report, the Stadium Authority staff has been monitoring the impacts due to COVID-19. The Stadium Authority received notice from the 49ers that they would be reducing the annual Facility Rent of \$24.8 million by 20% due to the fact that two NFL games were not allowed to be played at the stadium as a result of the County’s recent order. Staff is also in communications regarding potential impacts due to a further 10% Facility Rent reduction by reason of a third NFL game that could not be played in January 2021 at the stadium under the County’s order. The figure of \$18.2 million in Table 1 below reflects the full 30% reduction in revenue from the County’s COVID-19 order. The table also reflects currently anticipated expenditure savings to offset the decline in revenue due to the COVID-19 pandemic. The remaining balance is anticipated to be offset by reserves or the potential use of a ledger credit for the outstanding Subordinate Loan with the 49ers. We will also look for further expenditure reductions as well as relief from the 49ers on the full impact of the reductions in Facility Rent. Based on this analysis, there is no expected risk of default on any of the required debt service payments scheduled this year.

Table 1 - COVID-19 Impacts and Projected Solutions

	<u>2020/21 Impact</u>
Revenue Loss	
NFL Ticket Surcharge	\$ 8,665,000
Net Revenues from Non-NFL Events	1,500,000
Facility Rent (3 games)	7,428,600
Non-NFL Event Ticket Surcharge	572,000
Total Revenue Loss	\$ 18,165,600
Solutions/Savings	
Shared Stadium Manager Expenses	\$ 2,443,000
SBL Sales & Service and SBL Holder Buffet	1,518,000
Discretionary Fund Expense	250,000
Utilities	333,000
Use of StadCo Tenant Improvements	73,000
Operating/Vacancy Savings (SCSA)	1,915,000
Other Expenses	405,000
Subloan Ledger Credit/Operating Reserve ⁽¹⁾	11,228,600
Total Solutions/Savings	\$ 18,165,600

⁽¹⁾ Use of Subloan Ledger Credit is under review. The balance of the Operating Reserve is \$11.6 million.

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

There is no cost to the Stadium Authority to prepare this report other than administrative staff time and expense.

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>>.

RECOMMENDATION

Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter Ending September 30, 2020.

Reviewed by: Kenn Lee, Treasurer
Approved by: Deanna J. Santana, Executive Director

ATTACHMENTS

1. SCSA Financial Status Report for the Quarter Ending September 30, 2020

SCSA

Santa Clara Stadium Authority

SANTA CLARA STADIUM AUTHORITY FINANCIAL STATUS REPORT

Quarter Ending September 30, 2020



January 26, 2021

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Introduction

This Santa Clara Stadium Authority (“Stadium Authority”) Financial Status Report provides information covering the second quarter of the Stadium Authority’s 2020/21 fiscal year (FY) which ended on September 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 the first three years of Stadium operations, including source documentation. The report was discussed with the Board on December 1, 2020. At the Board’s direction, the Stadium Authority is working with JS Held to contract for review of additional historical years.

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

This section provides year to date data for NFL games categorized as pre-season and regular season games.

The San Francisco Forty-Niners (“49ers”) played one regular season NFL game at Levi’s Stadium as of September 30, 2020. The two pre-season games originally scheduled for August 21, 2020, and September 3, 2020, were cancelled by the NFL due to COVID-19. The regular season game was held at Levi’s Stadium absent any fans and, therefore, no tickets were sold.

Though no fans were present for the NFL game, public safety was still provided by the City of Santa Clara for the event in a reduced capacity. The costs amounted to \$113,280 and included planning costs for the first scheduled pre-season game that was subsequently cancelled.

Table 1
Levi's® Stadium
2020/21 NFL Event Statistics
As of September 30, 2020

	Game 1 vs Raiders Cancelled 08/21/20	Game 2 vs Chargers Cancelled 09/03/20	Game 3 vs Cardinals 09/13/20	2020/21 YTD Total
No. of Tickets Sold	-	-	-	-
NFL Ticket Surcharge	\$ -	\$ -	\$ -	\$ -
Senior/Youth Program Fees	\$ -	\$ -	\$ -	\$ -
Cars Parked at Offsite Lots	-	-	-	-
City Offsite Parking Fee	\$ -	\$ -	\$ -	\$ -
Cars Parked on Tasman Lots	-	-	-	-
City Tasman Lot Parking Fee	\$ -	\$ -	\$ -	\$ -
Stadium Public Safety Costs	544	-	112,736	\$ 113,280
Less: Offsite Parking Fee Credit	\$ -	\$ -	\$ -	\$ -
Reimbursable Stadium Public Safety Costs	\$ 544	\$ -	\$ 112,736	\$ 113,280
Amount Reimbursed	-	-	-	\$ -

Non-NFL Events

There were no Non-NFL events held in the second 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 2 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 2

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 \$534.4 million and, as of September 30, 2020, 86.4% of the total principal value of all SBLs sold (i.e., \$461.7 million) had been collected.

SBL holders that finance their purchase pay an annual interest rate of 8.5% and payments are due by March 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 60,917 currently active SBLs, or 92.5% of the 65,879 total sellable SBL seats. This is an increase of 680 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, 270 SBLs were sold for a total face value of \$1.4 million. The customer seat relocation program resulted in an increase of \$1.3 million to the SBL face value, while netting 409 more SBLs.

Additional details regarding currently active SBLs are noted in Table 3.

Table 3

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

Through September 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	\$ 12,289,552	87.3%	
80,000	938	930	-	(2)	-	928	74,240,000	65,986,595	88.9%	
40,000	2	2	-	-	-	2	80,000	65,811	82.3%	
30,000	4,869	4,527	3	16	-	4,546	136,380,000	120,659,653	88.5%	
20,000	3,395	2,912	5	2	-	2,919	58,380,000	51,056,355	87.5%	
15,000	7	7	-	-	-	7	105,000	84,227	80.2%	
12,000	2,167	2,151	7	-	-	2,158	25,896,000	22,352,595	86.3%	
10,000	9	7	-	-	-	7	70,000	60,465	86.4%	
6,000	20,623	20,504	90	6	1	20,601	123,606,000	102,769,524	83.1%	
5,000	14,301	13,320	80	55	-	13,455	67,275,000	56,974,820	84.7%	
4,000	917	914	-	6	-	920	3,680,000	3,345,891	90.9%	
3,000	94	91	-	-	-	91	273,000	223,119	81.7%	
2,500	45	44	-	-	-	44	110,000	93,532	85.0%	
2,000	18,373	14,693	85	326	-	15,104	30,208,000	25,701,827	85.1%	
1,000	39	35	-	-	-	35	35,000	29,933	85.5%	
Total	65,879	60,237	270	409	1	60,917	\$ 534,420,625	\$ 461,693,897	86.4%	
								Plus: Interest on financed SBLs	57,394,510	
								Total Principal & Interest	\$ 519,088,407	

⁽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 50% of the fiscal year complete, total operating revenues for the second quarter of the 2020/21 Fiscal Year were \$23.2 million representing 34% of the overall budget for revenues. The primary reason that revenue is below 50% 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, sponsorship revenue, Naming Rights revenue and rent all of which, except rent, are expected to meet budget this fiscal year. Due to the cancellation of the last three NFL games, rent is expected to fall below budget by \$7.2 million.

Total operating expenses were \$38.8 million, or 57% 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 half of FY2020/21, ManagementCo drew a total of \$3.9 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 50% of the budget, or \$1.5 million.

SBL Sales & Service expenses were 22% of the budget, or \$808 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 67% of the budget for the year, or \$1.1 million. Transfers out amounted to \$33.6 million and, lastly, Stadium Authority G&A costs were \$1.2 million or 25% of the budget.

Additional details are shown in Table 4.

Table 4
Santa Clara Stadium Authority
Operating Budget Status Report
For the Period Ending September 30, 2020 and 2019

	Period Ending September 30, 2020						Period Ending September 30, 2019			
	Final Budget	Q1 Actuals	Q2 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	\$ 2,416,387	\$ 5,995,904	29%
SBL Proceeds	24,213,000	-	7,182,413	7,182,413	17,030,587	30%	25,416,000	9,353,451	16,062,549	37%
Interest	896,000	17,609	6,809	24,418	871,582	3%	938,000	481,610	456,390	51%
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	-	3,426,930	3,426,930	3,530,070	49%	6,754,000	3,327,117	3,426,883	49%
Sponsorship Revenue (STR)	392,000	81,250	81,250	162,500	229,500	41%	345,000	162,500	182,500	47%
Rent	24,762,000	6,190,500	6,190,500	12,381,000	12,381,000	50%	24,762,000	12,381,000	12,381,000	50%
Senior & Youth Program Fees	230,000	-	-	-	230,000	0%	250,000	64,669	185,331	26%
Non-NFL Event Ticket Surcharge	572,000	-	-	-	572,000	0%	735,496	483,332	252,164	66%
Bay Area Host Committee Reimbursement	-	727	-	727	(727)	NA	4,642	4,642	-	NA
Other Revenue	-	-	-	-	-	NA	115,773	-	115,773	NA
Revenues Subtotal	\$ 68,187,000	\$ 6,290,085	\$ 16,887,902	\$ 23,177,987	\$ 45,009,013	34%	\$ 73,529,202	\$ 28,674,708	\$ 44,854,494	39%
Net Transfers	-	-	-	-	-	N/A	-	-	-	NA
Total Resources	\$ 68,187,000	\$ 6,290,085	\$ 16,887,902	\$ 23,177,987	\$ 45,009,013	34%	\$ 73,529,202	\$ 28,674,708	\$ 44,854,494	39%
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	1,522,500	1,522,500	50%	2,956,000	1,609,076	1,346,924	54%
Stadium Management Fee	-	-	-	-	-	NA	-	-	-	NA
Shared Stadium Mngr Exps Subtotal	\$ 3,045,000	\$ 761,250	\$ 761,250	\$ 1,522,500	\$ 1,522,500	50%	\$ 4,375,153	\$ 3,028,229	\$ 1,346,924	69%
Other Expenses										
SBL Sales and Service	\$ 3,610,000	\$ 606,000	\$ 202,000	\$ 808,000	\$ 2,802,000	22%	\$ 3,614,477	\$ 2,029,477	\$ 1,585,000	56%
Senior & Youth Fees (paid to City)	230,000	-	-	-	230,000	0%	250,000	42,073	207,927	17%
Non-NFL Event Expense	-	-	-	-	-	NA	-	-	-	NA
Ground Rent (paid to City)	390,000	-	390,000	390,000	-	100%	355,000	355,000	-	100%
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	266,000	1,064,000	533,000	67%	1,568,265	1,049,625	518,640	67%
Use of StadCo Tenant Improvements	73,000	-	-	-	73,000	0%	182,000	-	182,000	0%
Stadium Authority G&A	4,581,000	508,710	651,737	1,160,448	3,420,552	25%	2,480,000	780,659	1,699,341	31%
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	4,642	-	100%
Transfers Out	42,847,000	22,888,899	10,764,054	33,652,952	9,194,048	79%	50,284,665	10,894,241	39,390,424	22%
Contribution to Operating Reserve	348,000	-	-	-	348,000	0%	338,000	-	338,000	0%
Other Expenses Subtotal	\$ 65,142,000	\$ 24,995,336	\$ 12,273,791	\$ 37,269,126	\$ 27,872,874	57%	\$ 69,154,049	\$ 15,265,632	\$ 53,888,417	22%
Total Expenses	\$ 68,187,000	\$ 25,756,586	\$ 13,035,041	\$ 38,791,626	\$ 29,395,374	57%	\$ 73,529,202	\$ 18,293,861	\$ 55,235,341	25%
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	\$ 2,201,768		

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 half of the year, \$145 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 \$32.5 million or 83% of the budget.

Total Stadium Authority debt service expenses for the current reporting period were \$34.9 million, 81% of the budgeted amount. The debt service expenses for the CFD Advance, the Term A Loan, and the StadCo Subordinated Loan were \$1.2 million, \$19.5 million, and \$14.2 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 September 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 5 and 6 and Chart 1.

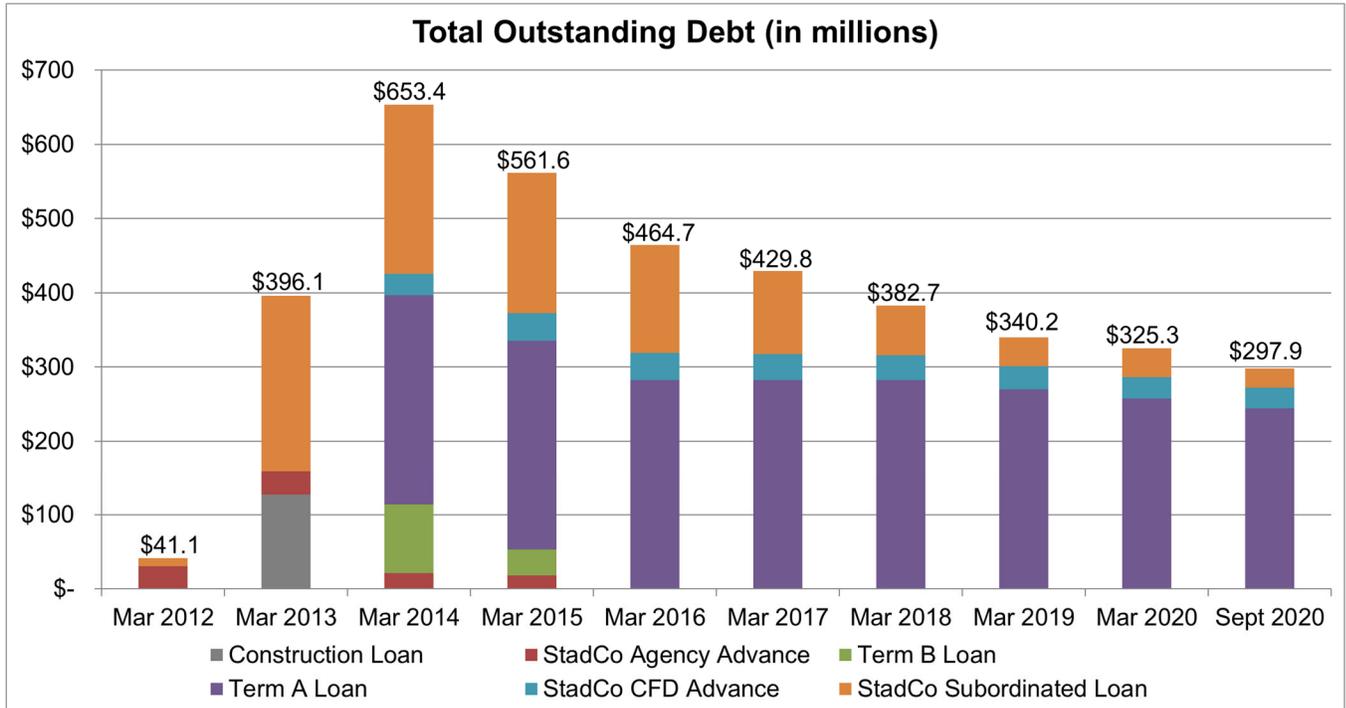
Table 5
Santa Clara Stadium Authority
Debt Service Budget Status Report
For the Period Ending September 30, 2020 and 2019

	Period Ending September 30, 2020						Period Ending September 30, 2019			
	Final Budget	Q1 Actuals	Q2 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	\$ 92,637	\$ 144,650	\$ 3,883,350	4%	\$ 3,872,000	\$ 1,843,667	\$ 2,028,333	48%
Revenues Subtotal	\$ 4,028,000	\$ 52,013	\$ 92,637	\$ 144,650	\$ 3,883,350	4%	\$ 3,872,000	\$ 1,843,667	\$ 2,028,333	48%
Transfers In from Operating	39,265,000	21,729,625	10,764,054	32,493,678	6,771,322	83%	46,806,665	10,894,241	35,912,424	23%
Contribution from Fund Balance	-	9,309,828	(7,044,822)	2,265,006	(2,265,006)	NA	-	9,071,957	(9,071,957)	NA
Total Resources	\$ 43,293,000	\$ 31,091,466	\$ 3,811,868	\$ 34,903,334	\$ 10,654,672	81%	\$ 50,678,665	\$ 21,809,865	\$ 28,868,800	43%
Expenses										
CFD Advance	\$ 3,989,000	\$ 792,083	\$ 410,927	\$ 1,203,009	\$ 2,785,991	30%	\$ 3,844,000	\$ 1,441,246	\$ 2,402,755	37%
Term A Loan	25,562,000	16,406,003	3,052,003	19,458,006	6,103,994	76%	26,383,000	19,190,204	7,192,796	73%
StadCo Subordinated Loan	13,742,000	13,893,380	348,938	14,242,318	(500,318)	104%	15,645,000	1,178,415	14,466,585	8%
Total Expenses	\$ 43,293,000	\$ 31,091,466	\$ 3,811,868	\$ 34,903,334	\$ 8,389,666	81%	\$ 45,872,000	\$ 21,809,865	\$ 24,062,135	48%
Debt Service Reserve	\$ 11,536,235			\$ 11,536,235			\$ 11,536,235	\$ 11,536,235		

Table 6
Santa Clara Stadium Authority
Debt Summary Report
For the Period Ending September 30, 2020

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2020	Net Change	Outstanding as of September 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

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

- Bicycles
- Motorola APX 600 Radio
- Heavy Lift Kit
- Storage Conex Garage

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

- Radio Earpieces
- Mass Decontamination Hydrant Nozzles
- Stadium Vehicle Upfits
- 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
- Small Cooler and Ice Pack
- Radiation Detector
- Rope Rescue Gear
- Battery Pack for JHAT Crew

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 7.

Table 7

Santa Clara Stadium Authority

CIP Budget Status Report

For the Period Ending September 30, 2020 and 2019

	Period Ending September 30, 2020						Period Ending September 30, 2019			
	Final Budget	Q1 Actuals	Q2 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	\$ 18,169,885	\$ 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	-	308,568	(308,568)	
Total Resources	\$ 21,419,300	\$ 18,169,885	\$ 18,169,885	\$ 18,169,885	\$ 3,249,415	85%	\$ 18,010,870	\$ 14,824,793	\$ 3,169,432	82%
	Final Budget	Q1 Actuals	Q2 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
Expenses										
Construction	4,725,327	-	17,497	17,497	4,707,830	0%	4,956,922	(4,845)	4,961,767	0%
Equipment	6,460,557	-	116,791	116,791	6,343,766	2%	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	\$ -	\$ 134,288	\$ 134,288	\$ 13,139,094	1%	\$ 14,213,509	\$ 61,005	\$ 14,152,504	0%
Ending Balances	\$ 8,145,918	\$ 18,169,885	\$ 18,035,597	\$ 18,035,597			\$ 3,797,361	\$ 14,763,789		

City of Santa Clara Net General Fund Impact

During the current reporting period there was a total of \$410 thousand that was contributed to the General Fund as shown in Table 8. This section of the report also provides information on General Fund revenue and expenditure impacts resulting from the stadium.

Table 8

City of Santa Clara Net General Fund Impact

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

Ground Rent	\$	390,000
Performance Rent		-
Senior and Youth Fee		-
Tasman Lots Parking Fee		-
Sales Tax		20,123
<hr/>		
Total Net General Fund Impact	\$	410,123

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 half of FY 2020/21, a total of \$473,000 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 two quarters of sales tax collections from Levi's® Stadium transactions generated \$20,000 for the City's General Fund. In addition to the direct sellers at the Stadium, other businesses in Santa Clara are

benefiting from the influx of people coming to attend one or more events at Levi's® Stadium, resulting in potentially more sales tax collections for the General Fund.

In accordance with State Law, StadCo must pay possessory interest property tax based on their lease of Levi's® Stadium from the Stadium Authority. This revenue is collected by the county and placed into the Redevelopment Property Tax Trust Fund (RPTTF). Amounts remaining in the RPTTF after paying any enforceable obligations of the Successor Agency are distributed to taxing entities in the same proportion as secured property taxes. The City's proportion is approximately 10%.

Many stadium events bring travelers to the region, resulting in hotel stays which generate TOT collections for the City's General Fund. Although it is impossible to say exactly what portion of the City's TOT collections is due to the stadium, it is clear that hotels both inside and outside the City have benefited, resulting in increases in TOT collections in Santa Clara and our neighboring cities.

Glossary

This section of the report provides details behind key terms that are used in the body of this report.

Discretionary Fund – The Amended and Restated Stadium Lease Agreement describes the Non-NFL Event ticket surcharge which is imposed by the Stadium Authority. All promoters or sponsors of ticketed Non-NFL Events are required to collect a Non-NFL ticket surcharge of \$4 per ticket on behalf of the Stadium Authority. One-half of these proceeds are used to cover Stadium Authority operating and maintenance costs. The other one-half of the proceeds are deposited in the Stadium Authority’s discretionary fund. If at any time the discretionary fund balance exceeds \$1 million, then in consultation with the Stadium Manager, the Stadium Authority will determine if provision has been made for replacement and improvement of capital improvements contemplated under the public safety plan. If not, then funds will be reserved in the discretionary fund for such purposes. If adequate provision has been made for these items and the balance of the discretionary fund still exceeds \$1 million, then up to half of the amount over \$1 million can be transferred to the General Fund, in which event an equal amount will also be transferred from the discretionary fund to the Stadium Authority operating fund and will be included as revenue available to pay Stadium Authority expenses.

Ground Lease – The Ground Lease Agreement has an initial term of 40 years commencing on the date of substantial completion which was July 31, 2014. The amount of annual base ground rent that is payable by the Stadium Authority to the City is noted in the chart below.

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

Net Non-NFL Event Revenue – Net Non-NFL Event revenue is remitted by ManagementCo to the Stadium Authority on a yearly basis. This is done annually because the final reconciliation of the Non-NFL Event revenues and expenses does not occur until after the conclusion of each fiscal year.

Beginning with FY 2018/19, the Stadium Authority budgeted the Non-NFL Event activity at gross, budgeting for revenue and expenses separately. In the prior fiscal years that activity was budgeted as a net amount.

NFL Ticket Surcharge – The Amended and Restated Non-Relocation Agreement states that the Team will collect a 10% NFL ticket surcharge on the price of admission to all NFL games on behalf of Stadium Authority.

Non-NFL Event Ticket Surcharge – The Stadium Lease Agreement requires that the promoter or sponsor of any Non-NFL Event collect a Non-NFL Event ticket surcharge of \$4 per ticket. The Lease Agreement sets aside one-half of the Non-NFL ticket surcharge for stadium operating and maintenance costs and one-half for discretionary expenses of the Stadium Authority.

Offsite Parking Fees – Parking lot operators who wish to operate a parking lot for sports or entertainment venues are required to go through the City’s permitting process. If approved, per the City’s Municipal Fee Schedule, these operators remit an offsite parking fee for each car that is parked for sports or entertainment events. This fee is designed to recover the public safety costs associated with these permitted offsite parking lots. Therefore, when invoicing for NFL or Non-NFL public safety costs for a particular event held at Levi’s® Stadium, the offsite parking fee that is collected for said event partly offsets the total public safety costs owed for that event. In the City’s FY 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.