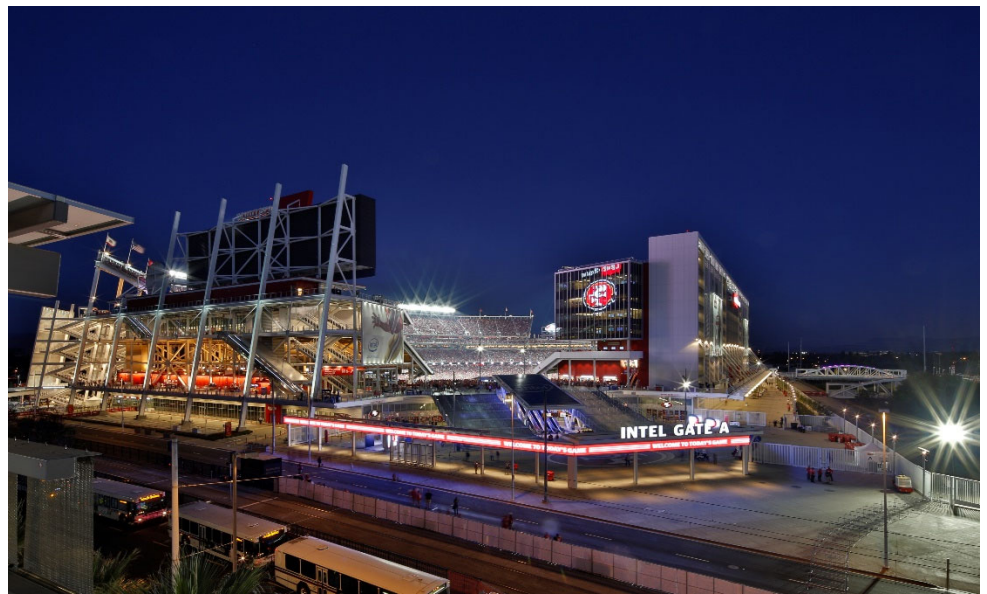


Santa Clara Stadium Authority

ADOPTED FISCAL YEAR 2021/22 OPERATING, DEBT SERVICE AND CAPITAL BUDGET



On June 8, 2010 the residents of Santa Clara voted to adopt Measure J, the Santa Clara Stadium Taxpayer Protection and Economic Progress Act, resulting in the approval to construct a new stadium to be leased by the San Francisco 49ers. Measure J called for the creation of the Santa Clara Stadium Authority (Stadium Authority) to own, develop, construct, operate, and maintain the Stadium. The Stadium Authority exists as a public body, separate and distinct from the City. The Stadium Authority is structured so that the City is not liable for the debts or obligations of the Stadium Authority.

This budget and additional financial information on the Stadium Authority can be found at: "[santaclaraca.gov/our-city/santa-clara-stadium-authority](https://www.santaclaraca.gov/our-city/santa-clara-stadium-authority)".

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Phone: (408) 615-2210
Website:

<https://www.santaclaraca.gov/our-city/santa-clara-stadium-authority>

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NFC Championship Game: San Francisco 49ers vs Green Bay Packers
January 2020



Levi's Stadium

Santa Clara Stadium Authority

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March 23, 2021

Honorable Board Chair and Directors
SANTA CLARA STADIUM AUTHORITY

Subject: Adopted Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget

Members of the Board,

As required in the Santa Clara Stadium Authority (“Stadium Authority”) Management Agreement, Section 4.6: Annual Operating Budget, I transmit the Adopted Fiscal Year (FY) 2021/22 Operating, Debt Service, and Capital Budget for the Stadium Authority. This budget provides the necessary funding to administer the duties of the Stadium Authority, including:

- Support for operating the Stadium for Non-NFL events through a management company
- Advancement of the FY 2021/22 Work Plan;
- Payment of debt service obligations; and,
- Maintenance of a five-year capital plan.

The Stadium Authority Board (“Board”) provides overall governance and oversight of this operational structure, with the use of Stadium Authority staff to support the Board’s efforts. Amongst other due diligence requirements to support these duties, the Board is also responsible for: setting policy; debt and fiscal management; ensuring implementation required to uphold core duties related to operations and capital projects; and oversight as necessary. While meeting the Stadium Authority’s requirements, this budget continues to advance strategic initiatives necessary to ensure that the Board is responsive to various stakeholders and constituencies participating in advancing Levi’s® Stadium’s purpose (e.g., residents, businesses, national and regional clients, and various other interested parties).

CONTEXT FOR ADOPTED BUDGET

The Adopted FY 2021/22 Operating, Debt Service, and Capital Budget is presented to the Board under difficult circumstances. The impacts from the COVID-19 pandemic continue to impact the Stadium Authority, suspending attendance at all events and impacting revenues to the Stadium Authority. Despite these challenges, the Stadium Authority continues fiscal prudence to ensure our

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debt obligations are made, strong reserves are maintained, and the stadium is positioned well when recovery from the pandemic begins.

This budget is also presented in the context of ongoing litigation with ManagementCo. During FY 2019/20, the Stadium Authority issued to ManagementCo several Notices of Breaches and Default of the Management Agreement that ultimately resulted in issuing a Notice of Termination of the Management Agreement. In recognition of the fact that until these matters are resolved, the Stadium Authority budget must include repayment of debt, funding of some type for an operating budget, and capital investment in the stadium asset. Submission of this year's budget to the Board for adoption is not intended as an indication of a change in its position that the Management Agreement with ManagementCo must be terminated.

The Stadium Manager has also continued to issue itself unauthorized loans on the Stadium Authority's behalf to pay itself public funds.¹ This practice has been in response to the Board's conditioning of payment of operating expenses based on the Stadium Manager substantiating the propriety of the expenditure. 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, the Board directed the Executive Director to only release public funds to ManagementCo if all supporting documents have been submitted and adhere to legal agreements and State and local laws. Outside of that conditioning of payment, the Stadium Authority continues to pay for expenses that are appropriate: utilities, insurance and costs associated with SBL sales and services.²

Likewise, the Budget is also presented with CapEx budget proposals included by both the Stadium Authority and Stadium Manager; however, with two fiscal years of budgeted projects that have not been implemented. Stadium Manager's inability to complete their budgeted capital projects calls into question whether the Stadium is being maintained properly and strongly demonstrates the Stadium Manager's lack of ability to implement public works projects in accord with public bidding requirements and prevailing wage regulations. We have been made aware that there were prevailing wage violations with workers from contracts procured by the Stadium Manager that were not paid at the rate required by State law. Because of the Stadium Manager's failure to follow through with its commitment to remedy other contracts issued since the original construction of the Stadium we have been unable to confirm whether other workers may not have been paid in accordance with State prevailing wage law. As we enter the third year without transparency into which capital projects are being implemented, the Stadium Authority requested a procurement plan from the Stadium Manager to transmit to the Board, as Stadium Authority staff has asked for years now. Unfortunately, the Stadium Manager has not shared its capital projects implementation plan/schedule to the Stadium Authority for three years. Corrective action on compliance with state laws should not take this long to implement and continues to pose risk to the Stadium Authority. Accordingly, a changed approach for

¹ CFO Scott Sabatino has issued various unauthorized revolving loan funds on behalf of the Stadium Authority, although his role and position are not reflected in the adopted Shared Expenses.

² Stadium Authority is currently budgeting for Owners' Club buffet costs, but any payment is caveated with the need for the Stadium Manager to prove that the expenses were actually due.



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CapEx expenditures is adopted in this budget. Below is data relative to the CapEx budget for the Stadium Manager and the actual dollars expended, which demonstrate that there is valid concern for the Stadium’s upkeep and surfaces questions whether the Stadium Manager can implement the CapEx budget as requested:

Fiscal Year	CapEx Budget for Stadium Manager Projects and Projects Managed by Stadium Manager	CapEx Dollars Expended by Stadium Manager
FY 2018/19	\$6.3M	\$1.4M (22% spend rate)
FY 2019/20	\$12.5M	\$254,753 (2% spend rate)
FY 2020/21 (to date)	\$8.9M	\$289,034 (3% projected)

The Stadium Authority, a public entity, owns Levi’s® Stadium and contracts with ManagementCo for promotion of Non-NFL events and facility operations and maintenance. This operational structure is implemented by using a variety of ManagementCo staff, vendors, and public service employees through reimbursement procedures as outlined in the Management Agreement. Through the Management Agreement, ManagementCo is held to a Standard of Care as outlined in Section 2.9 of the Management Agreement, which states:

2.9 Standard of Care. Subject to the limitations set forth in this Agreement, the Budget, and the Stadium Lease, the Stadium Manager shall exercise prudent, commercially reasonable good faith efforts in managing and operating the Stadium in accordance with the terms hereof so as to (a) maintain the Stadium in the Required Condition³ and operate the Stadium as a quality NFL and multi-purpose public sports, public assembly, exhibit and entertainment facility, to a standard of quality comparable to other similar facilities (except that the parties recognize that portions of the Stadium may be in need of capital upgrades); (b) control Manager Operating Expenses, StadCo Operating Expenses and Stadium Authority Operating Expenses; and (c) maximize Operating Revenues.

This Adopted FY 2021/22 Operating, Debt Service, and Capital Budget is presented to the Board within the context of a management company that has not exercised the required standard of care or exercised commercially reasonable good faith efforts in managing and operating the Stadium. For example, ManagementCo continues to disregard the maintenance and capital projects at the Stadium, only completing emergency repairs in FY 2020/21. Additionally, in comparison to the Convention Center, Spectra reduced staffing from over 45 positions to two positions, ManagementCo has not been transparent detailing expenditures reductions that occurred during the COVID-19 pandemic while the Stadium remains void of events (see table below). Last, ManagementCo continues to lose money in its management of Non-NFL events; the loss in FY 2019/20 totaled \$2.7 million and another \$600 thousand loss is expected in FY 2020/21. This level of performance continues to be cause for concern, especially when evaluated against the Marketing Plan.

³ As defined by the Amended and Restated Stadium Lease, the Stadium Operations and Maintenance Plan shall establish procedures and policies for operating and maintaining the Stadium Complex in accordance with good, sound and prudent engineering practices, taking into account the age and the useful life of the Stadium, and the requirements of any Permitted Landlord Financing.



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ManagementCo has not demonstrated compliance with the Standard of Care provision along with other requirements, state and local laws, and policies.

FY2020/21 Forecast - Stadium Manager Expenses

Expense Type	ManCo Submitted Budget⁽¹⁾	Forecast	Reduction	% Reduction
Security ⁽¹⁾	\$ 1,438,159	\$ 1,302,800	\$ 135,359	9%
Stadium Ops ⁽¹⁾	4,462,496	2,713,025	1,749,471	39%
Engineering ⁽¹⁾	1,977,119	1,984,300	(7,181)	0%
Guest Services ⁽¹⁾	705,982	356,850	349,132	49%
Grounds ⁽¹⁾	409,022	193,000	216,022	53%
Total	\$ 8,992,778	\$ 6,549,975	\$ 2,442,803	27%

⁽¹⁾The Shared Stadium Manager Expenses have been broken out to reflect ManCo's submission. These costs are included in the SCSA budget under Legal Contingency.

The above table reflects a forecast received by SCSA on February 19, 2021. SCSA had previously received a forecast in December that reflected the same bottom line of \$6.5 million. SCSA has also tracked the invoices received to date that correspond to the December forecast. It's important to note that SCSA has compared the December forecast to the February forecast and has found that while the bottom line remains at an estimated \$6.5 million in both forecasts received the amounts in each category have fluctuated. It's typical for forecasts to fluctuate, however, the bottom line usually fluctuates as well. In this case, the category forecasts fluctuate, but the bottom line remains stagnant. It remains unclear the decisions made by the Stadium Manager to expend \$6.5 million within the context of COVID and whether they were fiscally prudent within the context of no activity taking place at the Stadium.

Fiscal Year 2021/22 will mark the eighth year of stadium management by ManagementCo. ManagementCo was awarded a no-bid contract to manage Stadium Operations on behalf of both the Stadium Authority and the 49ers. In that contract, the Stadium Manager represented that it had strong public assembly/facility market experience in the management of a stadium and Non-NFL Event marketing to maintain our world-class facility and maximize revenues to the City. Through the Stadium Authority's oversight, expanded public transparency and reporting, and efforts to ensure compliance with Agreements in place, it is now clearer that ManagementCo has not generated revenue through non-NFL events, cannot properly maintain the Stadium, and/or comply with state and local laws. Through the close out of FY 2018/19 and 2019/20, it was determined that there were fewer and fewer revenue-generating events overall and, particularly, continued booking of significant money losing events, combined with dramatically escalating operational costs, resulted in no performance rent being generated for the City. Below are tables reflecting the ticketed events over the last two years and associated revenue and expenses that detail the money losing events that were continued to be scheduled by the Stadium Manager.



HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY**Subject:** Adopted Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget

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**FY2018/19 Ticketed Non-NFL Events
Revenue and Expenditure Summary**

In Millions \$

Ticketed Event	Revenue	Expense	Net
Monster Jam	\$ 1.4	\$ 1.6	\$ (0.2)
Taylor Swift Tour Day 1	5.1	6.9	(1.8)
Taylor Swift Tour Day 2	10.5	7.8	2.7
Stadium Links	0.1	0.0	0.1
Manchester United vs Earthquakes	1.6	1.9	(0.3)
ICC: Barcelona vs AC Milan	4.4	4.0	0.4
High School Football Series	0.1	0.1	0.0
Jay-Z/Beyonce	8.4	7.9	0.5
SJSU vs Army	0.2	0.4	(0.2)
Pac-12	1.3	4.0	(2.7)
Redbox Bowl	4.6	5.2	(0.6)
Mexico vs Paraguay	3.6	4.1	(0.5)
Total Ticketed Non-NFL Net Revenue	\$ 41.3	\$ 43.9	\$ (2.6)

*Numbers may vary due to rounding

**FY2019/20 Ticketed Non-NFL Events
Revenue and Expenditure Summary**

In Millions \$

Ticketed Event	Revenue	Expense	Net
Monster Jam	\$ 1.6	\$ 2.0	\$ (0.4)
Bay Area Wedding Fair	0.0	0.0	0.0
USWNT vs South Africa	0.3	0.1	0.2
ICC: Chivas vs Benfica	1.2	1.5	(0.3)
Rolling Stones: No Filter Tour	11.4	10.5	0.9
High School Football Series	0.1	0.1	0.0
Pac-12 Championship	3.1	5.7	(2.6)
Redbox Bowl	4.6	5.2	(0.6)
Total Ticketed Non-NFL Net Revenue to date	\$ 22.3	\$ 25.1	\$ (2.8)

*Numbers may vary due to rounding

Additionally, this budget is adopted at a time when the Levi's Stadium is being used as a vaccine site. The exact cost implications for this commitment are unknown because ManagementCo has not been transparent with the Stadium Authority. Given that ManagementCo has committed the facility for at least three months of the next fiscal year (25% minimum), it remains unknown what additional fiscal



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impacts the Stadium Authority Board should plan for regarding expenditures in Shared Expenses in support of this NFL event. ManagementCo is required to pay the full cost of the utilities for NFL events and other expenses associated with the event. Accordingly, there should also be a substantial reduction in the Shared Expense budget for staff costs and outside contractors who are providing services in support of the Vaccination Site agreement with the County. The Stadium Manager has not provided a detailed breakdown of how they propose to allocate the costs.

The Board calls for a new third-party management to take over operations and management of Levi's Stadium for both the NFL and Non-NFL season. ManagementCo filed a lawsuit to dispute the termination; the termination date remains subject to litigation and remains uncertain. As a result, ManagementCo will continue to operate the stadium until these issues are resolved in court. In addition, the Stadium Authority's work with ManagementCo on the budget and fiscal processes do not constitute a waiver or release of the termination notice, or any Stadium Authority rights and claims

ADOPTED BUDGET IN BRIEF

The Adopted Budget is presented on an accrual basis which provides increased transparency for projected revenues and expenses, with added detail about financial transfers. For the first time, the Stadium Authority Budget implements a budgetary display of financial statements that incorporates budget practices that includes Beginning and Ending Fund Balances. This enhances fiscal transparency with respect to the Stadium Authority's reserves and unspent funds.

The total Stadium Authority Operating Budget for FY 2021/22 is \$65 million and represents a decrease of \$3.2 million, or 4.6%, compared to the prior fiscal year. To note, this figure does not include the gross revenues or expenditures that are generated from Non-NFL Events.

A summary of key changes and assumptions for the Adopted Budget include:

- Adopted Capital Expenditures totaling \$14.6 million including general building, security, furnishings and equipment, and public safety investments.
- Adjustments to the General and Administrative Budget funding 6.7 full-time equivalent positions totaling \$1.8 million. We believe this to be a baseline level of support necessary for Stadium Authority operations.
- Deletion of one Deputy City Manager.
- With the above deletion, addition of one new position totaling \$195,000 (Management Analyst) to support SBL, litigation support, public records requests, financial management system implementation support, and contract/procurement activities.
- Net Non-NFL Events revenue loss of \$600 thousand for the current year and FY 2021/22. This level of performance continues to be cause for concern.
- Total estimated Debt Service expenses of \$38 million including debt related to the CFD (\$500 thousand) and Subordinate Loan (\$12 million) and Term A Loan (\$25.5 million).



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METHODOLOGY

Information provided in this report was based in part on documentation submitted by ManagementCo on January 29, 2021. Per Section 4.6 of the Management Agreement, ManagementCo is required to submit a budget 45 days prior to the start of the fiscal year. Additional detail and explanations pertaining to requests submitted by ManagementCo were received February 19, 2021 and have been incorporated into this Adopted Budget.

KEY ISSUES IN THE ADOPTED BUDGET

There are several key issues to surface as part of the discussion for the Adopted FY 2021/22 Operating, Debt Service, and Capital Budget: Stadium Authority Financial Management System, Naming Rights Agreement, Performance Rent, General and Administrative Expenses, Debt Service Payments, Capital Expense Budget, and Marketing Plan.

COVID-19 Pandemic Impacts – The global pandemic quickly impacted events here at home with no events with attendance in FY 2020/21 and limited events expected at the start of FY 2021/22. As a result of the pandemic, cancellation of all Non-NFL Events from March 2020 and NFL preseason events later in the fiscal year had a severe impact to the Stadium Authority. With the start of the NFL season with no fans in attendance, and the scheduling of three NFL games in Arizona due to County restrictions, FY 2020/21 ended the year with no paying ticketholders in the stadium. As part of the regional effort to roll out vaccines, Levi's Stadium has been selected as one of the largest vaccine distribution sites by the NFL. We expect the vaccine roll out to continue into at least the first quarter of FY 2021/22. As the vaccine roll out accelerates, there is hope that ticketholders will be allowed in the Stadium later this year.

Assumptions reflected in this budget include full attendance at NFL events, as assumed and submitted by the Stadium Manager. We will continue to monitor and develop contingency plans to offset revenue impacts should a reduced level or continuation of no fans due to the pandemic occur. We have also requested that the Stadium Manager submit alternative revenue and expenditure scenarios in the event of a slower vaccine roll out. Because of the restrictions on attendance, the Stadium Authority was forced to scan and review hard copy SBL agreements provided by the Stadium Manager in order to defend against pending class action litigation by certain SBL holders.

Termination of Stadium Management Agreement – On February 11, 2020, the Board authorized the termination of the stadium management agreement with the Forty Niners Stadium Management Company LLC (ManagementCo) in its entirety. The Board's authorization to terminate the agreement is based on (1) Stadium Manager's fraud, intentional misrepresentation, and material omissions of facts in connection with the Management Agreement; (2) Stadium Manager's misappropriations and self-dealing; and (3) Stadium Manager's willful misconduct that resulted in two Events of Defaults, which Stadium Manager failed to cure. The Stadium Authority's work with ManagementCo on the budget and fiscal processes do not constitute a waiver or release of the termination notice, or any Stadium Authority rights and claims.



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It is important to note that since this was a sole source/no bid contract award, there has never been any comparison of the operation and management budget with other stadium managers to determine if ManagementCo's budgets are commercially reasonable. In other words, the Shared Expenses have never been validated against the market rate to determine whether the Stadium Authority is getting the best value for the Management Agreement costs that it pays to ManagementCo for its services and its results. In addition, because the Stadium Manager has refused to allow a transparent examination of its records, staff has been unable to verify if shared expenses are being double charged as event expenses.

Performance Rent and Continued Decline in General Fund Revenue - As stated previously, Net Non-NFL Event Revenue directly impacts the amount of Performance Rent that is an expense to the Stadium Authority and paid to the City of Santa Clara. Performance Rent is calculated using 50% of the Net Non-NFL Event Revenue minus performance-based credits (see Page 32) for more detail on Performance Rent). In the budget submittal provided by ManagementCo, the Net Non-NFL Event Revenue projected a loss of \$600 thousand for FY 2020/21 and projected a loss of \$600 thousand to break even for FY 2021/22. For purposes of this budget, a loss of \$600 thousand is assumed in each fiscal year. It should be noted that details regarding the gross revenue or expenditures, or the types and number of events were not provided.

Performance Rent Calculation	Fiscal Year 2020/21 Projection	Fiscal Year 2021/22 Budget
Ground Rent	\$ 390,000	\$ 425,000
Net Non-NFL Event Revenue (Expense)	\$ (600,000)	\$ (600,000)
50% of Net Non-NFL Event Revenue (Expense)	\$ (300,000)	\$ (300,000)
Performance Rent Credit (50% of Ground Rent)	\$ (195,000)	\$ (212,500)
Total Performance Rent paid to the City of Santa Clara	\$ 0	\$ 0

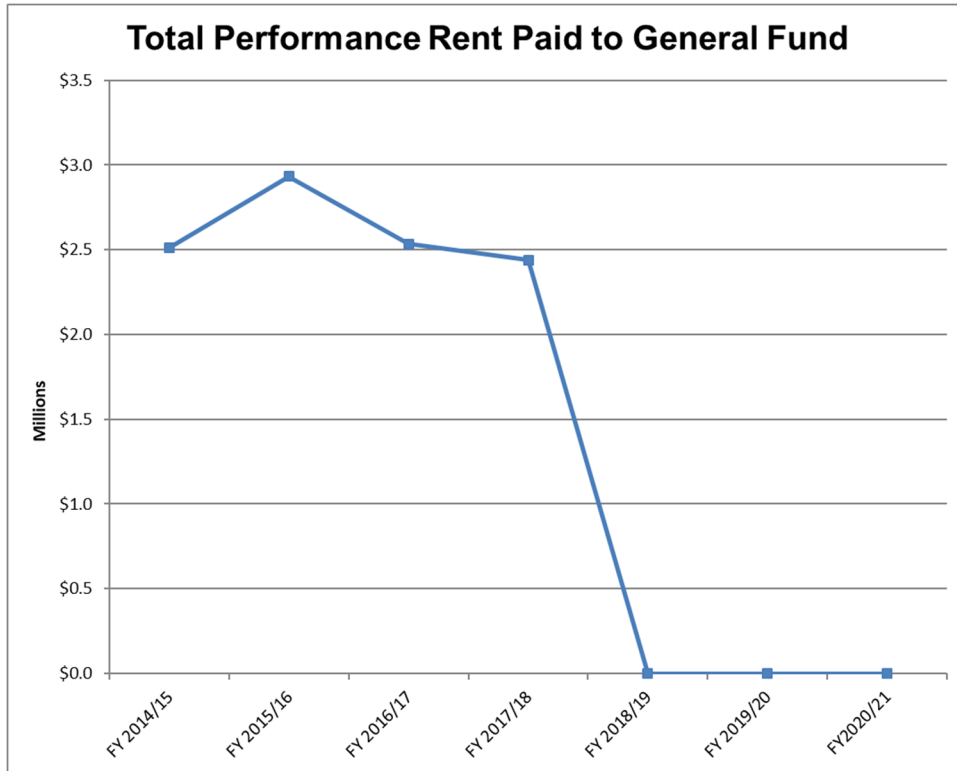
The two years shown in the table above project that no revenue will be paid to the City of Santa Clara for performance rent in FY 2020/21 and FY 2021/22. This performance continues to be of concern as a result of demonstrated mismanagement by the Stadium Manager and lack of corrective action. For reference, the chart below shows the performance rent revenue generated by the Stadium Authority in past years:



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Naming Rights Agreement between Santa Clara Stadium Authority and Levi Strauss & Co.

(“Naming Rights Agreement”) - It is important to note that the Naming Rights agreement with Levi’s® requires the Stadium Authority to hold at least 36 “Major Events” (with 25,000+ attendees) every three contract years. As of this report, the current number of Major Events held at Levi’s® Stadium was twelve (12) through the current three-year period. Based on these numbers, Levi’s® is expected to receive a credit totaling \$442,755 (\$15,000 multiplied by the difference between 36 and the actual number of events held during the three-year period then multiplied by an Annual Proportionate Increase). The Second Amendment to the Stadium Management Agreement states that ManagementCo would pay the Stadium Authority as liquidated damages the amount owed by the Stadium Authority to Levi’s®. ManagementCo has acknowledged responsibility for liquidated damages. During discussion between the Stadium Manager and Levi’s®, it was determined based on the contract language that the first contract year began March 1, 2015. The Stadium Authority had been tracking events for Naming Rights purposes beginning March 1, 2014, however, after review of the contract is in agreement that the initial year began March 1, 2015 and has updated the below table to reflect this change.

Naming Rights Agreement Three-Year Periods	Number of Major Events
March 1, 2015 to February 28, 2018	40
March 1, 2018 to February 28, 2021	12



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Stadium Authority Financial/Accounting Management System – The Management Agreement establishes several requirements for the accounting of Stadium Authority financial activity, such as:

- Pre-Opening Obligations (Management Agreement 2.4):
 - 2.4.7 **Establish charts of accounts and accounting policies**, procedures and systems, including policies, procedures and systems for payroll processing, accounts payable, accounts receivable, depository accounts, box office and reporting functions;
 - 2.4.8 Design, establish and **maintain effective internal accounting controls with respect to compliance with Applicable Laws**, this Agreement and contracts pertaining to the Stadium, in such a manner as to **minimize the risk of noncompliance and to provide for the detection of any noncompliance within a timely period** by the Stadium Manager's employees in the normal course of performing their assigned functions;
- The Stadium Manager shall maintain complete and accurate books and records relating to the Net Income from Non-NFL Events, in accordance with generally accepted accounting and management practices, consistently applied. **The Stadium Manager shall maintain complete and accurate books and records relating to the operations of the Stadium and its services provided hereunder**, including all Stadium Authority Revenue, Shared Stadium Expenses, Stadium Authority Expenses, Net Income from Non-NFL Events, the cost of Capital Repairs, distributions to and from the Operating Expense Reserve and Stadium Capital Expenditure Reserve, any additional information required to prepare the Annual Statement of Stadium Operations and, to the extent so directed by either StadCo or the Stadium Authority, StadCo Operating Expenses and Stadium Authority Operating Expenses, respectively (collectively, "Stadium Records"). (Management Agreement 4.1)
- The **Stadium Manager shall use reasonable efforts to maintain separate records for the Tenant Season and the Stadium Authority Season and for NFL Events and Non-NFL Events**, in order to effectively protect the confidentiality of records relating solely StadCo. (First Amendment to Management Agreement 7).

Despite the requirements of the Management Agreement, ManagementCo has refused to give the Stadium Authority all its documents related to Non-NFL events. On March 1, 2019, ManagementCo and Stadium Authority staff discussed the opportunity to establish a stand-alone Stadium Authority financial/accounting management system. Over the past years, ManagementCo has commingled its portion of the revenues and expenses of the Stadium Authority into its San Francisco 49ers financial system, such that they now claim that it would be extremely costly to fully produce the Stadium Authority's records. There has been dispute over possession of documents, access to financial information, and overall improved knowledge of the complete set of financial information pertaining to the Stadium Authority. As an example, Stadium Authority has asked Stadium Manager for supporting documentation and clarification to begin close out of FY 2019/2020 on December 1 and,



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as of late-February, has yet to receive response to our requests. Without transparency from the Stadium Manager, Stadium Authority cannot properly advise the Board with accurate information.

ManagementCo agreed to work with the Stadium Authority to establish a segregated financial management system for the Stadium Authority, where Stadium Authority staff has full access to the system, supporting documentation, and in real time (not at the end of the fiscal year or on other terms that require the Stadium Authority to always look backwards to understand financial activity). The system has been selected and project planning is underway. Funding for the system totaling \$283,500 is included in the budget through the Capital Expense budget, subject to subsequent court rulings on cost allocation.

It should be noted that through the initial setup of the fiscal systems during the pre-opening obligations (Section 2.4 of the Stadium Management Agreement), the SCSA paid costs for accounting staff through Stadium Manager Shared Expenses to set up the initial financial management system and procedures. The SCSA should not reimburse duplicative costs to implement a system due to the fact that the system was not in compliance with the agreements. However, the Stadium Manager has demanded the Stadium Authority pay for accounting costs associated with the new financial management system, not recognizing that public funds were expended in early years. In an effort to allow Stadium Manager to mitigate its damages based on its failure to create separate accounting systems, and in order for Stadium Manager to complete the Financial Management System, the Stadium Authority released payment of \$359,250.60 for Stadium Manager General and Administrative costs. **The Stadium Authority reserved all rights to recoup these funds and other costs based on Stadium Manager's breach, including any payments associated with the Financial Management System Implementation.**

General and Administrative Expenses - The General and Administrative (G&A) portion of the budget reflects expenses considered to provide a base level of service to implement the Board's direction and oversight of the Stadium per the various authoritative agreements. Since the inception of the Stadium, more staff resources have been required to respond to ongoing litigation with ManagementCo, to advance the Board's directives, respond to public records requests, and provide the required general oversight, accounting, and efforts to mitigate undesirable impacts to neighborhoods resulting from events at the Stadium. Stadium Authority staff recommends a G&A budget for FY 2021/22 totaling \$5.1 million, an increase of \$500 thousand from the prior fiscal year. The Stadium Authority G&A budget makes up a total 8% of the FY 2021/22 Adopted Stadium Authority Expense Budget of \$65 million.

When comparing to the prior budget, this increase is entirely due to the projected outside legal costs to defend the Stadium Authority from litigation currently in progress. The General and Administrative Expenses budget continues to include the funding of 6.7 full time equivalent positions. We believe it reflects a reasonable level of support for the Stadium Authority activities anticipated in the upcoming year. However, to the extent that workload required by ManagementCo is placed on Stadium Authority staff (e.g., capital projects, procurement support, corrective action, etc.), it is reasonable to require more resources to execute these unanticipated duties.



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Litigation Reserve/Revolving Fund Loan - Funding has been set aside in a Contingency Reserve for potential payments that may arise related to disputed Operating Expenses in FY 2019/20 and FY2020/21. Operating expenses payments were withheld based on Board direction for the conditioning 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. Apart from that conditioning 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 instead has issued unauthorized loans and continue to pay itself public funds without demonstrating compliance with State and local laws. Estimated revolving credit loans total \$7.6 million for FY 2020/21 expenses and the Stadium Authority maintains its position that these draws were in violation of the provisions of the Revolving Loan Agreement and that use public funds in violation of public procurement regulations, prevailing wage violations, and prohibitions on self-dealing.

The FY 2021/22 Adopted Budget assumes that the same conditioning of payments will be in effect until ManagementCo presents the required supporting document for the expenses. The Stadium Authority will return to the Board with budget amendments provided that sufficient backup documentation is provided.

Debt Service Budget - The FY 2021/22 Debt Service Budget of \$38 million is based on the required and additional payments for principal of \$24.9 million and interest of \$13.1 million. The budget reflects a total decrease of \$23.7 million of outstanding debt from \$294.6 million to \$270.9 million.

Capital Expense Budget - The FY 2021/22 Capital Expense ("CapEx") Budget totals \$14.6 million, which includes \$11.2 million in carryover expenses from the prior year due to ManagementCo's inability to implement the CapEx budgeted projects (e.g., properly procure projects and issue contracts). This budget includes various security improvements, fencing on Tasman, furniture replacement and upgrades, and public safety equipment (a detailed list of CapEx projects begins on Page 47). Given the fact that almost no capital projects were completed by ManagementCo, there is serious concern where ManagementCo is unable to complete the projects included in this budget. For the past two years, we have raised this issue with ManagementCo to ensure the Stadium Authority asset is maintained in a sufficient manner and requested a procurement plan: however, there is valid concern that ManagementCo is unable to complete these duties given the record to date. While the Capital Expenses are reflected in the budget, the Board directed the Stadium Manager to present a procurement plan/schedule that demonstrates the ability to manage the Stadium with the proper standard of care and that addresses the highest priority projects while balancing the potential need for City resources. With the Board's revocation of delegated procurement Authority to the Stadium Manager, all projects would need to be presented to the Board for contract approval. While this presented a significant increase in workload for Stadium Authority staff, it is prudent given the



HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY

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multiple discoveries of ManagementCo's flawed procurement practices.

It should be noted, the Capital Expense budget does not include the Levi's Naming Rights Signage Replacement Project totaling \$945,000 which includes a 5% contingency, as recommended by the Stadium Manager. The Naming Rights Agreement Section 5(f) states, "Naming Rights Sponsor shall be entitled, **at its sole cost and expense**, to replace, update, change, refresh or refurbish any such initial signage at any time and from time to time...". Based on this language, it is the Stadium Authority's position that the full signage replacement is the responsibility of the Naming Rights Sponsor and, as suggested by ManagementCo, any effort to fund the replacement for the sponsors constitutes a gift of public funds.

Marketing Plan – The Stadium Management Agreement states that the Stadium Operation and Maintenance Plan (SOMP) shall include a Marketing Plan (4.10), and the Stadium Lease states that the SOMP shall be presented annually to the Stadium Authority for their consideration and approval (7.2). The draft Marketing Plan was submitted separately to the Board for review during the Study Session on March 9, 2021 where the Board provided feedback to this document. As a general concern, given the poor financial results over several fiscal years, the Marketing Plan makes no mention about ManagementCo's "turnaround" strategy to improve their performance, meet their Standard of Care requirements, and demonstrate their ability to profitably operate a public assembly facility.

Previous Board feedback, and ManagementCo's commitment, included the development of key performance indicators (KPIs) for the purpose of tracking marketing strategies and the outcomes achieved. The Board approved a recommendation to complete this work within 90 days and collect data. This has been omitted from the Marketing Plan for the past three years.

Last, the Board should consider whether it makes sense to approve a Marketing Plan as a whole when the Stadium Manager's own projections are to lose \$600 thousand for the Stadium Authority. Past years have demonstrated that the Stadium Manager underestimates their losses and the Board would be wise to conclude that this is likely an underestimated loss.

STATUS OF ONGOING WORKPLAN EFFORTS

On February 1-2, 2021, as part of the 2021 City Council Priority Setting Retreat, the Board reviewed and discussed updated workplan efforts currently underway. A status of some of these ongoing work efforts are summarized below. Some work efforts have been limited by COVID-19 as resources have been reprioritized to focus on mitigating the impacts of the pandemic.

- **Community Engagement** - (1) Conducted a robust Community Outreach and Engagement work plan in 2018 to obtain statistically valid data relative to public opinion on community impacts resulting from Levi's® Stadium and for future policy development. Specifically, the purpose of this work plan was to identify the community's perspectives on issues related to Levi's® Stadium such as noise, public safety, nuisances, parking, flyovers, crowd control, cleanliness, loitering, lighting,



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pyrotechnics/fireworks, performance curfew, and other items. There are efforts to update the Community Outreach and Engagement work plan and gather new feedback from the community. (2) Established a dedicated telephone number to receive input from residents and noise management process with the 49ers to address residential complaints regarding noise and music at the 49ers training facility.

- **Noise Monitoring** - Continued implementing the Noise Monitoring Program, which includes a web-based, publicly available, ongoing, real-time noise monitoring services in the areas surrounding the Stadium and training facility. See above activities relative to actions taken on noise management.
- **Stadium Authority Coordination** - Continued providing procurement oversight and assistance to ManagementCo with the goal of ensuring compliance with state and local laws related to prevailing wage, public works projects, and conflicts of interest, etc. Continued coordination with City departments to address key issues regarding fire violations, permitting, traffic, and public safety.
- **Transparency Efforts** - Began preparing minutes for every meeting with ManagementCo to provide additional transparency, with the referral for the Board to consider the same action for its private meetings with ManagementCo/49ers as part of a discussion concerning calendaring rules. The Stadium Authority and ManagementCo meets on a monthly basis to discuss current and upcoming issues, events, and projects. Continue efforts to ensure transparency from ManagementCo and sharing of public records, such as establishing a shared financial management services and obtaining Stadium Builder Licenses from ManagementCo and initiating digitization and records repository integration projects.
- **Stadium Authority/Auditor's Workplan Updates**
 - Procured vendor to develop a shared financial management system with 49ers to ensure real-time access to financial records. Project is currently underway.
 - Completed initial analysis of Non-NFL events' revenues and expenses for the first three fiscal year. A report was issued in 2020.
 - An expanded analysis of Non-NFL events' revenues and expenses has been initiated by a forensic accountant. This report is expected in late 2021.
 - Review of College Football Playoff accounting is underway by a forensic accountant. This report is expected in 2021.
 - Annual Statement of Stadium Operations – Procurement of this audit is underway.
 - Review of past Construction Fund and Public Safety transactions and providing feedback on the allocation of staff charges is underway by a forensic accountant. This report is expected in 2021.
 - Maintain workload requirements with nine lawsuits.

HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY

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CONCLUSION

As with any budget, there are risks that we can factor into our projections and those that we cannot. For example, some of our revenue projections are more fiscally conservative than in previous years. In some instances, this was necessary due to factors that can easily not materialize and the need to plan accordingly. For example, the budget projects a loss of \$600 thousand for Net Non-NFL Event Revenue for FY 2020/21 and FY 2021/22. In addition, the COVID-19 pandemic makes it difficult to determine what types of events can take place at the Stadium and to what extent fans can attend. Additional information, as it becomes available to the impact of events will be communicated to the Board separately.

This budget outlines a work program and financial strategy to assist in meeting the guiding principles of the Stadium Authority, namely that no City of Santa Clara General Fund monies are to be used to fund Stadium costs, Board oversight of its property manager, and to ensure that the Stadium Authority and ManagementCo continue to be held accountable to the various agreements. Our commitment is to continue to look for improvements within the organization and to deliver the kind of results that the public expects. I look forward to presenting this budget at our upcoming sessions.

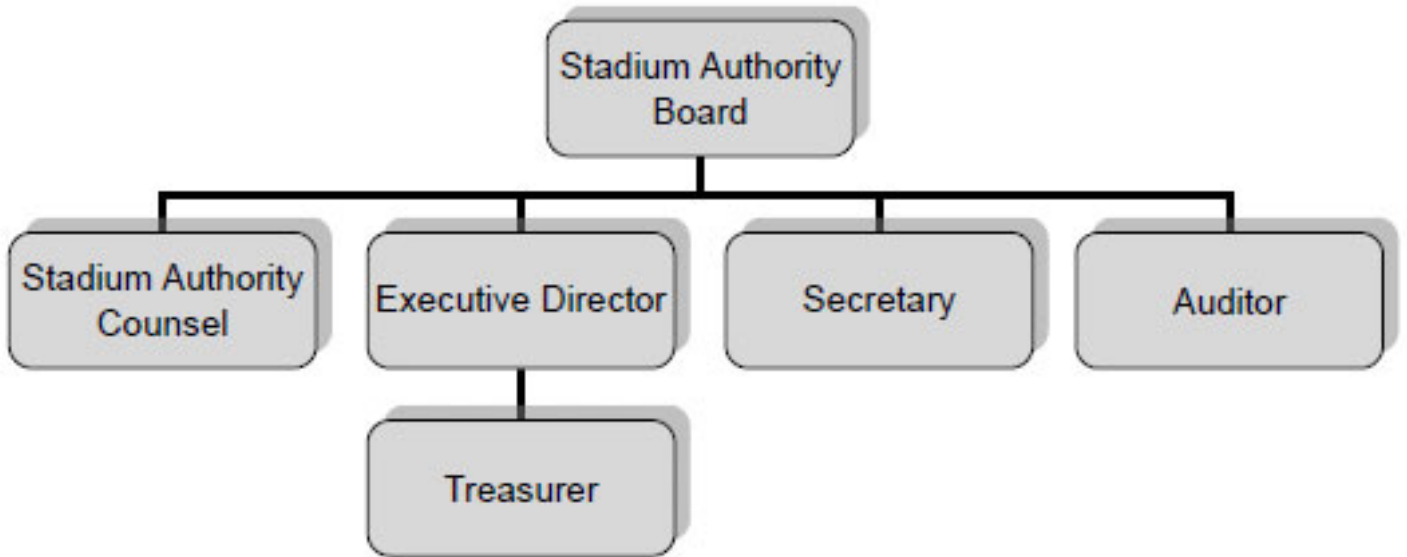
Respectfully Submitted,



Deanna J. Santana
Executive Director



ORGANIZATIONAL CHART



The seven elected members of the City Council serve as the governing Board of the Santa Clara Stadium Authority with the Mayor serving as Chairperson of the Authority.

In addition, City of Santa Clara staff serve as Officers of the Stadium Authority with the City Manager serving as the Executive Director.

GENERAL INFORMATION

This Santa Clara Stadium Authority (“Stadium Authority”) Budget Report provides information covering the Adopted FY 2021/22 Operating, Debt Service, and Capital Budget as well as comparative data from prior fiscal years. Estimated revenue and expense information (three quarters of actuals and one projected quarter) included in this report for the FY 2020/21 is unaudited and, therefore, subject to change as a result of the annual audit conducted by an external and independent auditing firm.

In addition to this report, the Stadium Authority produces annual financial statements within six months of the fiscal year-end (March 31st). These financial statements are audited by an external auditing firm and presented to the Stadium Authority’s Audit Committee and Board. Once presented to the Board, the financial statements are published on the Stadium Authority’s web page. The FY 2020/21 audited financial statements will be presented to the Board by the end of September 2021.

The Stadium Authority is 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 to ManagementCo or the Stadium Authority are fully reimbursed. Types of services include the following:

- Administrative General Fund costs that are spent during operations are separately tracked using special account codes in the City’s financial system and all such costs are billed for reimbursement.
- General Fund public safety costs for NFL and Non-NFL events are separately tracked and all such costs are billed for reimbursement.

NFL EVENT HIGHLIGHTS - YEAR IN REVIEW

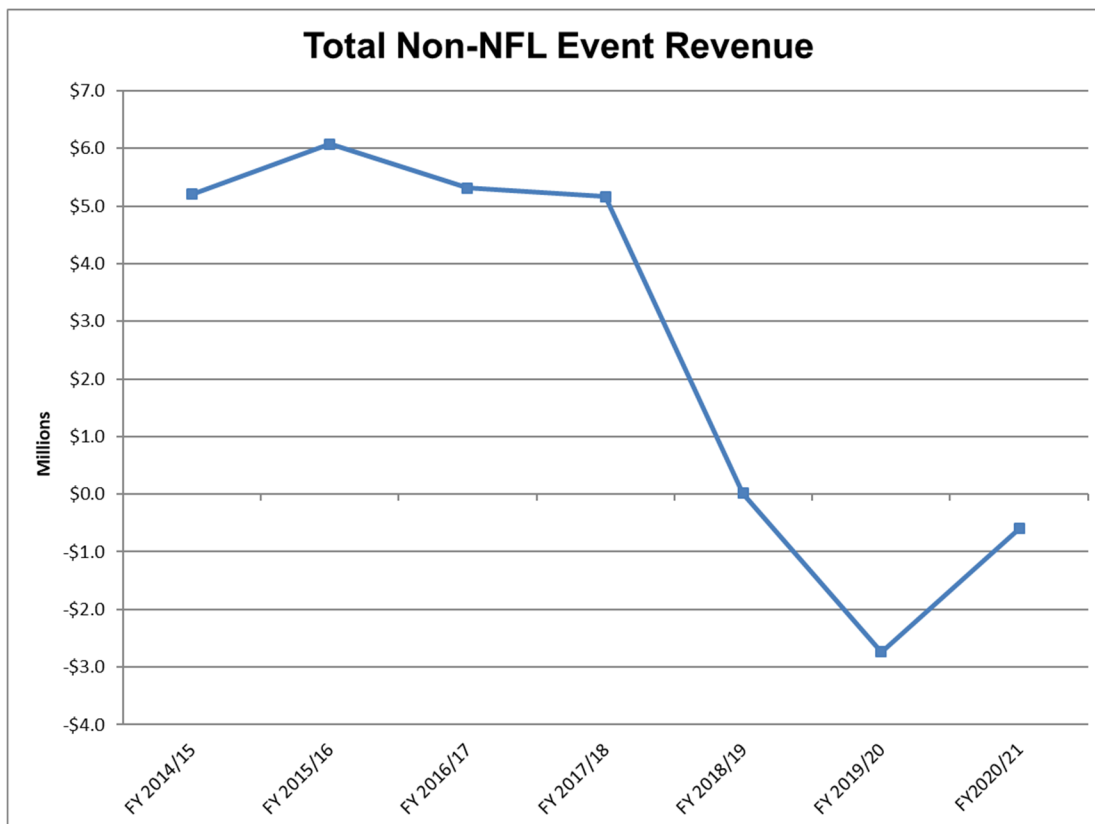
The San Francisco 49ers played eight (8) regular season National Football League (“NFL”) games in FY 2020/21. Due to the ongoing pandemic, five of the games were held at Levi’s® Stadium absent any fans, and three were held in Arizona due to health restrictions. There were no tickets sold for the home games and, therefore, no NFL ticket surcharge or Senior and Youth Program Fees. In a standard year, ticket sales result in about \$8 million of NFL ticket surcharge revenue to Stadium Authority (based on the 10% NFL ticket surcharge on each ticket sold) and about \$230,000 of Senior and Youth Program Fees (based on \$0.35 per NFL game ticket, with a maximum of \$250,000) are collected and forwarded to the City.

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 was 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 2019/20 fiscal year (July 1, 2019 through June 30, 2020) the offsite parking fee was \$5.85, and it increased to \$5.91 in the City’s 2020/21 fiscal year. There were no offsite parking fees collected in FY 2020/21.



NON-NFL EVENT HIGHLIGHTS - YEAR IN REVIEW

There were no Non-NFL events held at the Stadium in FY 2020/21 due to the cancellation or postponement of events due to the COVID-19 pandemic. Regardless of the pandemic, the Stadium Manager has failed to show improvement in booking of revenue generating events. As indicated in earlier sections of this report, net Non-NFL revenue has shown a drastic decline and is projected to show minor improvement (e.g., projected less loss). For reference, the chart below shows the net Non-NFL revenue generated by the Stadium Authority in past years:



STADIUM AUTHORITY OPERATING BUDGET

The FY 2021/22 Stadium Authority Budget covers the Stadium Authority's twelve-month fiscal year which runs April 1, 2021 through March 31, 2022.

Key highlights for the Stadium Authority's FY 2021/22 Operating Budget are as follows:

Revenues

- ◆ FY 2021/22 total projected revenues of \$65 million include \$24.8 million in facility rent, \$23.7 million in stadium builder license (SBL) revenue, \$8.7 million in NFL ticket surcharge, \$7.2 million in naming rights revenue, and \$600 thousand in other revenues.

Expenses

- ◆ The Operating Budget of \$64.7 million includes monies sufficient to reimburse the City for its staff support and payments for ground rent, and Senior/Youth fees. It also includes transfers out of \$41.3 million.

Fund	Transfers Out	Transfers In
Operating	\$ 41,262,000	-
Debt Service	-	\$ 37,572,000
CIP	-	3,690,000
Total	\$ 41,262,000	\$ 41,262,000

As shown in the table above, \$37.6 million will be transferred from the Operating Fund to the Debt Service Fund for principal and interest debt service payments. The remaining \$3.7 million will be transferred from the Operating Fund to the Capital Fund for Stadium capital improvements.

- ◆ Shared Stadium Expenses totals \$3.1 million for insurance. This budget assumes that the continuation of conditioning of payments that was instructed in FY 2019/20 will be in effect until ManagementCo presents the required supporting documentation for the expenses. The remainder of funding requested by ManagementCo will be allocated in a Legal Contingency until that documentation is provided or resolution to the litigation is completed.
- ◆ Stadium Authority General & Administration costs increased by \$500 thousand when compared to the prior year budget of \$4.6 million to \$5.1 million. These costs are described in detail on Page 29 of this report. These increases are needed for the following:
 - ◇ Added contractual services to assist with policy and/or legal services
 - ◇ Increase in the Audit line item to include targeted performance audits

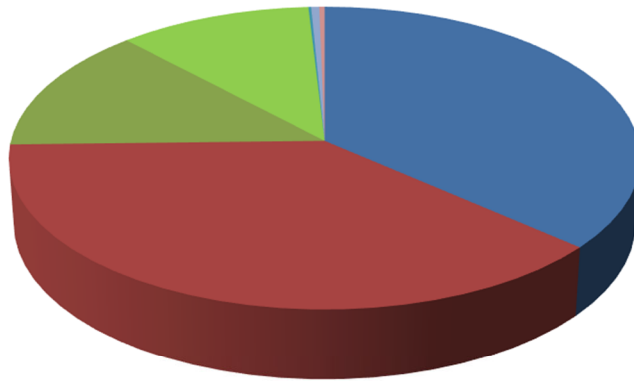
STADIUM AUTHORITY OPERATING BUDGET (CONT.)

Reserves

- ◆ The Operating Reserve is projected to have a balance of \$10.2 million at the end of FY 2021/22 and the Discretionary Fund is projected to have a balance of \$2.2 million.
- ◆ Contingency Reserves totaling \$13.1 million as a result of the Stadium Manager's use of Revolving Loans. Cash proceeds are transferred to the Stadium Authority for Shared Expenses. As these payments are withheld, this reserve sets aside funds that would otherwise be used to pay operating expenses or reduce outstanding debt obligations.
- ◆ Excess Revenue Distribution Reserves of \$23.2 million in FY 2020/21 resulted due to the timing of payments from the closeout of FY 2019/20 activities.

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

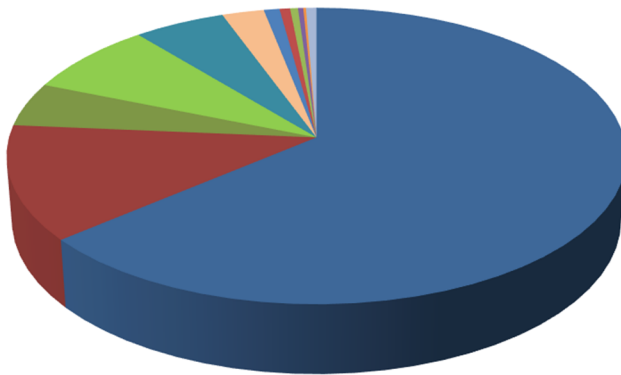
OPERATING REVENUES



\$65 Million

- SBL Proceeds - \$23.7M, 36.4%
- Rent - \$24.8M, 38.1%
- NFL Ticket Surcharge - \$8.7M, 13.4%
- Naming Rights - \$7.2M, 11.1%
- Non-NFL Event Ticket Surcharge - \$0.1M, 0.2%
- Interest - \$0.06M, .0009%
- Sponsorship Revenue (STR) - \$0.3M, 0.5%
- Senior & Youth Program Fees - \$0.2M, 0.3%

OPERATING EXPENSES



\$64.7 Million

- Transfers Out - \$41.3M, 63.8%
- Legal Contingency - \$8.1M
- Shared Stadium Manager Expenses - \$3.1M, 5.5%
- Stadium Authority General & Administrative - \$5.1M, 7.9%
- SBL Sales and Service - \$3.5M, 5.4%
- Utilities - \$1.6M, 2.5%
- Net Expense from Non-NFL Events - \$.6M, 0.9%
- Ground Rent (paid to City) - \$0.4M, 0.6%
- Discretionary Fund Expense - \$0.3M, 0.5%
- Senior & Youth Program Fees (paid to City) - \$0.2M, 0.3%
- Use of StadCo Tenant Improvements - \$0.02M, 0.03%
- Naming Rights - \$.01M, 0.2%
- Other Expenses - \$.4M, 0.6%

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

Santa Clara Stadium Authority Operating Budget Summary

	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Adopted Budget	2020/21 Projected Actuals	2021/22 Adopted Budget
Beginning Fund Balance					
Operating Reserve	\$ -	\$ 11,255,088	\$ -	\$ 11,255,088	\$ 9,693,657
Discretionary Fund Reserve	-	1,960,102	-	2,327,850	2,327,850
Operations and Maintenance Reserve	-	2,782,752	-	995,380	-
Contingency Reserve (Shared Expenses)	-	-	-	6,300,653	13,089,463
Stadium Funding Trust Reserve	-	6,728,713	-	3,263,000	3,263,000
Excess Revenue Distribution Reserve	-	-	-	23,226,551	-
Total Beginning Fund Balance	\$ -	\$ 22,726,655	\$ -	\$ 47,368,522	\$ 28,373,970
Revenues					
NFL Ticket Surcharge	8,412,291	\$ 8,412,291	\$ 8,665,000	\$ -	\$ 8,665,000
SBL Proceeds	25,416,000	26,245,536	24,213,000	23,512,000	23,682,000
Interest	938,000	903,761	896,000	74,000	56,000
Non-NFL Event Revenue ⁽¹⁾	-	29,313,294	-	-	-
Net Revenues from Non-NFL Events ⁽⁵⁾	5,796,000	-	1,500,000	-	-
Naming Rights	6,754,000	6,754,047	6,957,000	6,957,000	7,165,000
Sponsorship Revenue (STR)	345,000	325,000	392,000	325,000	325,000
Rent	24,762,000	24,762,000	24,762,000	17,333,000	24,762,000
Senior & Youth Program Fees	250,000	250,000	230,000	-	232,000
Non-NFL Event Ticket Surcharge	735,496	735,496	572,000	-	150,000
BAHC Reimbursement for CFP Expenses	4,642	4,642	-	-	-
Other Revenue	115,773	128,379	-	-	-
Total Revenues	\$ 73,529,202	\$ 97,834,446	\$ 68,187,000	\$ 48,201,000	\$ 65,037,000
	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Adopted Budget	2020/21 Projected Actuals	2021/22 Adopted Budget
Expenses					
Shared Stadium Manager Expenses					
Stadium Operations	653,401	\$ 653,401	\$ -	\$ -	\$ -
Engineering	328,481	328,481	-	-	-
Guest Services	137,782	137,782	-	-	-
Groundskeeping	29,039	29,039	-	-	-
Security	270,450	270,450	-	-	-
Insurance	2,956,000	2,902,000	3,045,000	3,045,000	3,136,000
Stadium Management Fee	-	-	-	-	-
Shared Stadium Manager Expenses Subtotal	4,375,153	\$ 4,321,153	\$ 3,045,000	\$ 3,045,000	\$ 3,136,000
Other Operating Expenses					
SBL Sales and Service ⁽²⁾	3,614,477	\$ 3,614,477	\$ 3,610,000	\$ 1,967,000	\$ 3,448,000
Senior & Youth Program Fees (paid to City) ⁽²⁾	250,000	250,000	230,000	-	232,000
Non-NFL Event Expense ⁽¹⁾	-	32,054,308	-	-	-
Net Expense from Non-NFL Events	-	-	-	600,000	600,000
Ground Rent (paid to City) ⁽³⁾	355,000	355,000	390,000	390,000	425,000
Performance Rent (paid to City) ⁽³⁾	2,721,000	-	555,000	-	-
Discretionary Fund Expense ⁽⁴⁾	250,000	-	250,000	-	250,000
Utilities ⁽²⁾	1,568,265	1,568,625	1,597,000	1,264,000	1,586,000
Use of StadCo Tenant Improvements ⁽²⁾	182,000	-	73,000	-	26,000
Stadium Authority General & Administrative ⁽⁴⁾	1,980,000	1,385,362	3,308,000	1,555,490	2,590,000
Stadium Authority Legal Services ⁽⁴⁾	500,000	985,836	1,273,000	1,110,510	2,525,000
CFP Expenses	4,642	4,642	-	-	-
Naming Rights Commission	-	-	30,000	30,000	88,000
Legal Contingency ⁽⁶⁾	6,996,000	-	9,231,000	-	8,123,000
Other Expenses	110,000	104,915	1,400,000	913,000	388,000
Contribution to Operating Reserve ⁽³⁾	338,000	-	348,000	-	-
Other Operating Expenses Subtotal	18,869,384	\$ 40,323,165	\$ 22,295,000	\$ 7,830,000	\$ 20,281,000
Total Expenses	23,244,537	\$ 44,644,318	\$ 25,340,000	\$ 10,875,000	\$ 23,417,000

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

Santa Clara Stadium Authority Operating Budget Summary

	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Adopted Budget	2020/21 Projected Actuals	2021/22 Adopted Budget
Transfers Out					
Debt Service ⁽³⁾	46,806,665	\$ 26,229,712	\$ 39,265,000	\$ 46,472,521	\$ 37,572,000
Management Revolving Loan ⁽⁶⁾	-	-	-	6,300,653	-
Capital Expenditures	3,478,000	2,318,549	3,582,000	3,547,378	3,690,000
Total Transfers Out	50,284,665	\$ 28,548,261	\$ 42,847,000	\$ 56,320,552	\$ 41,262,000
Ending Fund Balance					
Operating Reserve	\$ -	\$ 11,255,088	\$ -	\$ 9,693,657	\$ 10,226,657
Discretionary Fund	-	2,327,850	-	2,327,850	2,152,850
Operations and Maintenance Reserve	-	995,380	-	-	-
Contingency Reserve (Shared Expenses) ⁽⁷⁾	-	6,300,653	-	13,089,463	13,089,463
Stadium Funding Trust Reserve	-	3,263,000	-	3,263,000	3,263,000
Excess Revenue Distribution Reserve	-	23,226,551	-	-	-
Total Ending Fund Balance	\$ -	\$ 47,368,522	\$ -	\$ 28,373,970	\$ 28,731,970

⁽¹⁾ Information not provided by ManagementCo at the time of this report

⁽²⁾ Recommended by ManagementCo

⁽³⁾ Contribution to Operating Reserve is based on payment schedule or calculated as instructed per relevant agreements

⁽⁴⁾ Recommended by Stadium Authority staff

⁽⁵⁾ Net Revenues from Non-NFL events is provided by ManCo on a cash basis

⁽⁶⁾ Shared Stadium Manager Expenses that ManCo draw from the Excess Revenues for the Management Revolving Loan.

⁽⁷⁾ Reserve for disputed Shared Expenses for FY2019/20 (\$6,300,653) and FY2020/21 (\$6,788,810)

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

Stadium Authority Board Duties and Adopted General and Administrative Budget

The Board is a public entity responsible for governing the matters concerning Levi's® Stadium. As such, the Board is responsible for setting policy direction, ensuring implementation of its policy direction and other due diligence requirements through Stadium Authority staff, and auditing/oversight of its policy implementation, as reasonable and necessary.

To accomplish Board direction, the administrative budget for the 2021/22 Fiscal Year totals \$5.1 million, or 7.9%, of the Fiscal Year 2021/22 Adopted Stadium Authority Operating Expense Budget of \$64.7 million. With this budget, staff will support the Board with its oversight of Levi's® Stadium per the various agreements with ManagementCo and Forty-Niners SC Stadium Company LLC (StadCo or Tenant) of the stadium, such as:

1. Uphold fiduciary responsibilities and debt obligations;
2. Maintain a productive and functional business relationship with the Tenant;
3. Develop Board policies as required for proper governance and transparency efforts concerning the Stadium Authority oversight efforts;
4. Continue the current community engagement process to address the public opinion research of the community impacts of Levi's® Stadium, with a focus on neighborhood response and public service deployment improvements;
5. Continue the current noise monitoring program;
6. Implement public safety expert's recommendations during events held at Levi's® Stadium;
7. Address the Work Plan items, as referenced in the Executive Director's transmittal letter to this budget; and,
8. Develop and implement oversight initiatives consistent with public entity organizations.

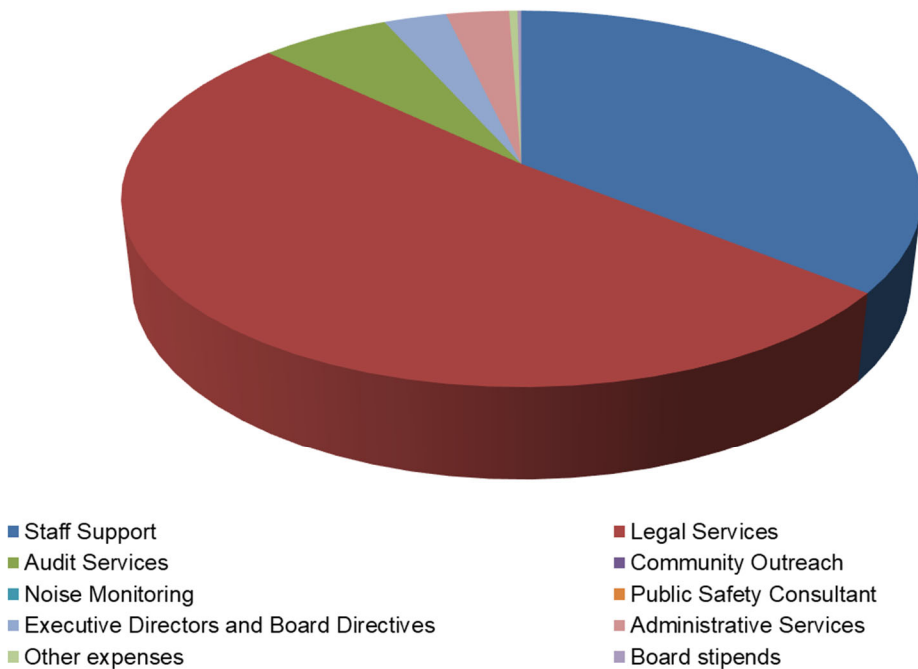
Stadium Authority staff are responsible for the programmatic oversight and audit of Stadium activities. As part of this budget, the oversight of stadium activities is allocated primarily to the Executive Director, General Counsel, Auditor, Treasurer and various supporting professional staff. With the implementation of a Stadium Authority Financial Management System and increased financial reporting and auditing needs, the Executive Director is recommending two additional financial support staff to assist the Treasurer with these requirements.

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

As such, the Stadium Authority G&A expense budget of \$5.1 million provides the financial means in which to fulfill the Board policy direction and strategic initiatives. A breakdown of the Stadium Authority's portion of the overall operating expense budget of \$64.7 million is shown below.

Stadium Authority FY2021/22 General and Administrative Adopted Budget		
Expense Type	Budget	Comments
Staff support	\$ 1,764,000	To support the Stadium Authority with its oversight duties of stadium activities
Audit Services	307,000	Financial and performance audits performed by external auditors
Consultants	190,000	As needed for outside consulting services
Executive Director & Board Directives	150,000	Funding for unanticipated Board directives, Executive Director assignments, etc
Administrative Services	150,000	Laserfiche Repository and SBL Integration to repository
Other Expenses	20,000	Routine office expenses
Board Stipends	9,000	Stadium Authority meetings
Subtotal	\$ 2,590,000	
Legal Services	\$ 2,525,000	As needed for outside legal services
Total	\$ 5,115,000	

Stadium Authority FY2021/22 General and Administrative Budget



STADIUM AUTHORITY OPERATING BUDGET GLOSSARY

Accrual Basis Accounting: The method of recording revenues and expenses when they are incurred, regardless of when cash is exchanged.

Bay Area Host Committee Reimbursement: This is the reimbursement received from the Bay Area Host Committee for all costs associated with the College Football Playoff Championship (CFP) that was held at Levi's® Stadium on January 7, 2019. This reimbursement is subsequently used to pay internal City and outside agency costs associated with the CFP (see College Football Playoff Expense below). (Source: Assignment and Assumption Agreement)

College Football Playoff (CFP) Expense: All internal City and outside agency costs associated with the CFP that are invoiced to the Stadium Authority. (Source: Assignment and Assumption Agreement)

Contribution to Operating Reserve: The contributions to the operating reserve are funded by means of excess revenues (see Excess Revenue below). (Source: The Amended and Restated Stadium Lease Agreement)

Discretionary Fund Expense: This is funded by half of the Non-NFL ticket surcharge (see Non-NFL Event Ticket Surcharge on Page 32) and has been used to cover NFL public safety costs above the public safety cost threshold in the first three fiscal years of operation and other items at the Stadium Authority's discretion.

Projected Beginning Balance	50% of 2021/22 Non-NFL Event Ticket Surcharge	2021/22 Discretionary Fund Expense	Projected Ending Balance
\$ 2,327,850	\$ 75,000	\$ 250,000	\$ 2,152,850

Excess Revenue: If Stadium Authority revenue exceeds expenses for any lease year, such excess revenues shall be distributed as described in the table below. This table reflects how the excess revenues were distributed in the 2018/19 fiscal year. (Source: The Amended and Restated Stadium Lease Agreement)

2018/19 Use of Excess Revenues				
#	Description	Amount	Balance	Notes
	Excess Revenues at Year-end		\$27,964,971	
1	Payment of ManCo Revolving Loan	\$ -	27,964,971	N/A (this loan has not been utilized)
2	Funding Operating Reserve up to \$2 Million +3% annually	-	27,964,971	Funding requirement met
3	Funding CapEx Reserve an Additional \$1 Million +3% annually	(1,125,509)	26,839,463	Funding annual CapEx Reserve
4	Funding Operating Reserve up to \$10 Million +3% annually	(327,818)	26,511,644	Funding annual 3% requirement
5	Prepayment of StadCo Subordinated Loan	(26,511,644)	-	Prepayment requirement met
6	Funding Operating Reserve up to \$20 Million +3% annually	-	-	N/A
7	Funding Renovation/Demolition Reserve up to \$70 Million	-	-	N/A
8	Available for Additional Disbursements as described in the Stadium Lease	-	-	N/A

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

Ground Rent: The City has agreed to lease the land under Levi’s® Stadium to Stadium Authority for an initial term of 40 years. The fixed ground rent schedule is noted below for the 40-year initial term. (Source: *Ground Lease Agreement*)

Lease Year(s)	Fiscal Year(s)	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 through 2028-29	\$ 1,000,000
16-20	2029-30 through 2033-34	\$ 1,100,000
21-25	2034-35 through 2038-39	\$ 1,200,000
26-30	2039-40 through 2043-44	\$ 1,300,000
31-35	2044-45 through 2048-49	\$ 1,400,000
36-40	2049-50 through 2053-54	\$ 1,500,000

Insurance: ManagementCo procures insurance for Levi’s® Stadium for the entire year and the cost is split between Stadium Authority and StadCo (see Shared Stadium Manager Expenses on Page 33). The stadium lease sets Stadium Authority’s share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year’s insurance expense increasing by 3%. (Source: *Stadium Management Agreement & The Amended and Restated Lease Agreement*)

Interest: This is interest earned from cash on hand.

Naming Rights: Levi Strauss & Co (Levi’s®) pays an annual naming rights fee to Stadium Authority. The annual fee increases by 3% each contract year through the 20-year term. This annual fee is paid in two equal semi-annual installments on or before March 1st and October 1st. (Source: *Naming Rights Agreement*)

Net Revenues from Non-NFL Events: ManagementCo provides management services for Levi’s® Stadium year-round. As such ManagementCo is responsible for booking and scheduling all Non-NFL events on behalf of Stadium Authority. ManagementCo is required by the agreement to maintain complete and accurate books and records relating to the net income from the Non-NFL events. Those records are reviewed by Stadium Authority staff and/or outside consultants and audited by an independent auditor. After the completion of the fiscal year, the net revenues are paid to Stadium Authority by ManagementCo. (Source: *Stadium Management Agreement*)

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

NFL Ticket Surcharge: The Forty Niners Football Company, LLC (the Team) collects a 10% NFL ticket surcharge on the price of admission to all NFL games occurring in Levi's® Stadium on behalf of Stadium Authority. (Source: Amended and Restated Non-Relocation Agreement)

Non-NFL Event Expense: The gross expenses for Non-NFL events held at Levi's® Stadium.

Non-NFL Event Revenue: The gross receipts from Non-NFL events held at Levi's® Stadium.

Non-NFL Event Ticket Surcharge: Promoters or sponsors of any ticketed Non-NFL event that is held at Levi's® Stadium are required to collect a \$4 per ticket surcharge on behalf of Stadium Authority. Half of this surcharge that is paid to Stadium Authority covers general stadium operations and the other half funds the Stadium Authority Discretionary Fund. (Source: Amended and Restated Stadium Lease Agreement)

Other Expenses: Miscellaneous Stadium Authority expenses such as bank fees.

Other Revenue: Miscellaneous Stadium Authority revenues.

Performance Rent: Stadium Authority pays the City performance rent on top of the fixed ground rent. The basic calculation for the performance-based rent is 50% of the net income from Non-NFL events for any given lease year less the sum of performance-based rent credits. The performance-based rent credits include 50% of the current year's base ground rent, and other credits. The table below represents a projection of the 2020/21 and 2021/22 Fiscal Years performance rent. (Source: Ground Lease Agreement & Amended and Restated Stadium Lease Agreement)

Performance Rent Calculation	Fiscal Year 2020/21 Projection	Fiscal Year 2021/22 Budget
Ground Rent	\$ 390,000	\$ 425,000
Net Non-NFL Event Revenue (Expense)	\$ (600,000)	\$ (600,000)
50% of Net Non-NFL Event Revenue (Expense)	\$ (300,000)	\$ (300,000)
Performance Rent Credit (50% of Ground Rent)	\$ (195,000)	\$ (212,500)
Total Performance Rent paid to the City of Santa Clara	\$ 0	\$ 0

Rent: The facility rent was originally set at \$24.5 million for StadCo to lease the stadium for their half of the year. As a result of the rent reset arbitration award in favor of Stadium Authority, the facility rent was reset to \$24.8 million retro-active to the first lease year. The rent adjustment process is outlined in the Amended and Restated Stadium Lease. (Source: Amended and Restated Stadium Lease Agreement)

Senior and Youth Program Fees: During the lease terms, StadCo collects a City of Santa Clara Senior and Youth program Fee on behalf of Stadium Authority. The fee is based on \$0.35 per NFL game ticket up to a maximum of \$250,000 per lease year. (Source: Amended and Restated Stadium Lease Agreement)

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

Shared Stadium Manager Expenses: ManagementCo oversees the day to day operations of Levi's® Stadium year-round. Since StadCo leases the stadium from Stadium Authority for half of each fiscal year, ManagementCo stadium manager expenses are shared between StadCo and Stadium Authority. Most shared stadium manager expenses are split 50/50 between StadCo and Stadium Authority; grounds-keeping is the exception with a 70/30 split, StadCo being responsible for the larger share. In addition, ManagementCo procures insurance for Levi's® Stadium that is shared between Stadium Authority and StadCo (see Insurance on Page 31). (*Source: Stadium Management Agreement & The Amended and Restated Stadium Lease Agreement*)

In FY 2019/20, the Stadium Authority Board instructed the conditioning of payments until ManagementCo presents the required supporting documentation for the expenses. The FY 2020/21 projection and FY 2021/22 assume the continuation of the conditioning of payments (excludes insurance). The remainder of funding requested by ManagementCo will be allocated in a Legal Contingency until that documentation is provided or resolution to the litigation is completed.

Sponsorship Revenue (STR): STR Marketplace, LLC (STR) established a secondary market website to facilitate the transfer and resale of SBLs. In exchange for the use of the Levi's® Stadium trademarks and links on the website (hence the title Sponsorship Revenue), STR pays Stadium Authority a minimum annual fee of \$325,000 based on the commissions that are collected by STR. In addition to the minimum annual fee, Stadium Authority also receives 50% of any commissions in excess of \$650,000. (*Source: SBL Website Marketing Agreement*)

Stadium Authority General & Administrative: As an independent public entity, Stadium Authority incurs its own expenses in relation to Board governance, fiduciary responsibilities, oversight, and operations of Levi's® Stadium. These include but are not limited to Stadium Authority staff time, due diligence requirements for proper fiscal and operational oversight, and various outside contractors and consultants who are hired to administer the necessary requirements for owning and operating Levi's® Stadium. Also included are various administrative type costs such as bank fees, phone charges, IT equipment maintenance, etc.

Stadium Builder License (SBL) Proceeds: SBL holders who are on a payment plan make annual payments. Additionally, some SBL holders make payments above and beyond their annual scheduled payment plan. There are also sales of new SBLs and/or SBLs that were defaulted and resold. SBL cash collections from all of these sources make up SBL proceeds.

Stadium Builder License (SBL) Sales and Service: ManagementCo provides sales and service to SBL holders on behalf of Stadium Authority. This includes all SBL collection efforts and customer service support. (*Source: Agreement for Stadium Builder License Sales & Fourth Amendment to the Stadium Management Agreement*)

Stadium Management Fee: ManagementCo 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. This annual base management fee is split 50/50 between StadCo and Stadium Authority since ManagementCo manages the stadium year-round for both entities. In addition to the base

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

management fee, ManagementCo 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 table below shows the first 10 years of the base management fee and the stadium marketing and booking fee benchmark. It also shows the first five years of net income from Non-NFL events and a projection of the sixth year as well as the applicable marketing and booking fee which was 5% of the net Non-NFL income over the benchmark. (Source: *The Stadium Management Agreement*)

Fiscal Year	Lease Year	Annual Base Stadium Management Fee (SCSA Share)	Stadium Marketing and Booking Fee Benchmark	Actual/Projected Net Income from Non-NFL Events	Actual 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 ⁽¹⁾	7	\$ 238,810	\$ 5,970,261	\$ (600,000)	\$ -	\$ 238,810
2021/22	8	\$ 245,975	\$ 6,149,369	To be determined		
2022/23	9	\$ 253,354	\$ 6,333,850			
2023/24	10	\$ 260,955	\$ 6,523,866			

⁽¹⁾ The Net Loss from Non-NFL Events for 2021/22 is a projection.

Transfers Out: Transfers from the Stadium Authority Operating Fund to fund Debt Service and Capital Funds.

Utilities: StadCo leases the stadium from Stadium Authority for six months of each fiscal year from August through January. StadCo is therefore responsible for the day-to-day utilities during that period. Stadium Authority pays for the day-to-day utilities from February through July. Utilities associated with large ticketed Non-NFL events are charged as an expense to the event which is included in the Non-NFL event expense.

Use of StadCo Tenant Improvements: StadCo charges Stadium Authority for use of various StadCo tenant improvements (such as the use of the scoreboard) during Non-NFL events. (Source: *Amended and Restated Lease Agreement*)

STADIUM MANAGER SHARED EXPENSES

The Stadium Management Agreement is between the Stadium Authority, StadCo and ManagementCo and was entered into as of March 28, 2012. This agreement was developed to provide the Stadium Authority with the expertise of an outside manager to oversee the day-to-day operations of Levi's® Stadium. Additionally, the Amended and Restated Stadium Lease Agreement between the Stadium Authority and StadCo was made and entered into as of June 19, 2013.

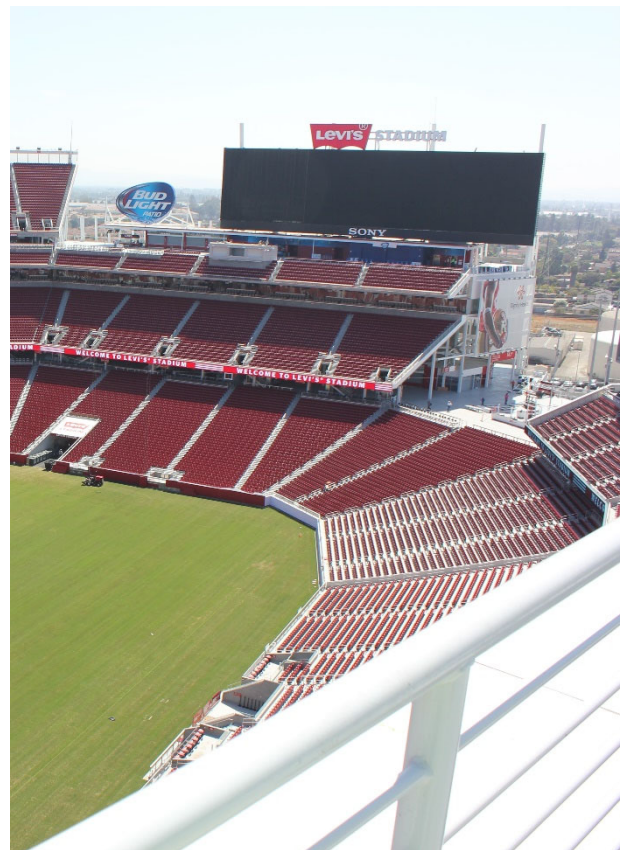
This agreement amended the original stadium lease to set the initial rent, to allow StadCo to enter into agreements with alternative energy providers, to cap Stadium Authority's share of the insurance costs at a fixed amount each year, and to require Stadium Authority to fund various reserves.

Per the terms of the stadium lease, StadCo leases the stadium from the Stadium Authority for half of each fiscal year and is responsible for the Stadium Manager operating expenses during that period. The Stadium Manager operating expenses for the other half of the year are the responsibility of the Stadium Authority. Section 8.3.1 describes the proportionate share of Stadium Manager expenses that are owed by the Stadium Authority and StadCo. Namely that most stadium manager operating expenses are split 50/50 with grounds-keeping being the exception with a 70/30 split, StadCo being responsible for the larger share.

ManagementCo procures insurance for Levi's® Stadium for the entire year and the cost is shared between Stadium Authority and StadCo.

Section 4.7 of the management agreement notes that ManagementCo will provide an Annual Shared Stadium Expense Budget to be adopted annually by Stadium Authority and StadCo.

Once the budget has been adopted, ManagementCo invoices Stadium Authority monthly for its budgeted portion of shared expenses which include stadium manager operating expenses. As part of the year-end work, the budgeted amounts that were paid are to be trued up with actual expenditures.



STADIUM MANAGER SHARED EXPENSES (CONT'D)

The budget for Shared Expenses is included 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 conditioning 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. Apart from that conditioning 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 instead issued itself unauthorized loans and continue to pay itself public funds without demonstrating compliance with State and local laws. At the March 23, 2021 Stadium Authority Board meeting, the Executive Director was delegated authority to approve budget amendments of \$4.2 million to move funds from the Legal Contingency line item to Shared Expenses after the review of adequate documentations for costs based on Board direction.

SCSA continues to dispute the draws on the revolving loans as the draws by Stadium Manager on the Revolving Loan were never authorized by Stadium Authority in accordance with Section 2.2 of the Revolving Credit Agreement dated March 28, 2012 as amended and restated as of June 19, 2013, which provides:

Each of the Loans shall be made on at least two (2) Business Days'...written notice **from the Stadium Authority** to Management Co (each such writing, a "Borrowing Notice") specifying the proposed date... and amount of such Loan.

The Stadium Authority never issued any Notice required by Section 2.2 to Stadium Manager authorizing draws from the Revolving Loan. In addition, Stadium Manager's unilateral issuance of debt violated the express condition precedents of the Revolving Credit Agreement. Section 4.2, Conditions Precedent to All Loans, of the Amended and Restated Revolving Credit Agreement, provides:

ManagementCo's obligation to make each Loan (including the initial Loan) shall be subject to the further conditions precedent that on the date of such Loan:
....(ii) the Stadium Authority does not and will not without the making of the Loan have adequate Available funds to pay Covered Stadium Operating Expenses...

Similarly, Section 2.1(a) limits the use of Revolving Credit Agreement when funds are not available: "solely for the purpose of enabling the Stadium Authority to pay Covered Stadium Authority Operating Expenses to the extent (and only to the extent, including pursuant to the terms of the Authority Loan and any Authority Takeout Financing(s), as applicable) that Available Funds are not otherwise available therefor."

Despite Stadium Authority having the funds to cover Stadium Operating Expenses and without any instructions or Notice from Stadium Authority, Stadium Manager improperly withdrew funds and has

STADIUM MANAGER SHARED EXPENSES (CONT'D)

caused further debt to Stadium Authority. This is concerning because the only requirement to receive these funds was to demonstrate compliance with the law.

STADIUM MANAGER SHARED EXPENSES (CONT'D)

Stadium Manager

2021/22 Total Shared Stadium Expenses

Between the Santa Clara Stadium Authority and Forty Niners SC Stadium Company (StadCo)

	Security	Stadium Operations	Engineering	Guest Services	Groundskeeping	Total
Total Compensation ⁽²⁾	\$ 757,304	\$ 3,795,610	\$ 3,086,480	\$ 485,106	\$ 312,697	\$ 8,437,197
Travel, Meals & Entertainment	-	126,250	4,050	28,578	1,350	160,228
Outside Services	2,040,944	1,624,200	1,540,432	52,264	560,420	5,818,260
General Supplies	34,724	95,000	660	154,892	120,700	405,976
Telephone	12,000	466,028	18,000	2,976	1,440	500,444
Equipment	164,724	307,846	10,540	66,000	6,000	555,110
Uniforms	14,800	-	2,500	94,542	2,500	114,342
Other	-	61,900	15,440	86,506	-	163,846
Subtotal	\$ 3,024,496	\$ 6,476,834	\$ 4,678,102	\$ 970,864	\$ 1,005,107	\$ 16,155,403

Santa Clara Stadium Authority Proportionate Share of Stadium Expenses ⁽¹⁾⁽⁵⁾

	Security	Stadium Operations	Engineering	Guest Services	Groundskeeping	Total
Total Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel, Meals & Entertainment	-	-	-	-	-	-
Outside Services	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-
Telephone	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Uniforms	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance ⁽³⁾						3,136,178
Management Fee ⁽⁴⁾						-
Total						\$ 3,136,178

(1) The Santa Clara Stadium Authority proportionate share of stadium expenses is rounded to the nearest \$1,000 in the operating budget.

(2) Total compensation is based on a total of 45 full time equivalent positions.

(3) The stadium lease sets Stadium Authority's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

(4) The stadium management agreement sets the base management fee at \$400,000 for the first lease year with each succeeding lease management fee increasing 3%. This base management fee is split 50/50 between Stadium Authority and StadCo.

(5) Shared Stadium Expenses totals \$3.1 million for insurance. This assumes that the continuation of conditioning of payments that was instructed in FY 2019/20 will be in effect until ManagementCo presents the required supporting documentation for the expenses. The remainder of funding requested by ManagementCo will be allocated in a Legal Contingency until that documentation is provided or resolution to the litigation is completed.

STADIUM MANAGER SHARED EXPENSES GLOSSARY

Total Compensation: This cost includes full-time staff (45 employees), part-time staff, and benefits. Stadium Authority pays for 50% of these costs except for groundskeeping which is set at 30%.

- **Full-time wages** are costs for all management company full-time employees.
- **Part-time wages** are costs for all management company part time employees. Wages include annual training for all Guest Services Representatives.
- **Benefits** are costs of employees' health insurance, pension, vacation time, and all employer taxes.

Travel, Meals & Entertainment: These are costs for employee travel (airfare, ground, lodging, and meals) to stadium management conferences. In addition, this category includes costs for staff meals for general food and beverage, vendor engagement, and the year-end guest service employee appreciation banquet.

Outside Services: Costs for outside service providers which include the following:

- **Janitorial and Medical** costs related to the janitorial, cleaning, landscaping, and trash services of the interior and exterior of the stadium and medical services for the stadium during regular business hours.
- **Stadium Security** costs for staffing 24/7 security guards in and around the stadium and explosive detection canines.
- **Engineering & Maintenance** for mandatory safety and general maintenance costs associated with fire sprinklers, fire alarms, elevators, and backflows. Also includes outside sub-contracted calls for services for windows, signage and roof repair, HVAC & electrical, carpet, concrete or other miscellaneous repairs.

General Supplies: Supplies for stadium operations, janitorial, engineering, and Guest Services (For example: janitorial supplies, general printing costs for stadium signage, deployment sheet, notes, handbooks etc.).

Telephone: These are costs for land lines and internet/data service for the stadium, (net of the costs for the Team's business offices), and cell service for stadium operations' and security personnel.

Equipment: Costs associated with stadium operations and security software, including incident tracking, mobile safety application, stadium staff scheduling/event calendar software, video surveillance licensing software, X-ray machine rental for deliveries, and monthly cost for off-site equipment storage.

STADIUM MANAGER SHARED EXPENSES GLOSSARY (CONT.)

Uniforms: Guest Services replacement and replenishment of uniforms.

Other Costs: Costs associated with Stadium Operations (For example: specialized training, command post, CPR first aid, background checks, recruiting, marketing/advertising, and employee retention program).

Tenant Improvements: Interior improvements within Tenant's exclusive facilities and any other improvements within the Stadium that are to be owned by, and constructed at the cost of, Tenant or any Tenant transferee as may be agreed by the Parties (Stadium Authority and StadCo). (Source: Stadium Lease Agreement).

Stadium Manager

Santa Clara Stadium Authority Proportionate Share of Stadium Expenses - Five Year Forecast

	2022/23	2023/24	2024/25	2025/26	2026/27
Total Compensation	\$ 4,280,740	\$ 4,409,163	\$ 4,541,438	\$ 4,677,681	\$ 4,818,011
Travel, Meals & Entertainment	82,239	84,706	87,247	89,865	92,560
Outside Services	2,880,958	2,967,387	3,056,408	3,148,100	3,242,543
General Supplies	184,213	189,740	195,432	201,295	207,334
Telephone	257,432	265,155	273,110	281,303	289,742
Equipment	284,645	293,184	301,980	311,039	320,371
Uniforms	58,371	60,122	61,926	63,784	65,697
Other	84,381	86,912	89,519	92,205	94,971
Total	\$ 8,112,979	\$ 8,356,369	\$ 8,607,060	\$ 8,865,272	\$ 9,131,229
Insurance ⁽¹⁾	3,230,264	3,327,172	3,426,987	3,529,796	3,635,690
Management Fee ⁽²⁾	253,354	260,955	268,783	276,847	285,152
Total	\$ 11,596,597	\$ 11,944,496	\$ 12,302,830	\$ 12,671,915	\$ 13,052,071

⁽¹⁾ The stadium lease sets SCSA's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

⁽²⁾ The stadium management agreement sets the base management fee at \$400,000 for the first lease year with each succeeding lease year's management fee increasing 3%. This base management fee is split 50/50 between SCSA and StadCo.

STADIUM DEBT SERVICE BUDGET

Santa Clara Stadium Authority Debt Service Budget Summary

	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Current Budget	2020/21 Projected Actuals	2021/22 Adopted Budget
Beginning Fund Balance					
Required Debt Service Reserve	\$ -	\$ 11,536,235	\$ -	\$ 11,536,235	\$ 11,536,235
Debt Service Reserve	-	14,078,363	-	12,111,334	11,168,171
Total Beginning Fund Balance	\$ -	\$ 25,614,598	\$ -	\$ 23,647,569	\$ 22,704,406
Revenues					
Contribution from CFD	\$ 3,872,000	\$ 3,613,498	\$ 4,028,000	\$ 332,000	\$ 483,000
Revenues Subtotal	3,872,000	3,613,498	4,028,000	332,000	483,000
Transfers In from Operating	46,806,665	26,229,712	39,265,000	52,773,174	37,572,000
Total Resources	\$ 50,678,665	\$ 29,843,210	\$ 43,293,000	\$ 53,105,174	\$ 38,055,000
Expenses					
CFD Advance	\$ 3,844,000	\$ 3,933,536	\$ 3,989,000	\$ 960,000	\$ 483,000
Term A Loan	26,383,000	25,628,060	25,562,000	25,562,000	25,529,000
StadCo Subordinated Loan	20,451,665	2,248,643	13,742,000	21,225,684	12,043,000
Other Expenses ⁽¹⁾	-	-	-	6,300,653	-
Total Expenses	\$ 50,678,665	\$ 31,810,239	\$ 43,293,000	\$ 54,048,337	\$ 38,055,000
Ending Fund Balance					
Required Debt Service Reserve	\$ -	\$ 11,536,235	\$ -	\$ 11,536,235	\$ 11,536,235
Debt Service Reserve	-	12,111,334	-	11,168,171	11,168,171
Total Ending Fund Balance	\$ -	\$ 23,647,569	\$ -	\$ 22,704,406	\$ 22,704,406

⁽¹⁾ Payment redirected by StadCo to pay down Revolving Loan

The FY 2021/22 Debt Service Budget of \$38 million is based on the required and additional principal and interest debt service payments. A glossary is included at the end of this section that describes the type of debt and the applicable source documents for each loan. Of the \$38 million budget, \$483 thousand represents anticipated contributions from the Community Facilities District (CFD). The total Debt Service Reserves are projected to remain at \$11.5 million.

It should be noted that on April 1, 2020, the Stadium Authority completed the Trust Excess Cash Flow funding instructions and provided it to the FinCo 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

STADIUM DEBT SERVICE BUDGET (CONT'D)

litigation. StadCo deviated from the funding instructions and took the Excess Revenues from the distribution to pay off the Management Company Revolving Loan instead of paying down the StadCo Subordinated Loan that the Stadium Authority instructed. The Stadium Authority was informed of this deviation in a letter dated April 27, 2020. On May 18, 2020, the Stadium Authority notified StadCo and the Trust that the deviation 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 in the debt service fund from StadCo for \$6,300,653.

The schedule on the following page provides a breakdown of the principal and interest payments budgeted in FY 2021/22 for each loan as well as the beginning and ending balances. The total outstanding debt is projected to decrease by \$23.7 million in FY 2021/22 from \$294.6 million to \$270.9 million.

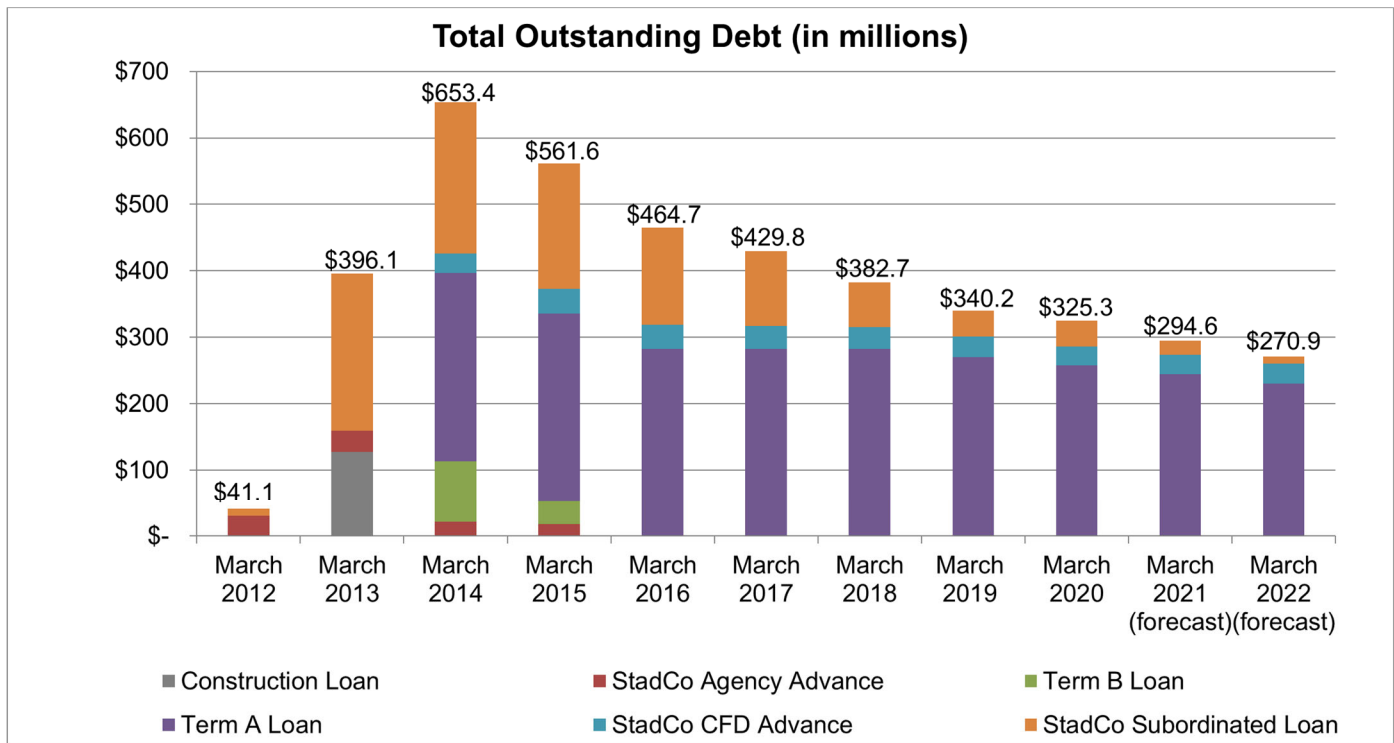
STADIUM DEBT SERVICE BUDGET (CONT'D)

Santa Clara Stadium Authority Debt Service Payment Schedule

Debt Obligations	Interest rates	2021/22 Interest	2021/22 Beginning Balance	2021/22 Principal Payments	2021/22 Additional Payments ⁽¹⁾	2021/22 Additional Principal ⁽²⁾	2021/22 Ending Balance
Stadium Funding Trust Term A Loan	5.00%	\$ 11,507,000	\$ 244,160,000	\$ (14,022,000)	\$ -	\$ -	\$ 230,138,000
StadCo CFD Advance ⁽²⁾	5.73%	464,000	29,508,000	-	-	1,227,000	30,735,000
StadCo Subordinated Loan	5.50%	1,153,000	20,965,000	(4,655,000)	(6,235,000)	-	10,075,000
Total		\$ 13,124,000	\$ 294,633,000	\$ (18,677,000)	\$ (6,235,000)	\$ 1,227,000	\$ 270,948,000

⁽¹⁾Additional payment is based on anticipated revenue that is in excess of all expenses and reserve requirements.

⁽²⁾Community Facilities District (CFD) principal payment is an estimate based on anticipated contributions from the CFD. Any increase in principal for the year is due to adding unpaid interest to the principal.



STADIUM DEBT SERVICE BUDGET GLOSSARY

Contribution from the Community Facilities District (CFD): The CFD was established for the purpose of financing and constructing publicly owned facilities. To support that, the CFD levies and collects a special hotel tax of 2% on hotel rooms within the CFD. During the construction of Levi's® Stadium, Stadium Authority spent \$35 million on CFD infrastructure. All collections from the special CFD hotel taxes are contributed to Stadium Authority to pay down the CFD Advance which was used to fund the construction of the CFD publicly owned facilities. (Source: The Reimbursement Agreement Relating to the CFD)

CFD Advance: StadCo agreed to loan Stadium Authority a not to exceed amount of \$35 million for CFD infrastructure and with a maximum principal amount of \$38 million including capitalized interest. This loan bears interest at a fixed rate of 5.73% and the loan is payable solely from amounts actually received by Stadium Authority from the CFD. (Source: The Authority Promissory Note in Respect of StadCo CFD Advance)

Term A Loan: The Stadium Funding Trust (FinCo) agreed to loan Stadium Authority \$282.8 million to fund construction of Levi's® Stadium. This loan bears interest at a fixed rate of 5% payable semi-annually, with annual principal payments due beginning in April 2018. It has a maturity date in 2039 and is subject to certain prepayment premiums. The principal payment schedule is noted below. (Source: The Restated Credit Agreement)

Term A Loan Amortization							
Date	Annual Principal Payment		Date	Annual Principal Payment		Date	Annual Principal Payment
April 1, 2018	\$ 12,110,000		April 1, 2026	\$ 8,404,934		April 1, 2033	\$ 13,306,164
April 1, 2019	\$ 12,718,000		April 1, 2027	\$ 9,001,865		April 1, 2034	\$ 14,160,901
April 1, 2020	\$ 13,354,000		April 1, 2028	\$ 9,630,410		April 1, 2035	\$ 15,060,270
April 1, 2021	\$ 14,022,000		April 1, 2029	\$ 10,292,166		April 1, 2036	\$ 16,006,521
April 1, 2022	\$ 14,723,000		April 1, 2030	\$ 10,988,812		April 1, 2037	\$ 17,002,017
April 1, 2023	\$ 15,459,000		April 1, 2031	\$ 11,722,111		April 1, 2038	\$ 18,049,239
April 1, 2024	\$ 7,299,896		April 1, 2032	\$ 12,493,914		April 1, 2039	\$ 19,150,794
April 1, 2025	\$ 7,838,094						

StadCo Subordinated Loan: StadCo agreed to loan Stadium Authority an amount not to exceed \$500 million to fund construction of Levi's® Stadium. The actual amount loaned to the Stadium Authority was \$236.9 million. This loan bears a fixed interest rate of 5.5% with annual principal payments due beginning in March 2016 and it may be prepaid at any time without penalties. (Source: The Restated StadCo Obligations Agreement)

STADIUM AUTHORITY CAPITAL EXPENSE BUDGET

The Capital Expense (CapEx) Budget is used to fund the purchase or upgrade of fixed assets for the Stadium. While the funding for appropriations occur on an annual basis, the Capital Expense Plan extends for a five-year period (shown on Page 57 of this report). Changes to existing projects, as well as the addition of new projects, may occur during the five-year planning period as new needs are identified. The appropriations for capital projects do not lapse at year-end but carryover into future years until the project is complete.

The FY 2021/22 CapEx Budget totals \$14.6 million. Of this total, \$11.2 million of prior year appropriations are projected to be carried over from FY 2020/21 (\$1.5 million of the projected carryover amount is for warranty-related construction, and the other \$9.7 million is for prior year CapEx projects). New capital improvement appropriations equal \$3.4 million.

Capital project delivery continues to be delayed, without demonstrated progress on corrective action, by the Stadium Manager due to procurement issues and violations of State prevailing wage laws. While the budget reflected in this document reflects projects recommended by the Stadium Manager, the Stadium Authority continues to request a procurement plan and implementation timelines regarding how these projects will be completed to ensure the upkeep of the facility and balance any potential City resources that may be required to support the projects. In addition, with the Board's revocation of delegated procurement authority, the contract awards to complete these projects will need to be brought forward to the Board for approval. As such, the timeline to complete these projects may differ or continue to be delayed from the information presented in this section. Below is data relative to the CapEx budget for the Stadium Manager and the actual dollars expended, which demonstrate that there is valid concern for the Stadium's upkeep and surfaces questions whether the Stadium Manager can implement the CapEx budget as requested:

Fiscal Year	CapEx Budget for Stadium Manager Projects and Projects Managed by Stadium Manager	CapEx Dollars Expended by Stadium Manager
FY 2018/19	\$6.3M	\$1.4M (22% spend rate)
FY 2019/20	\$12.5M	\$254,753 (2% spend rate)
FY 2020/21 (to date)	\$8.9M	\$289,034 (3% projected)

A detailed listing of adopted FY 2021/22 projects is provided starting on Page 48 of this report. Stadium Authority is submitting it as transmitted by the Stadium Manager without any additional details on the nature of the project, timing, etc. Stadium Authority has asked almost monthly for a procurement plan for these projects, but the Stadium Manager has not produced such workplan. A capital procurement workplan is a reasonable request given the multiple years of no progress, requirements to maintain the Stadium, and transparency.

STADIUM AUTHORITY CAPITAL EXPENSE BUDGET (CONT'D)



Public Safety Kawasaki Mule used for public safety patrol and emergency response

Santa Clara Stadium Authority Capital Expense Budget Summary

	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2021/22
	Final Budget	Year-End Actuals	Final Budget	Projected Actuals	Projected Carryover	Proposed Budget	Total Adopted Budget
Beginning Balances	\$ 14,532,870	\$ 14,516,225	\$ 17,837,300	\$ 17,010,611	\$ 19,438,420		\$ 19,438,420
Resources							
Transfers In from Operating	3,478,000	2,318,549	3,582,000	3,547,379	-	3,690,000	3,690,000
Transfers In from Stadium Manager ⁽¹⁾	-	308,568	-	-	-	-	-
Total Resources	18,010,870	17,143,342	21,419,300	20,557,990	19,438,420	3,690,000	23,128,420
	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2021/22
	Final Budget	Year-End Actuals ⁽²⁾	Final Budget	Projected Actuals	Projected Carryover ⁽³⁾	Proposed Budget	Total Adopted Budget
Expenses							
Construction	4,956,922	(4,845)	4,725,327	238,156	3,953,911	2,790,000	6,743,911
Equipment	7,070,988	136,765	6,460,557	881,414	5,286,250	448,520	5,734,770
Contingency	657,397	812	559,296	-	462,009	161,926	623,935
Stadium Warranty Related Construction	1,528,202	-	1,528,202	-	1,528,202	-	1,528,202
Total Expenses	14,213,509	132,731	13,273,382	1,119,570	11,230,372	3,400,446	14,630,818
Capital Expense Reserve	\$ 3,797,361	\$ 17,010,611	\$ 8,145,918	\$ 19,438,420	\$ 8,208,048		\$ 8,497,602

⁽¹⁾ Reimbursement from Stadium Manager

⁽²⁾ Actuals exclude some project payments withheld due to the ManagementCo not following State procurement and prevailing wage laws.

⁽³⁾ The carryover does not include the Levi's Naming Rights Signage Replacement Project that increased in cost estimate from \$650,000 to \$900,000.



Storage Conex Garage for Apparatus
allows for storage of three stadium
vehicles in a lockable, weatherproof
container.

Santa Clara Stadium Authority

2021/22 CapEx Budget

Item Type	SCSA Requested	Description	Cost	Contingency (5%)	Total Cost
General Building		General Areas / Coatings Main Deck Replace and recoat lymltal traffic deck coating at the lower seating bowl and on the 300 and 700 Level Concourses, which are currently showing signs of wear. The deck coating serves as a secondary waterproofing system for the occupied spaces below these areas and also protects and extends the life of the concrete. Periodic replacement and recoating of this system is necessary to maintain current waterproofing system and maintain the expected life of the structure.	\$ 2,450,000	\$ 122,500	\$ 2,572,500
General Building		Field Turf Track Replacement The current turf track carpet is worn, buckled and compacted from use over the past five years and has reached its end of life. This project addresses the uneven grade of the current turf track carpet. This project will remove the existing track and rebuild it using a compacted stone base and shock layer with new carpet on top. Additionally, the project scope permanently addresses the sun grade issues we experience with our current track by stabilizing the base to support the extreme loads it comes under during concerts and dirt events. Finally, the new turf track will eliminate slipping hazards and improve overall safety and appearance.	340,000	17,000	357,000
Subtotal CapEx Construction Costs			\$ 2,790,000	\$ 139,500	\$ 2,929,500
Security		Drone Detection (Antenna System) Drone intrusions are happening more frequently. We need a detection and deterrent system in place for the Security of our venue and events. This technology will assist Stadium Security and Law Enforcement in identifying any threats and to take measures to mitigate the threat.	\$ 55,000	\$ 2,750	\$ 57,750
Security		Key Management System This Key-Box system provides a full audit trail and real time reporting, detailing who has used each set of keys and when. Staff and vendors will become more accountable and will assist in return of keys at the end of each shift. This will reduce loss, damage and liability. The new system will be stationed in the 24/7 Security office.	20,000	1,000	21,000
Public Safety Equipment	x	RadHalo Remote Radiation Monitors New equipment request for the Joint Hazardous Assessment Team (JHAT): Remote radiation detection monitor can be established as a perimeter around the stadium and monitored remotely by JHAT. These units were tested last season with the help of the 95th Civil Support Team. These units proved very useful to monitor large crowds for nuclear and radiation devices that have a potential explosive threat. The team currently uses handheld detectors which are good for pinpointing an exact location around the unit; however, with 4 main gates for ingress and egress, there is no way to fully monitor the crowds for a potential threat without remove monitoring capabilities.	190,000	9,500	199,500
Public Safety Equipment	x	PPE Replacement (Nomex Tops) Projected replacement/additions of Stadium battle dress uniform tops for the team of 60.	5,750	288	6,038
Public Safety Equipment	x	PPE Replacement (Nomex Bottoms) Projected replacement/additions of Stadium battle dress uniform bottoms for the team of 60.	3,260	163	3,423

Santa Clara Stadium Authority

2021/22 CapEx Budget (cont.)

Item Type	SCSA Requested	Description	Cost	Contingency (5%)	Total Cost
Public Safety Equipment	x	Rigaku CQL 1064nm Handheld Raman Chemical Detector New equipment request for the Joint Hazardous Assessment Team (JHAT). This detector works as a pair with the Tru Defender. The pair combined are able to detect unknown chemicals and substances much quicker than current methods. The unit has a library of over 12,000 substances. This will be very beneficial to determine threats of substances quickly in order to determine evacuation of patrons. JHAT does not carry a detector of this capability. If JHAT came across an unknown substance, a request for mutual aid would be made with likely extended response time. This new equipment would allow the onsite JHAT to analyze substances and chemicals without immediately calling for assistance reducing the impact to the ongoing stadium event.	50,290	2,515	52,805
Public Safety Equipment	x	Tru Defender FTX S1 WMD Chemical Detector New equipment request for the Joint Hazardous Assessment Team (JHAT). This detector works as a pair with the Rigaku CQL Raman. The pair combined are able to detect unknown chemicals and substances much quicker than current methods. The unit has a library of over 12,000 substances. This will be very beneficial to determine threats of substances quickly in order to determine evacuation of patrons. JHAT does not carry a detector of this capability. If JHAT came across an unknown substance, a request for mutual aid would be made with likely extended response time. This new equipment would allow the onsite JHAT to analyze substances and chemicals without immediately calling for assistance reducing the impact to the ongoing stadium event.	63,220	3,161	66,381
Public Safety Equipment	x	Vehicle upfits for John Deere Gator Vehicle upfits for John Deere Gator including a utility box, mirrors, back up camera and a towing hitch for the E690 MCI Trailer. The mirrors and back up camera would allow for greater visibility when the vehicle is being driven in and around large crowds.	12,000	600	12,600
Public Safety Equipment	x	Kawasaki Mule Purchase new Kawasaki Mule for Explosive Ordinance Disposal (EOD) team. Cost includes unfitting the Kawasaki Mule with Police labels and markings, lighting and locking storage boxes. The EOD team does not currently have a dedicated vehicle and are currently walking with canines and EOD gear during response calls for suspicious packages and drone payloads. The EOD team is first on scene sweeping the stadium for safety issues and the last to leave. Shifts can extend past 10 hours. Purchase of a vehicle would reduce fatigue for officers and canines and reduce response time.	25,000	1,250	26,250
Public Safety Equipment	x	Kawasaki Mule Purchase new Kawasaki Mule for Special Response Team (SRT). Cost includes unfitting the Kawasaki Mule with Police labels and markings, lighting, equipment storage boxes and Type 3 IME box that is approved by the U.S. Bureau of Alcohol Tobacco and Firearms (ATF) to transport/store breacher explosives. The SRT equipment is currently in a standard size vehicle that upon deployment would not easily maneuver the stadium or crowds of attendees; the team would be required to go to the vehicle to retrieve the required equipment extending response time. The vehicle may also be deployed to City issues and the equipment would not be readily available for use. The SRT does not currently have a dedicated vehicle. Purchase of a vehicle would allow the SRT to mobilize needed equipment and will reduce response time.	\$ 20,000	\$ 1,000	\$ 21,000
Public Safety Equipment	x	Onsite Conex Storage Locking onsite Conex Storage container to store 3 Police Kawasaki Mules, including the requested EOD and SRT mule purchase. The Conex Storage container will be housed in a parking lot dedicated for police parking with the secured footprint of the Stadium.	4,000	200	4,200
Subtotal CapEx Equipment Costs			\$ 448,520	\$ 22,427	\$ 470,947
Total New CapEx Project Costs			\$ 3,238,520	\$ 161,927	\$ 3,400,447

Santa Clara Stadium Authority

2021/22 CapEx Budget Carryover

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Electrical		Mechanical and Electrical Closet Lighting (2019/20 Carryover) Install LED lighting in all mechanical and electrical closets located in the service tunnel, 300 Level, and 700 level. These lights not only improve visibility, but also provide longer and more efficient power usage.	\$ 150,000	\$ 7,500	\$ 157,500
Electrical		Broadcast Booth Power (2019/20 Carryover) Install power components used for stadium events. These components will adhere to LEED certification, provide a clean source of power for our clients, and improve operating efficiencies.	35,000	1,750	36,750
Electrical		Concessions Cart Cabling (2019/20 Carryover) Install code rated low voltage cabling (CAT6) to portable concession carts. This will provide Internet Protocol (IP) based access to the IPTV menu boards and Point of Sale (POS) systems for credit card transactions, as well as deliver an emergency signage to be displayed at the concession stands if needed.	50,000	2,500	52,500
General Building		Updated Stadium Wayfinding Signage (2020/21 Carryover) Install Premium/Club wayfinding, Suite wayfinding, Smoking section signs, No smoking signs for around the main and upper concourses, section numbers/floor decals, ADA blue lines, tunnel signs that indicate "no photos/no autographs", etc.	250,000	12,500	262,500
General Building		Stadium Event Signage (2019/20 Carryover) Install stadium signage (including but not limited to tunnel awnings, accessible seating reference areas, lower bowl sections placards, and additional fire and building code signage per Fire Marshal).	138,000	6,900	144,900
General Building		Command Post Window Treatment (2019/20 Carryover) Install window shades and/or tint the exterior windows on the 800 level command post to reduce heat and glare. This will assist dispatchers and command post operators working in this space.	16,000	800	16,800
General Building		Stadium and Special Event Spaces (2019/20 Carryover) Add entry mats to be placed at stadium entrances to help alleviate wet floor scenarios and provide safety to stadium patrons. Will extend the finish of the existing flooring and help prevent slip and falls during inclement weather.	75,000	3,750	78,750
General Building		Non-Slip Floor Matting (2019/20 Carryover) Install non-slip matting from the north side locker rooms to tunnels primarily for event usage (that include access to the field for athletes, performers and customers).	50,000	2,500	52,500
General Building		Women's Locker Room (2019/20 Carryover) Convert a portion of the auxiliary locker room area to accommodate a larger private space for female athletes, performers, officials, and other female event day sporting and entertainment professionals visiting or working events at Levi's Stadium.	372,000	18,600	390,600
General Building		Automatic Logic Control Building Engineering System (2019/20 Carryover) Install an automatic logic controller system upgrade to monitor the building's HVAC in all quadrants simultaneously. This updated system will enable graphic interface and help the system to operate more efficiently with time clock management and assist in potential lighting control energy savings.	35,000	1,750	36,750
General Building		Club Space Flooring (2019/20 Carryover) Strip, resurface, and/or replace hardwood flooring surfaces in the BNY East & West and Levi's 501 spaces. These spaces are among the most utilized spaces in the building and get a large amount of foot traffic. This work will help extend the useful life of these spaces as well as reducing slips and falls from worn floors.	85,000	4,250	89,250

Santa Clara Stadium Authority
2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
General Building		Command Post Communication Equipment (2019/20 Carryover) Purchase and install public safety screens, monitors, and projection devices used in monitoring stadium and security operations to help improve situational awareness and response.	58,000	2,900	60,900
General Building		Stadium Field Conduits (2018/19 Carryover) Add a permanent solution for power and data on field/floor of stadium, making electrical connections safer and efficient for concert and events.	118,197	5,910	124,107
Plumbing		Lift Station (2020/21 Carryover) Replace pumps, motors and controls at sewage ejector sumps in Quadrants A, B, C & D on 100 level.	200,000	10,000	210,000
Plumbing		Plumbing (2020/21 Carryover) Replace pressure reducing valves and other parts on domestic and recycled water systems.	100,000	5,000	105,000
Public Safety	x	Pedestrian Safety Fencing (2020/21 Carryover) Install raised fencing on Tasman Drive from Centennial Boulevard to Calle Del Sol. This is approximately 0.4 miles and would be adjacent to the VTA/Light Rail tracks. This fencing is required to guarantee the safety of patrons as pedestrians on Tasman Drive. Currently, pedestrians regularly jump temporary construction barriers and cross eastbound Tasman Drive and cross live/active VTA light rail tracks. In addition, during events the traffic flow is reversed and pedestrians will not expect cars coming from that direction. This poses a clear danger for pedestrians and mobile personnel are not always available to prevent this regular attempt by pedestrians. Raised fencing will guarantee this dangerous situation stops. The cost is an estimate based on the Fencing on Tasman project.	100,000	5,000	105,000
Security		Surveillance - Command Center Equipment (2020/21 Carryover) Build out workstations with equipment that can handle the load of video viewing during large scale events, as well as the 24/7 security operations in both 100 and 800 command rooms. Equipment includes, but is not limited to, monitors, keyboards, video cards, CPU processors, power supplies, motherboards, and cabling.	50,000	2,500	52,500
Security		Enhance Stadium Security Coverage (2020/21 Carryover) Evaluate and replace existing cameras with technologically advanced multi-lens panoramic/360/multi-directional cameras. Design locations and camera styles have created visual obstructions and gaps in coverage. Height locations with fixed lens cameras create the inability to adjust field of views. Installation of television monitors/signage near camera mounts have created field of view obstructions. Due to high volume of club space usage for large scale, and smaller events, request for video investigations become frequent. Low lighting situations are constant with event type needs, and enhanced technology from newer cameras will enable greater video quality. The areas which need to be evaluated include, but are not limited to: BNY Mellon East and West Club, Yahoo Club, United Club, FII Club, 501 Club, Citrix Owners Club, Entry Gates, and Perimeter fences.	\$ 330,000	\$ 16,500	\$ 346,500
Security		Enhance Stadium Security Access Control (2020/21 Carryover) Install card readers on manual doors to increase access control features and security. Based on operational demands, doors have been identified via staff request and event activity in order to improve operational awareness and enhance the access control abilities by automating the doors. This also increases security to areas deemed by staff to hold sensitive or high value assets. The access control enhancements include Vertx/Mercury upgrade, EvoE400/Mercury upgrade, and various doors with access control needs.	235,000	11,750	246,750

Santa Clara Stadium Authority

2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Security		CCTV Pop Up Trailers (2020/21 Carryover) Purchase five (5) additional units to continue to meet NFL Best Practices guidelines by covering parking lots outside stadium footprint that currently have no camera coverage.	235,000	11,750	246,750
Security		Parking Lot Camera Upgrades (2020/21 Carryover) Replace Great America parking lot cameras with technologically advanced multi- lens panoramic/360/multi-directional cameras. New camera technology would provide better overall coverage of the main parking lot. Sun baked cameras with fixed angles have created gaps in coverage. With more video incident request coming from ingress/egress incidents, new technology would assist in these investigations. Install cameras in Gold lot 4/5 where there is very limited coverage.	40,000	2,000	42,000
Security		Bowl Camera Upgrade/Refurbish (2020/21 Carryover) Replace bowl cameras. Several bowl cameras have become sun baked and provide poor/obscured coverage of bowl seating. Maintenance has become an issue as it takes a lot of time and money to set up scaffolding to reach camera boxes. Need to re-engineer housing (suggest relocating housing closer to stadium infrastructure).	135,000	6,750	141,750
Security		Software Upgrade to Genetec 5.8 (2020/21 Carryover) Upgrade to Genetecs newest firmware version 5.8. This would improve overall system performance and stability, and add new features that will help in operator training and utilization of software. Customizable live dashboards assist in monitoring alarms and events in real time.	35,000	1,750	36,750
Security		Video Analytics (2020/21 Carryover) Add video analytics to assist with video investigations. Video investigations take several hours/days to complete using traditional playback methods. Adding video analytics will greatly decrease man-hours spent in video review process, as well as aid in investigations using newer technology.	35,000	1,750	36,750
Security		License Plate Reader at Vehicle Entry Gates (2020/21 Carryover) Add six (6) License Plate Reader cameras on entry/exit lanes of all vehicle gates (Post 1,2, and 3) to document and track vehicles entering and exiting the stadium.	45,000	2,250	47,250
Security		Security X-Ray Scanners (2020/21 Carryover) Purchase four (4) portable X-ray units to observe postage that comes into the loading dock 24/7 and screen bags/deliveries during event days.	150,000	7,500	157,500
Security		Stadium Camera Booth Card Readers (2019/20 Carryover) Install card reader for north and south camera booths to secure the spaces that enter into/from general public access areas.	84,000	4,200	88,200
Site		Security Fencing - Main Lot (2020/21 Carryover) Remove and replace approximately 1,000 linear feet of 4-foot high security fencing in Main Lot per request of City.	150,000	7,500	157,500
Site		Stationary Electric Pressure Washers (2020/21 Carryover) Install one (1) to two (2) demo stations on the 300 concourse. If these are effective, we would look to replace all gas-powered pressure washers with electrically powered ones.	75,000	3,750	78,750
Site		Stadium Insulation (above 300 level and below 400/500 level) (2019/20 Carryover) Install new insulation in the 400/500 underside above the 300 level. Original insulation is failing due to weather conditions. This also helps reduce sound reverberation throughout the concourse and protects the concrete from the elements.	150,000	7,500	157,500

Santa Clara Stadium Authority

2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Site		Gold Lot 4 and 5 Lighting (2019/20 Carryover) Install LED lighting in Gold 4 and Gold 5 parking lots. The current light plan is underpowered and is not sufficient given the work environment during stadium event load in/out. This lighting improves safety conditions for stadium personnel and provides energy cost savings with more efficient fixtures.	50,000	2,500	52,500
Site		Rust Prevention Mitigation (2019/20 Carryover) Implement rust prevention measures. The stadium railings, beams, and other steel areas need rust prevention and coating in specific areas throughout the stadium.	90,000	4,500	94,500
Site		Stadium Event Power Upgrades & Switchgear Electrical (2019/20 Carryover) Install and enhance Stadium Event wiring service on the 12 Kilovolt (KV) Primary Switch Gear (PMSG) to main electrical panel.	\$ 42,714	\$ 2,136	\$ 44,850
Site		Asphalt (2018/19 Carryover) Slurry coat the visitor parking on Tasman, Gold 4 & 5 parking lots and South Access Road.	190,000	9,500	199,500
Subtotal CapEx Construction Carryover Costs			\$ 3,953,911	\$ 197,696	\$ 4,151,607
Audio/Visual		Radio Booth Cabling (2019/20 Carryover) Install fiber optic cabling to increase the low voltage cabling backbone. This installation will accommodate the expanding requests for booth usage during stadium events and keep up with emerging trends.	\$ 600,000	\$ 30,000	\$ 630,000
Audio/Visual		Crestron Control & Building Operating System Upgrades (2019/20 Carryover) Install a Creston Control System to monitor HVAC, lighting, electrical, and fire alarms. This comprehensive system enables all of these items to interface with one another for engineers to see a real time view of the building's systems.	10,000	500	10,500
Food and Beverage		Beverage Distribution System (2020/21 Carryover) Add a beverage distribution system to stadium concession areas and bars. This includes the lines and CO2 dispensing equipment.	50,000	2,500	52,500
Food and Beverage		CO2 Monitoring & Sensors for Code Compliance (2020/21 Carryover) Install remote CO2 monitoring for enhanced safety for stadium staff per SCFD & State of CA.	200,000	10,000	210,000
Furniture, Fixtures & Equipment		Replace Furniture in Club and Special Event Spaces (2019/20 Carryover) Purchase replacement furniture for clubs (BNY, United, Levi's 501 and Yahoo) and special event spaces to enhance areas and meet client expectations. These spaces are amongst the most utilized in the entire stadium.	1,600,000	80,000	1,680,000
Furniture, Fixtures & Equipment		Security and Life Safety Partitions/Dividers (2019/20 Carryover) Install service tunnel drapery and/or partitions for security and public safety personnel during stadium events that require public access to the service level. This helps coordinate public movements in "back of house areas" without affecting stadium operations.	68,000	3,400	71,400
Furniture, Fixtures & Equipment		Tunnel Slip and Fall Protection (2019/20 Carryover) Install non-slip material at the South, Northeast, and Northwest Field Tunnels.	30,000	1,500	31,500
Furniture, Fixtures & Equipment		Guest Service Booths (2018/19 Carryover) Add two additional guest services booths on the main concourse for better enhanced customer service touchpoints.	70,000	3,500	73,500
HVAC/ Mechanical		Variable Frequency Drive(s) (2020/21 Carryover) Replace exterior Variable Frequency Drive units for Cooling Tower pumps due to life expectancy issues. This system supports the mechanical cooling functions for the HVAC system.	150,000	7,500	157,500

Santa Clara Stadium Authority

2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
HVAC/ Mechanical		Cooling Towers (2020/21 Carryover) Replace Cooling Towers internal parts and systems. This includes the motors, fans, fill, controls, and piping which support the mechanical cooling functions for the HVAC system.	50,000	2,500	52,500
HVAC/Mechanical		Kitchen Exhaust Fans (2019/20 Carryover) Install variable frequency drive (VFD) Units on kitchen exhaust fans for soft start (slow ramp up) capabilities. Kitchen exhaust fans currently operate 100 percent of the time. Installing VFD units will modulate the power and save energy whenever the fan is in use. Soft start extends the life of the equipment and saves energy.	300,000	15,000	315,000
Information Technology	x	Financial Management Information System Project (2020/21 Carryover) Procure a new cloud-based financial management system for the Stadium Authority that would allow greater visibility in to Non-NFL Events. The management company that handles Non-NFL events would use the financial management system for all transactions related to Non-NFL events as well as store supporting documentation for the transactions (Including invoices). The costs include software license/subscription, hosting fee and a consultant for implementation and process improvement. There will be ongoing software license costs and possibility for additional staff time for implementation. *Subject to subsequent court rulings on cost allocation.	270,000	13,500	283,500
Life Safety/Fire		Fire Alarm System (2020/21 Carryover) Replace/update fire alarm system field devices, including interior/exterior signaling devices, detectors, and control panel parts.	250,000	12,500	262,500
Life Safety/Fire		Fire Sprinkler Extension (2019/20 Carryover) Add fire sprinklers to the Gate F entrance. The Santa Clara Fire Marshal has requested that fire sprinklers be installed at the Gate F entrance to mitigate potential fire risk beneath the existing ribbon boards.	55,000	2,750	57,750
Public Safety Equipment	x	Mass Casualty Incident Trailer (2020/21 Carryover) Purchase a Mass Casualty Incident (MCI) Trailer. The fire department currently has equipment to treat 25 patients during a large-scale emergency. The MCI Trailer would allow the first responders to treat between 500-1000 people during a large-scale emergency by allowing quick access to on-board equipment and supplies.	120,000	6,000	126,000
Public Safety Equipment	x	2-Way CAD/24-7 Link (2020/21 Carryover) Add a 2-way link between the 24/7 dispatch system and the CAD system. All stadium personnel operate on the 24/7 dispatch system. SCPD and SCFD operate on the CAD system. When public safety personnel are sent on calls, the call must be generated by hand in both systems. This causes extra work for dispatchers, however, more importantly this creates delays in reporting and responses to public safety incidents. A 2-way link would allow both systems to "talk" to each other and automatically create incidents in each other's system. Additionally, without this link, we cannot log officers on which creates an officer safety issue as well as an issue when it comes to management of personnel.	\$ 82,000	\$ 4,100	\$ 86,100
Public Safety Equipment	x	Dispatch Monitors (2020/21 Carryover) Replace dispatch monitors with larger screens. Our public safety dispatchers utilize several screens at their work stations in order to facilitate their duties. The necessary upgrading of our latest public safety communications center's CAD and associated software will require larger screen area to effectively manage the new information. These 16 replacement 22" larger monitors are needed to optimize the use and intended application of the latest public safety dispatching software. The larger screens are required to view the additional windows from the CAD system and are expected to last five years. The prior monitors were purchased six years ago and are 19" monitors. The cost includes estimated installation for three workstations.	8,000	400	8,400

Santa Clara Stadium Authority

2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Public Safety Equipment	x	Radio Chargers (2020/21 Carryover) Add three radio charging stations. Our radio equipment is critical and, therefore, their serviceability must be maintained. Each new radio will require a charging port. These three charging stations each have a 6-radio capacity and three are needed to maintain radios at their peak power and usability. Having these three charging stations will ensure all radios are ready for use by public safety without the risk of personnel being without this crucial equipment in a functional state.	3,000	150	3,150
Public Safety Equipment	x	Radios (2020/21 Carryover) Add new radios to equip additional staff in our public safety deployment. Personnel will continue to use these specific radios for varied public safety responsibilities. These radios allow for communication to the command post and between public safety partners working our events. Without these critical radios, personnel would not be able to function in their capacity and as expected to provide public safety services including emergency response. There is a yearly operating cost; requesting quote.	79,000	3,950	82,950
Public Safety Equipment	x	GPS Software for Tracking Personnel (2019/20 Carryover) Add GPS software to track public safety personnel. Live tracking of law enforcement personnel is critical in providing an accurate picture of public safety coverage. This technology and software will allow the Command Post to know where our personnel are at all times and make necessary assignment adjustments on the go. It is desired that the software also be capable of retaining data for historical analysis. The requested funding of \$25,000 is the initial purchase price for approximately 100 devices and the software. There is a monthly operating cost of \$30/month each; \$36,000 total annually.	25,000	1,250	26,250
Public Safety Equipment	x	Fencing on Tasman (2019/20 Carryover) Add fencing to prevent stadium event pedestrian traffic from crossing unsafely between Lafayette St. and the Tasman St. overcrossing.	70,000	3,500	73,500
Public Safety Equipment	x	Street Signage (2017/18 Carryover) Add street signage. This item was brought before the SCSA Board and approved in the 2017/18 budget. Staff has been working with the Department of Public Works, the Executive Director's office and the Chief of Police's office to identify appropriate locations on surrounding city streets (Great America Parkway, Tasman Drive, etc.) to place signage to better protect, inform and serve patrons visiting Levi's® Stadium, non-event day traffic, community event advisories and emergency public safety and traffic advisories.	1,000,000	50,000	1,050,000
Public Safety Equipment	x	Staff Scheduling Software (2019/20 Carryover) The Stadium requires SEOs to operate safely. Notifying and communicating with our SEOs is critical in properly planning our staffing needs. We currently use an out of date version of "Game Day Staffing."	16,250	813	17,063
Public Safety Equipment	x	Portable License Plate Reader/PTZ Cameras (2018/19 Carryover) Purchase portable license plate readers. Placing temporary/moveable license plate readers in remote stadium parking lots will provide better information and intelligence to the Command Post in order to deter crime and assist in apprehending crime suspects in the aftermath of an incident.	160,000	8,000	168,000
Vertical Transport		Elevator Door Replacement (2019/20 Carryover) Replace and install new elevator doors on one of the freight elevators in the stadium.	20,000	1,000	21,000
Subtotal CapEx Equipment Carryover Costs			\$ 5,286,250	\$ 264,313	\$ 5,550,563
Stadium Warranty-Related Construction		Carryover costs from the original Stadium Construction Budget for warranty-related work.	\$ 1,528,202		\$ 1,528,202
Total CapEx Carryover Costs			\$ 10,768,363	\$ 462,009	\$ 11,230,372

Santa Clara Stadium Authority
2021/22 CapEx Project Submittal Not Recommended

Item Type	SCSA	Description	Cost	Contingency	Total Cost
	Requested			(5%)	
General Building		Levi's Naming Rights Signage Replacement (2020/21 Carryover)			
		Replace Levi's Naming Rights signage. The cost of this project increase from \$650,000 to \$900,000. Based on the Naming Rights Agreement, it is the Santa Clara Stadium Authority's position that this project is the responsibility of Levi's.	\$ 900,000	\$ 45,000	\$ 945,000
Subtotal Projects Not Recommended			\$ 900,000	\$ 45,000	\$ 945,000

The Capital Expense budget does not include the requested Levi's Naming Rights Signage Replacement Project totaling \$945,000 which includes a 5% contingency. The Naming Rights Agreement Section 5(f) states, "Naming Rights Sponsor shall be entitled, **at its sole cost and expense**, to replace, update, change, refresh or refurbish any such initial signage at any time and from time to time...". Based on this language, it is the Stadium Authority's position that the full signage replacement is the responsibility of the Naming Rights Sponsor and may constitute a gift of public funds.

There are over 40 CapEx projects that the Stadium Manager has requested over the past three fiscal years and the Stadium Manager has not been able to legally and properly implement these identified needs. The CapEx projects keep growing and, as we all know, repair and maintenance work gets more costly the longer it is delayed. Additionally, given the short turnaround time from receipt of these requests to publishing the proposed budget, the Stadium Authority did not have time to conduct any due diligence on whether the CapEx projects are properly assigned to Stadium Authority, estimated accurately, are in fact needed, or any other confirmation required to support the budgeting of these items. These items are being transmitted as submitted by the Stadium Manager and the Board would be wise to get more information about these projects and purpose for excessive delay in implementing them—including a procurement workplan that provides a schedule for project implementation.

Santa Clara Stadium Authority

Capital Expense Plan Summary - 5 Year Forecast

	2021/22	2022/23	2023/24	2024/25	2025/26
	Budget	Budget	Budget	Budget	Budget
Electrical	\$ -	\$ -	\$ 750,000	\$ 1,250,000	\$ 1,475,000
General Building	2,790,000	1,875,000	1,138,000	2,050,000	3,100,000
Plumbing	-	150,000	-	-	375,000
Public Safety	-	-	-	-	-
Security	-	150,000	-	-	1,110,000
Site	-	400,000	-	150,000	450,000
Subtotal CapEx Construction Costs	\$ 2,790,000	\$ 2,575,000	\$ 1,888,000	\$ 3,450,000	\$ 6,510,000
Audio/Visual	\$ -	\$ 870,000	\$ -	\$ -	\$ 650,000
FF&E	-	-	30,000	-	61,669
Food & Beverage	-	-	-	-	1,200,000
HVAC/Mechanical	-	150,000	-	225,000	225,000
Information Technology	-	-	-	-	-
Life Safety/Fire	-	-	-	50,000	-
Security	75,000	-	-	-	-
Public Safety Equipment	373,520	526,510	164,010	193,010	28,010
Vertical Support	-	-	-	-	-
Subtotal CapEx Equipment Costs	\$ 448,520	\$ 1,546,510	\$ 194,010	\$ 468,010	\$ 2,164,679
Contingency (5%)	161,926	206,076	104,101	195,901	433,734
Total CapEx Project Costs	\$ 3,400,446	\$ 4,327,586	\$ 2,186,111	\$ 4,113,911	\$ 9,108,413



STADIUM AUTHORITY WORK PLAN

Due to the ongoing COVID-19 Pandemic, the Work Plan that Stadium Authority staff shared last year was not successfully completed because staff resources were limited and redirected to address the lack of events at the Stadium and budgetary impacts from the pandemic, emergency repairs at the Stadium, requests from ManagementCo for continued procurement assistance, and various Stadium Builder License issues. That said, and within the context of continuing to support the defense of several lawsuits that the 49ers have filed against the City or Stadium Authority, staff will focus on the following:

Work Effort	Work Plan	Planned Outcome
ADA Compliance	<ul style="list-style-type: none"> Complete ADA compliance with multi-year improvements to Main Lot. 	<p>Compliance regarding accessible parking spaces at Stadium Main Lot</p> <p>Use of other satisfactory solutions that prioritize ADA compliance.</p>
Community Room	<ul style="list-style-type: none"> Return to Board to seek input on proposed next steps, including evaluation of the other locations discussed earlier in 2018. Develop policy/guidelines for use. 	<p>Resolution of Community Room location, policy/guidelines for use.</p>
Curfew	<ul style="list-style-type: none"> Review options regarding the Stadium curfew and associated fees and return to the Board to seek input on proposed next steps. 	<p>Address Stadium curfew issues while ensuring that Non-NFL events generate revenue for the Stadium Authority.</p>
San Tomas Aquino Creek Trail	<ul style="list-style-type: none"> By review of other venues with shallow security perimeters and consultation with Homeland Security, evaluate options for keeping trail open during events and/or providing alternate routes if trail is closed. 	<p>Creek trail access and/or safe and/or accessible alternate route.</p>
SCSA Board Policy Manual	<ul style="list-style-type: none"> Continue to create manual, beginning with Governance and Budget policies. Identify areas where policies are appropriate and propose drafts for the Board’s approval. 	<p>Develop additional policies and present to Board for inclusion in manual. While needed, capacity has not existed to develop more policies.</p>

<p>SCSA Auditor Annual Audit Work Plan</p>	<ul style="list-style-type: none"> • Analyze the Stadium Authority’s review procedures for Non-NFL Events’ revenues and provide feedback on procedure and control issues, if any. • Review the Stadium Authority Financial Reporting Policy with staff and external auditors and provide feedback on best practices. • Provide oversight of Construction Fund and Public Safety audits of transactions and provide feedback on the allocation of staff charges (contracted service). • Provide oversight of Non-NFL Events audit (contracted service). • Retain consultants to perform the annual financial audit for the Stadium Authority (contracted service). 	<p>Promote honest, efficient, effective and fully accountable city government through accurate, independent and objective audits.</p>
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