



Agenda Report

21-936

Agenda Date: 9/28/2021

REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Action on the Stadium Authority Financial Status Report for the Quarter and Fiscal Year Ending March 31, 2021

BOARD PILLARS

Ensure Compliance with Measure J and Manage Levi's Stadium
Enhance Community Engagement and Transparency

BACKGROUND

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

This report provides information covering the Stadium Authority's fourth quarter (January 1, 2021 - March 31, 2021) of the 2020/21 fiscal year.

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

Certain operating expense payments are withheld based on Board direction for the partial suspension of payments at the March 27, 2019 Stadium Authority Board meeting, based on the concern that public funds would be used to pay for expenses that were not legally procured, or compliant with prevailing wage law or self-dealing/conflict of interest laws. At that meeting, the Board directed the Executive Director to only release public funds to ManagementCo when supporting documents have been submitted to show the expenses adhere to our agreements and State and local laws.

DISCUSSION

The attached financial status reports provide information covering the Stadium Authority's fourth quarter (January 1, 2021 - March 31, 2021) of the 2020/21 fiscal year. The reports summarize National Football League ("NFL") and non-NFL event activity at Levi's Stadium and describes the financial impact of these events on the Stadium Authority and City since FY 2014/15. The report also provides the budget to actual revenue and expense summaries for the operating, debt service, and capital funds. Analysis of the financial activity through the fiscal year measures the adherence to the

budget and allows the Stadium Authority to monitor and project revenues and expenses. Any significant variances are explained in the report.

NFL Event Revenue and Expenses

The San Francisco Forty-Niners (“49ers”) played five regular season NFL game at Levi’s Stadium as of March 31, 2021. The two pre-season games originally scheduled for August 21, 2020, and September 3, 2020, were cancelled by the NFL due to COVID-19 and the last three games of the regular season were played in Arizona. The five regular season games held at Levi’s Stadium were absent any fans and, therefore, no tickets were sold.

Non-NFL Event Revenue and Expenses

This section provides annual and comparative data for Non-NFL Events categorized as events ranging from high school and college football games, international soccer matches, concerts, wedding fairs, and special events. Due to the pandemic, there were no Non-NFL events held in the FY 2020/21. Non-NFL events are expected to resume in FY 2021/22

Although there were no Non-NFL events held for FY 2020/21, the net loss totaled \$510 thousand for the year. Documentation for non-NFL Events is ongoing and is not complete. Questions regarding expenditures were submitted to the Stadium Manager and are included in Attachment 2. Responses from the Stadium Manager is included in Attachment 3. Based on the response from the Stadium Manager, additional meetings are necessary to complete the review prior to release of payment. A recommendation is included in this report to authorize the Executive Director for disbursement of funds for the loss after the completed review of adequate documentation for costs.

It should be noted as part of the Stadium Manager’s response, it states that “Stadium Authority staff is welcome to come to the stadium and review event P&L’s [profit and loss statements] and supporting/detailed transactions throughout the fiscal year.” We will continue to pursue an ongoing review of documentation on a real-time basis. More recently, efforts are underway to establish a separate financial management system which is intended to provide more transparency with the transactions associated with Stadium Authority activity. It should be noted, however, that the Stadium Manager continues to take the position with regards to Shared Expenses, SBL Sales and Services, Utilities, Insurance, and Other G&A Expenses documents that actual transactions and document review would occur after the end of each fiscal year.

In addition, as part of the FY 2019/20 \$2.7 million non-NFL Events loss, public safety costs incurred in that fiscal year still remain unpaid in the total of \$1.1 million. ManagementCo requested that the City recoup the funds directly from the Stadium Authority. To ensure compliance of Measure J, a recommendation is included in this report to authorize the Executive Director for disbursement of funds for the unpaid Fiscal Year 2019/20 Public Safety bills related to Non-NFL Events.

Stadium Builder Licenses (“SBLs”)

SBLs account for 36% of the Stadium Authority’s annual budgeted revenue in FY 2020/21. There is a total of 60,368 currently active SBLs which is 91.4% of the 66,066 total sellable SBL seats. The value of the active SBLs amount to \$529 million of which \$475.2 million has already been collected.

Stadium Authority Budgets

The detailed analysis of Stadium Authority budget to actual financials is provided in the attached Financial Status Reports. In summary, total operating revenues were \$49.6 million representing 98%

of the overall budget for revenues and total operating expenses were \$66.2 million or 120% of the budget. The overage in expenses is entirely due to the timing of debt service payments. The debt service fund was able to pay down \$28.5 million in debt, bringing total Stadium Authority debt down to \$296.8 million. Capital expenses were \$946 thousand representing 7% of the overall CIP budget.

Board Referral Response

As part of the October 13, 2020 Stadium Authority Board meeting, Vice Mayor Chahal inquired regarding whether any unfunded pension liability would remain if the Stadium Authority were dissolved at the conclusion of the Stadium Lease term. After consulting with the city's pension actuary, Bartel Associates, LLC, no unfunded liability is projected at this time. It should be noted that the long-term funding of retirement costs, and the forecasting of a pension system's long-term funding is dependent on many variables including market performance. Future market performance is unknown at this time.

ENVIRONMENTAL REVIEW

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

FISCAL IMPACT

Costs associated with the regular preparation of this report are included in the Stadium Authority Operating Budget.

COORDINATION

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

PUBLIC CONTACT

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

RECOMMENDATION

1. Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter and Fiscal Year Ending March 31, 2021;
2. Authorize the Executive Director to pay the Stadium Manager for the FY2020/21 Non-NFL Event loss after the review of adequate documentation for costs; and
3. Authorize the Executive Director to transfer \$1,139,477 from the Stadium Authority to the City of Santa Clara for unpaid FY2019/20 Public Safety invoices related to Non-NFL Events to maintain compliance with Measure J.

Reviewed by: Kenn Lee, Treasurer

Approved by: Deanna J. Santana, Executive Director

ATTACHMENTS

1. SCSA Financial Status Report for the Quarter and Fiscal Year Ending March 31, 2021
2. August 24, 2021 Letter from Treasurer to Stadium Manager - FY 2020/21 Non-NFL Events Document Review
3. September 21, 2021 Response Letter from 49ers Chief Financial Officer to Treasurer

SCSA

Santa Clara Stadium Authority

SANTA CLARA STADIUM AUTHORITY FINANCIAL STATUS REPORT

Quarter and Fiscal Year Ending
March 31, 2021



September 28, 2021

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Introduction

This Santa Clara Stadium Authority (“Stadium Authority”) Financial Status Report provides information covering the fourth quarter of the Stadium Authority’s 2020/21 fiscal year (FY) which ended on March 31, 2021.

In addition to these quarterly reports, the Stadium Authority produces annual financial statements. The FY 2020/21 financial statements were audited by an external audit firm and presented to the Stadium Authority’s Audit Committee on September 16, 2021 and the Stadium Authority Board (“Board”) on September 28, 2021. Once presented to the Stadium Authority Board, the financial statements as well as this report are published on the Stadium Authority’s website.

The Stadium Authority also prepares a detailed budget prior to the beginning of each fiscal year. The FY 2020/21 budget was considered at a study session on March 5, 2020 and adopted by the Board on March 24, 2020.

Stadium Authority finances are structured so that the City of Santa Clara (City) is not liable for the debts or obligations of the Stadium Authority. All services provided by the City, including administrative and public safety, to the Forty Niners Stadium Management Company, LLC (“ManagementCo”) or the Stadium Authority are fully reimbursed with Stadium Authority funds.

Methodology

Information provided in this report was based in part on documentation submitted by ManagementCo. Specifically, NFL and Non-NFL event statistics and financial information relating to Stadium Manager expenses are provided by ManagementCo. Stadium Authority staff is limited to a review of selected financial information submitted by ManagementCo, including some source documentation for Non-NFL events with attendance greater than 25,000, submitted 45 days after each event. More detailed documents are received over 90 days after the close of the fiscal year. For all other financial information, a full detailed review and/or audit of source documentation has not been completed by the Stadium Authority for this report.

The Stadium Authority has contracted with JS Held (formerly Hagen, Streiff, Newton, & Oshiro), a forensic accounting firm, to review and evaluate non-NFL event financial information from prior years, including source documentation. The report was discussed with the Board at the December 1, 2020 Stadium Authority Board meeting. The Stadium Authority is working with JS Held for the review of additional historical years.

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

NFL Events

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

The San Francisco Forty-Niners (“49ers”) played five regular season NFL game at Levi’s® Stadium as of December 31, 2020. The two pre-season games originally scheduled for August 21, 2020, and September 3, 2020, were cancelled by the NFL due to COVID-19 and the last three games of the regular season were played in Arizona. The five regular season games held at Levi’s® Stadium were absent without any fans and, therefore, no tickets were sold.

Though no fans were present for the NFL game, public safety was still provided by the City of Santa Clara for the event in a reduced capacity. The costs amounted to \$887,617 and included planning costs for the first scheduled pre-season game that was subsequently cancelled and Game 8 of the regular season that was moved to Arizona. ManagementCo has not reimbursed any amount of the public safety costs as of the end of March 2021, leaving an unpaid balance owed to the City of \$887,617 of public safety costs related to FY2020/21 NFL events.

Statistics for the NFL games held at Levi’s® Stadium in the 2020/21 fiscal year are shown in Table 1 and comparative data from all seven years of operations can be found in Table 2. Additional detail has been added to Table 2 reflecting the entity that has reimbursed the Public Safety Costs to the City of Santa Clara.

Table 1
Levi's® Stadium
2020/21 NFL Event Statistics
As of March 31, 2021

	Game 1 vs Raiders Cancelled 08/21/20	Game 2 vs Chargers Cancelled 09/03/20	Game 3 vs Cardinals 09/13/20	Game 4 vs Eagles 10/04/20	Game 5 vs Dolphins 10/11/20	Game 6 vs Rams 10/18/20	Game 7 vs Packers 11/05/20	Game 8 vs Bills ⁽¹⁾ 12/07/20	Game 9 vs Washington ⁽¹⁾ 12/13/20	Game 10 vs Seahawks ⁽¹⁾ 01/03/21	2020/21 YTD Total
No. of Tickets Sold	-	-	-	-	-	-	-	-	-	-	-
NFL Ticket Surcharge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Senior/Youth Program Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cars Parked at Offsite Lots	-	-	-	-	-	-	-	-	-	-	-
City Offsite Parking Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cars Parked on Tasman Lots	-	-	-	-	-	-	-	-	-	-	-
City Tasman Lot Parking Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stadium Public Safety Costs	\$ 544	\$ -	\$ 203,882	\$ 167,788	\$ 169,018	\$ 173,202	\$ 171,769	\$ 1,414	\$ -	\$ -	\$ 887,617
Less: Offsite Parking Fee Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursable Stadium Public Safety Costs	\$ 544	\$ -	\$ 203,882	\$ 167,788	\$ 169,018	\$ 173,202	\$ 171,769	\$ 1,414	\$ -	\$ -	\$ 887,617
Amount Reimbursed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

⁽¹⁾ Games were played in Arizona.

Table 2
Levi's® Stadium
Historical NFL Event Statistics

	2014/15 Q4 Total	2015/16 Q4 Total	2016/17 Q4 Total	2017/18 Q4 Total	2018/19 Q4 Total	2019/20 Q4 Total	2020/21 Q4 Total
No. of NFL Events	10	10	10	10	10	12	5
No. of Tickets Sold	682,095	669,826	655,891	643,189	651,237	803,524	-
NFL Ticket Surcharge	\$ 8,366,290	\$ 8,273,378	\$ 8,175,462	\$ 7,806,190	\$ 8,076,510	\$ 8,412,291	\$ -
Senior/Youth Program Fees	\$ 238,734	\$ 234,439	\$ 229,562	\$ 225,116	\$ 227,933	\$ 250,000	\$ -
Cars Parked at Offsite Lots	90,024	57,166	67,740	54,107	56,390	81,401	-
City Offsite Parking Fee	\$ 442,918	\$ 290,403	\$ 354,958	\$ 293,260	\$ 317,476	\$ 476,196	\$ -
Cars Parked on Tasman Lots	4,983	6,876	5,122	5,530	4,729	6,882	-
Cars Parked on Golf Course	23,306	20,090	-	-	-	-	-
City Tasman Lot and Golf Course Parking Fee	\$ 141,445	\$ 134,830	\$ 25,610	\$ 27,650	\$ 23,645	\$ 34,410	\$ -
Stadium Public Safety Costs	\$ 2,455,404	\$ 2,437,902	\$ 3,084,850	\$ 2,633,295	\$ 2,994,735	\$ 5,416,926	\$ 887,617
Golf Course Public Safety Costs	\$ 180,766	\$ 81,210	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Event Public Safety Costs	\$ 2,636,170	\$ 2,519,111	\$ 3,084,850	\$ 2,633,295	\$ 2,994,735	\$ 5,416,926	\$ 887,617
Less: Offsite Parking Fee Credit	\$ (442,918)	\$ (290,403)	\$ (354,958)	\$ (293,260)	\$ (317,476)	\$ (476,196)	\$ -
Reimbursable Stadium Public Safety Costs	\$ 2,193,252	\$ 2,228,708	\$ 2,729,892	\$ 2,340,035	\$ 2,677,259	\$ 4,940,730	\$ 887,617
Reimbursed by StadCo	\$ 1,437,848	\$ 1,558,806	\$ 1,556,550	\$ 2,340,035	\$ 2,677,259	\$ 4,940,730	\$ -
Reimbursed by SCSA	\$ 755,404	\$ 669,902	\$ 1,173,342	\$ -	\$ -	\$ -	\$ -
Total Amount Reimbursed	\$ 2,193,252	\$ 2,228,708	\$ 2,729,892	\$ 2,340,035	\$ 2,677,259	\$ 4,940,730	\$ -

Non-NFL Events

This section provides annual and comparative data for Non-NFL Events categorized as events ranging from high school and college football games, international soccer matches, concerts, wedding fairs, and special events. Due to the pandemic, there were no Non-NFL events held in the 2020/21 Fiscal Year. Non-NFL events are expected to resume in FY2021/22; however, only smaller, non-ticketed events are currently scheduled.

Statistics for the Non-NFL ticketed events and special events are shown in Table 3 and comparative data from all seven years of operations are shown in Table 4. It should be noted that public safety costs for FY 2019/20 totaling \$1.1 million continue to remain outstanding. This figure includes other public safety costs for workers compensation and insurance reimbursements that covered multiple prior years and these numbers are not included in the figures in Table 4. In order to comply with Measure J, a recommendation is included in this report to transfer funds so these invoices could be paid to reimburse the City for these costs.

Table 3
Levi's® Stadium
FY2020/21 Non-NFL Event Statistics
As of March 31, 2021

	Monster Jam Cancelled 04/04/20	BTS Cancelled 04/25/20	BTS Cancelled 04/26/20	Justin Bieber Cancelled 05/22/20	2020/21 Q1-Q4 Special Events	2020/21 YTD Total
No. of Scanned Attendees	-	-	-	-	-	-
No. of Tickets Sold	-	-	-	-	-	-
Non-NFL Ticket Surcharge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
No. of Non-NFL Special Events	-	-	-	-	-	-
Non-NFL Special Event Attendees	-	-	-	-	-	-
Cars Parked at Offsite Lots	-	-	-	-	-	-
City Offsite Parking Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stadium Public Safety Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Offsite Parking Fee Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursable Public Safety Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amount Reimbursed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Table 4
Levi's® Stadium
Historical Non-NFL Event Statistics⁽¹⁾

	2014/15 Q4 Total	2015/16 Q4 Total	2016/17 Q4 Total	2017/18 Q4 Total	2018/19 Q4 Total	2019/20 Q4 Total	2020/21 Q4 Total
No. of non-NFL Ticketed Events	9	17	18	13	12	8	-
No. of Tickets Sold	377,312	629,004	582,349	384,282	332,600	183,874	-
Non-NFL Ticket Surcharge	\$ 1,431,540	\$ 2,477,084	\$ 2,329,396	\$ 1,537,128	\$ 1,330,400	\$ 735,496	\$ -
No. of Non-NFL Special Events	186	207	127	113	100	79	-
Non-NFL Special Event Attendees	62,357	105,997	49,151	62,917	35,676	33,535	-
Cars Parked at Offsite Lots	26,156	55,720	60,969	30,734	28,566	17,127	-
City Offsite Parking Fee	\$ 128,688	\$ 278,704	\$ 313,979	\$ 165,149	\$ 158,623	\$ 98,547	\$ -
Cars Parked on Golf Course	12,004	20,661	9,562	-	-	-	-
City Golf Course Parking Fee	\$ 60,020	\$ 103,305	\$ 47,810	\$ -	\$ -	\$ -	\$ -
Stadium Public Safety Costs	\$ 1,782,821	\$ 3,083,668	\$ 3,207,507	\$ 2,020,343	\$ 2,421,914	\$ 1,718,924	\$ -
Golf Course Public Safety Costs	\$ 76,462	\$ 119,842	\$ 39,905	\$ -	\$ -	\$ -	\$ -
Subtotal Event Public Safety Costs	\$ 1,859,283	\$ 3,203,510	\$ 3,247,412	\$ 2,020,343	\$ 2,421,914	\$ 1,718,924	\$ -
Less: Offsite Parking Fee Credit	\$ (128,688)	\$ (278,704)	\$ (313,979)	\$ (165,149)	\$ (158,623)	\$ (98,547)	\$ -
Reimbursable Public Safety Costs	\$ 1,730,595	\$ 2,924,805	\$ 2,933,433	\$ 1,855,194	\$ 2,263,291	\$ 1,620,377	\$ -
Amount Reimbursed	\$ 1,730,595	\$ 2,924,805	\$ 2,933,433	\$ 1,855,194	\$ 2,263,291	\$ 793,941	\$ -

⁽¹⁾ Includes non-NFL special events.

Table 5 and 6 show Non-NFL net revenue by event type and event revenue and expenses by category. The inclusion of this information is to provide a greater level of transparency and provide the overall financial results of the Non-NFL events.

For FY2020/21's budget, the Stadium Manager estimated FY2020/21 Non-NFL events to make a net a profit in the range of \$1.5 - 2 million. The estimate was revised to a loss of \$600,000 when the impact of the pandemic was realized. The year ended with a loss of \$510,000, which includes ongoing operating costs, staffing costs and insurance. Stadium Authority staff is currently reviewing the supporting documentation provided. Almost 90% of the loss is attributable to Other Operating Expenses. The largest expenditures included \$301,000 of catered events labor, consisting of the retention of seven employees responsible for managing special events at the stadium. Approximately \$114,000 of the loss consisted of non-event specific staffing. These include labor costs from the general accounting, ticket operations, and business strategy departments.

During the Stadium Authority's FY2020/21 audit, KPMG performed sampling of the Non-NFL event source documentation in accordance with generally accepted auditing standards. In addition, Stadium Authority staff is working with J.S. Held to perform a more exhaustive review of the supporting documentation provided. ManagementCo has requested the Stadium Authority fund the \$510,000 loss. Because the review of supporting documentation has not been completed, a recommendation to delegate authority to the Executive Director for funding this loss is included this report upon completion of this review.

Table 5
Levi's[®] Stadium
Net Revenue for Non-NFL Events
by Event Type
FY 2020/21 Quarter 4

Event Type	No. of Events	Net Revenue
Ticketed Events		
Concerts ⁽³⁾	0	\$ (162)
Sporting events:		
Football (non-NFL)	0	-
Soccer	0	-
Miscellaneous Events ⁽³⁾	0	(3,208)
Subtotal Ticketed Events	0	\$ (3,370)
Subtotal Ticketed Events - Other Expenses ⁽²⁾		\$ (24,301)
Subtotal Remaining Non-NFL Events (weddings, corporate events, etc.)	0	\$ (29,596)
Subtotal Other Operating Expenses		\$ (452,382)
Total Non-NFL Net Revenue	0	\$ (509,649)
Total Performance Rent paid to the General Fund ⁽¹⁾		\$ -

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

⁽²⁾ Other Expenses not attributable to a specific event

⁽³⁾ Two scheduled concerts and one miscellaneous event that were cancelled

Table 6
Levi's® Stadium
Non-NFL Event Results by Category
FY 2020/21 Quarter 4

	2020/21 YTD Total
REVENUE:	
Seating Bowl	\$ (10,845)
Ticket Master Fees	-
Suites	(13,893)
Food & Beverage	(2,326)
Parking	(2,934)
Sponsorship	(10,000)
Merchandise	9,939
Miscellaneous ⁽¹⁾	20,421
Total Revenue	\$ (9,638)
EXPENSE:	
Public Safety/Security	\$ 1,585
Utilities/Solid Waste	3,602
Parking	(39)
Food & Beverage - Ticketed Events	-
Food & Beverage - Special Events	-
Operations/Janitorial/Maintenance	6,557
Miscellaneous ⁽²⁾	488,306
Total Expense	\$ 500,011
Total Non-NFL Net Revenue	\$ (509,649)

⁽¹⁾Includes Interest Income

⁽²⁾Includes Labor Charges from Other Departments, rentals, fees & commissions, transportation, marketing, and other expenses

Discretionary Fund

The Discretionary Fund is funded by revenue equal to 50% of the Non-NFL Ticket Surcharge of \$4 per ticket. Table 7 shows the revenues and expenses in the Discretionary Fund since FY2014/15. The FY2020/21 expenses are banking fees. The balance at the end of this reporting period was \$2.3 million.

Table 7

Discretionary Fund - Accrual Basis				
Fiscal Year	Beginning Balance	Revenue	Expenses	Ending Balance
2014/15	\$ -	\$ 715,770	\$ 714,028	\$ 1,742
2015/16	1,742	1,238,542	699,129	541,155
2016/17	541,155	1,164,698	1,209,342	496,511
2017/18	496,511	768,564	-	1,265,075
2018/19	1,265,075	796,294	101,267	1,960,102
2019/20	1,960,102	367,748	-	2,327,850
2020/21	2,327,850	-	18	2,327,832

Stadium Builder Licenses

The total principal value of currently active Stadium Builder Licenses (“SBLs”) is \$529 million and, as of March 31, 2021, 89.8% of the total principal value of all SBLs sold (\$475.2 million) had been collected.

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

There is a total of 60,368 currently active SBLs, or 91.4% of the 66,066 total sellable SBL seats. This is an increase of 131 from the total active SBLs at the end of the prior fiscal year (March 31, 2020). The main reasons for the increase are due to sales of new SBLs and the net increase related to the customer seat relocation program offset by customer defaults. The customer seat relocation program allows customers to trade in their SBLs in return for others in a different location as long as the total face value of the new seats is equal to or greater than the original seats.

During the current reporting period, 679 SBLs were sold for a total face value of \$3.8 million. The customer seat relocation program resulted in an increase of \$1.3 million to the SBL face value, while netting 208 more SBLs. There were also 619 SBLs defaulted during the year with a total face value of \$4.3 million.

Additional details regarding currently active SBLs are noted in Table 8.

Table 8
Santa Clara Stadium Authority
Currently Active Stadium Builder License (SBL) Summary⁽¹⁾

Through March 31, 2021											
Seat Value	SBL Seats Available	SBL Seats Sold as of 3/31/20	New SBL Sales	Net SBL Relocations ⁽²⁾	SBL Defaults	Other ⁽³⁾	SBL Seats Sold	SBL Value	SBL Collected	% SBL Principal Collected	
141,392	100	100	-	-	-	-	100	\$ 14,082,625	\$ 12,487,491	88.7%	
80,000	942	930	2	9	-	(16)	925	74,000,000	68,834,213	93.0%	
40,000	2	2	-	-	-	-	2	80,000	70,040	87.6%	
30,000	4,945	4,527	18	21	(49)	(54)	4,463	133,890,000	123,386,190	92.2%	
20,000	3,475	2,912	16	(18)	(34)	(24)	2,852	57,040,000	51,903,973	91.0%	
15,000	7	7	-	-	-	-	7	105,000	90,571	86.3%	
12,000	2,162	2,151	15	13	(14)	1	2,166	25,992,000	23,176,727	89.2%	
10,000	7	7	-	-	-	-	7	70,000	64,240	91.8%	
6,000	20,652	20,504	147	48	(139)	(13)	20,547	123,282,000	107,124,637	86.9%	
5,000	14,306	13,320	264	(137)	(117)	(28)	13,302	66,510,000	58,025,992	87.2%	
4,000	916	914	-	6	-	-	920	3,680,000	3,424,153	93.0%	
3,000	91	91	-	-	-	-	91	273,000	234,867	86.0%	
2,500	41	44	-	-	-	-	44	110,000	98,089	89.2%	
2,000	18,387	14,693	217	266	(266)	(3)	14,907	29,814,000	26,235,024	88.0%	
1,000	33	35	-	-	-	-	35	35,000	31,124	88.9%	
Total	66,066	60,237	679	208	(619)	(137)	60,368	\$ 528,963,625	\$ 475,187,331	89.8%	
									Plus: Interest on financed SBLs	59,786,548	
									Total Principal & Interest	\$ 534,973,879	

⁽¹⁾ This table does not include money that has been collected life-to-date from defaulted SBL holders.

⁽²⁾ Includes the reversal of an unpaid relocation.

⁽³⁾ Reflects an adjustment to certain SBLs that will be reflected in the "New SBLs" category in the quarterly report for the period from 4/1/21 to 6/30/21.

Santa Clara Stadium Authority Budget Status Reports

Operating Budget

With Fiscal Year 2020/21 complete, total operating revenues for the current reporting period were \$49.6 million representing 98% of the overall budget for revenues. As a reminder, there were no non-NFL events being held at the Stadium due to the pandemic and therefore the Stadium Authority did not receive any revenue related to event attendance. The revenue affected by the pandemic includes NFL Ticket Surcharge, Non-NFL Event Revenue, Non-NFL Event Ticket Surcharge and Senior & Youth Fees. The Stadium Authority still collected SBL proceeds, sponsorship revenue, Naming Rights revenue and rent. During the current reporting period, the Stadium Authority also collected \$24.9 million in SBL proceeds or 100% of what was budgeted. Due to the cancellation of the last three NFL games, stadium rent earned from StadCo totaled \$17.3 million, a reduction by \$7.4 million.

Total operating expenses were \$66.2 million, or 120% of the annual budget. The primary reason that expenses is over budget is because of debt transfers (\$15.7 million variance) for the fiscal year 2019/20 period occurred in the first quarter of the current fiscal year. The timing of these transfers is part of the distribution of excess revenue at the end of the year. Because of staffing transition for both the Stadium Manager and Stadium Authority, the transfer from excess FY2019/20 revenue did not occur until FY 2020/21.

Other expenditures to note include shared stadium manager expenses. Operating expense payments, except for insurance, were withheld based on Board direction for the partial suspension of payments at the March 27, 2019 Stadium Authority Board meeting, based on the concern that public funds would be used to pay for expenses that were not legally procured, or compliant with prevailing wage laws or self-dealing/conflicts of interests laws. At that meeting, the Board directed the Executive Director to only release public funds to ManagementCo for the payment of shared stadium manager expenses when supporting documents have been submitted to show those expenses adhere to our agreements and State and local laws. Separate from that partial suspension of payments, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. Rather than provide the Stadium Authority with complete documentation to substantiate compliance with public procurement laws, prevailing wage laws, and absence of self-dealing/conflicts of interests, ManagementCo forced loans on the Stadium Authority through the revolving loan instrument and continues to pay itself public funds without demonstrating compliance with State and local laws.

In FY2020/21, ManagementCo drew a total of \$8.9 million against the revolving loan line of credit for the March 2020 thru March 2021 Shared Stadium Manager Expense (\$7.3 million) and a portion of the FY2019/20 Non-NFL Events' net loss (\$1.6 million) withheld by the Stadium Authority. ManagementCo drew \$1.6 million of the \$2.7 million net loss in FY2019/20 Non-NFL Events and requested that the City recoup the remaining balance of \$1.1 million in Public Safety costs directly from the Stadium Authority. The draws on the revolving loan were not authorized by the Stadium

Authority and are not compliant with the revolving loan terms. The Stadium Authority communicated to Stadium Manager its rejection and dispute of these draws. The Stadium Authority maintains its position that it should not release public funds to ManagementCo unless it can demonstrate compliance with public procurement laws, prevailing wage laws, and absence of self-dealing/conflicts of interests; and that the revolving loan draws are unauthorized and improper. These claims are in litigation. Shared Stadium Manager expenses were at 79% or \$2.42 million of the \$3.05 million final budget. The bulk of the expense is for insurance, which the Stadium Authority continues to pay. The remaining payments and credits of Shared Stadium Manager Expenses are due to FY2019/20 and FY2020/21 year-end true-ups, which is the primary reason the expenses is under budget.

SBL Sales & Service expenses were 46% of the budget, or \$913,471. The reason for being under budget is due to FY 2019/20 true-ups. The Stadium Authority pays for all utility costs from February 1st through July 31st and the tenant (StadCo) pays for utility costs from August 1st through January 31st (Tenant Season). Utility costs are 55% of the budget for the year, or \$695,999. This is also under budget due to FY 2019/20 true-ups. Other Expenses were -8% of the budget, also reflecting prior year true-ups, primarily for Lender/Admin Fees. Net Transfers out amounted to \$58.5 million and, lastly, Stadium Authority G&A costs were \$2.8 million or 78% of the budget.

Overall, the Stadium Authority operating fund ended the year with a fund balance of \$30.8 million; included in that amount is an \$6.8 million operating reserve and a \$2.3 million discretionary fund.

Additional details are shown in Table 9.

Table 9
Santa Clara Stadium Authority
Operating Budget Status Report
For the Period Ending March 31, 2021 and 2020

	Period Ending March 31, 2021								Period Ending March 31, 2020			
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Resources												
Revenues												
NFL Ticket Surcharge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NA	\$ 8,412,291	\$ 8,412,291	\$ -	100%
SBL Proceeds	24,934,279	-	7,182,413	2,774,265	14,977,601	24,934,279	-	100%	25,416,000	26,245,536	(829,536)	103%
Interest	896,000	17,609	6,809	3,694	3,534	31,645	864,355	4%	938,000	903,761	34,239	96%
Non-NFL Event Revenue	-	-	-	-	-	-	-	NA	-	29,313,294	(29,313,294)	NA
Net Revenues from Non-NFL Events	-	-	-	-	-	-	-	NA	5,796,000	-	5,796,000	0%
Naming Rights	6,957,000	-	3,426,930	-	3,529,738	6,956,668	332	100%	6,754,000	6,754,047	(47)	100%
Sponsorship Revenue (STR)	392,000	81,250	81,250	81,250	81,250	325,000	67,000	83%	345,000	325,000	20,000	94%
Rent	17,333,400	6,190,500	6,190,500	2,476,200	2,476,200	17,333,400	-	100%	24,762,000	24,762,000	-	100%
Senior & Youth Program Fees	-	-	-	-	-	-	-	NA	250,000	250,000	-	100%
Non-NFL Event Ticket Surcharge	-	-	-	-	-	-	-	NA	735,496	735,496	-	100%
Bay Area Host Committee Reimbursement	727	727	-	-	-	727	-	100%	4,642	4,642	-	100%
Other Revenue ⁽¹⁾	-	-	-	-	26,430	26,430	(26,430)	NA	115,773	128,379	(12,606)	111%
Revenues Subtotal	\$ 50,513,406	\$ 6,290,085	\$ 16,887,902	\$ 5,335,409	\$ 21,094,752	\$ 49,608,149	\$ 905,257	98%	\$ 73,529,202	\$ 97,834,446	\$ (24,305,244)	133%
Total Resources	\$ 50,513,406	\$ 6,290,085	\$ 16,887,902	\$ 5,335,409	\$ 21,094,752	\$ 49,608,149	\$ 905,257	98%	\$ 73,529,202	\$ 97,834,446	\$ (24,305,244)	133%
Expenses												
Shared Stadium Manager Expenses												
Stadium Operations ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ -	(851,589)	\$ 851,589	NA	\$ 653,401	\$ 653,401	\$ -	100%
Engineering ⁽²⁾	-	-	-	-	-	408,194	(408,194)	NA	328,481	328,481	-	100%
Guest Services ⁽²⁾	-	-	-	-	-	(221,124)	221,124	NA	137,782	137,782	-	100%
Groundskeeping ⁽²⁾	-	-	-	-	-	(121,267)	121,267	NA	29,039	29,039	-	100%
Security ⁽²⁾	-	-	-	-	-	102,175	(102,175)	NA	270,450	270,450	-	100%
Insurance ⁽²⁾	3,045,000	761,250	761,250	761,250	815,232	3,098,982	(53,982)	102%	2,956,000	2,902,000	54,000	98%
Stadium Management Fee	-	-	-	-	-	-	-	NA	-	-	-	NA
Shared Stadium Mngr Exps Subtotal	\$ 3,045,000	\$ 761,250	\$ 761,250	\$ 761,250	\$ 815,232	\$ 2,415,372	\$ 629,628	79%	\$ 4,375,153	\$ 4,321,153	\$ 54,000	99%
Other Expenses												
SBL Sales and Service ⁽²⁾	\$ 1,967,000	\$ 606,000	\$ 202,000	\$ 909,000	\$ (803,529)	\$ 913,471	\$ 1,053,529	46%	\$ 3,614,477	\$ 3,614,477	\$ -	100%
Senior & Youth Fees (paid to City)	-	-	-	-	-	-	-	NA	250,000	250,000	-	100%
Non-NFL Event Expense	600,000	-	-	-	509,649	509,649	90,351	85%	-	32,054,308	(32,054,308)	NA
Ground Rent (paid to City)	390,000	-	390,000	-	-	390,000	-	100%	355,000	355,000	-	100%
Performance Rent (paid to City)	-	-	-	-	-	-	-	NA	2,721,000	-	2,721,000	0%
Discretionary Fund Expense	-	-	-	-	-	-	-	NA	250,000	-	250,000	0%
Utilities ⁽²⁾	1,264,000	798,000	266,000	-	(368,001)	695,999	568,001	55%	1,568,265	1,568,625	(360)	100%
Use of StadCo Tenant Improvements	-	-	-	-	-	-	-	NA	182,000	-	182,000	0%
Stadium Authority G&A	3,581,000	508,710	651,737	820,813	810,868	2,792,128	788,872	78%	2,480,000	2,371,198	108,802	96%
Naming Rights Commission	30,000	-	-	30,000	(218)	29,782	218	99%	-	-	-	NA
Legal Contingency	-	-	-	-	-	-	-	NA	6,996,000	-	6,996,000	0%
Other Expenses ⁽²⁾	913,000	193,000	-	359,251	(625,726)	(73,476)	986,476	-8%	110,000	104,915	5,085	95%
College Football Playoff Expense	727	727	-	-	-	727	-	100%	4,642	4,642	-	100%
Net Transfers Out	42,847,000	22,888,899	10,764,054	1,787,724	23,057,103	58,497,780	(15,650,780)	137%	50,284,665	28,548,261	21,736,404	57%
Contribution to Operating Reserve	348,000	-	-	-	-	-	348,000	0%	338,000	-	338,000	0%
Other Expenses Subtotal	\$ 51,940,727	\$ 24,995,336	\$ 12,273,791	\$ 3,906,788	\$ 22,580,146	\$ 63,756,060	\$ (11,815,334)	123%	\$ 69,154,049	\$ 68,871,426	\$ 282,623	100%
Total Expenses	\$ 54,985,727	\$ 25,756,586	\$ 13,035,041	\$ 4,668,038	\$ 23,395,378	\$ 66,171,432	\$ (11,185,705)	120%	\$ 73,529,202	\$ 73,192,579	\$ 336,623	100%

⁽¹⁾ Reimbursement from the City for overpayment of Special Liability Claims

⁽²⁾ Prior Fiscal Year true-up

Operating Reserve	\$ 6,782,767	\$ 11,592,741	\$ 11,255,088	\$ 11,255,088
Discretionary Fund	\$ 2,327,850	\$ 2,327,850	\$ 2,302,075	\$ 2,327,850

Debt Service Budget

The Stadium Authority's FY 2020/21 debt service revenue budget of \$4 million represents anticipated contributions from the Community Facilities District (CFD). The CFD levies and collects a special hotel tax on hotel rooms within the CFD. All collections from the special CFD hotel taxes are contributed to Stadium Authority to pay down the CFD advance. The CFD Advance is payable solely from amounts actually received by the Stadium Authority from the CFD. During the current fiscal year, \$282,021 was contributed by the CFD, or 7% of the annual budget. The primary reason CFD collections have declined is due to the County health orders related to the COVID-19 pandemic. Other Debt revenues include transfers in from the operating fund amounted to \$53.8 million or 137% of the budget. The reason that revenue in this category is over budget is because \$21.7 million was transferred in the current fiscal year to pay the StadCo Subordinated Loan FY 2019/20 period, of which \$6.3 million was redirected by StadCo to pay the revolving loan. Therefore, \$15.4 million was used to pay the StadCo Subordinated Loan for the FY 2019/20 period.

Total Stadium Authority debt service expenses for the current reporting period were \$44.8 million, 103% of the budgeted amount. The primary reason that expenses is over budget is because of the increase in debt payments towards the StadCo Subordinated Loan, offset by the decrease in debt payments towards the CFD Advance. The debt service expenses for the CFD Advance, the Term A Loan, and the StadCo Subordinated Loan were \$2 million, \$25.6 million, and \$17.2 million, respectively.

The Stadium Authority completed the Trust Excess Cash Flow funding instructions and provided it to the FinanceCo and StadCo to complete the year-end Trust Excess Cash Flow funding distribution per the Deposit and Disbursement Agreement. The Trust Excess Cash Flow instruction specifically excluded payments to the Revolving Loan because the Stadium Authority did not recognize this as an expense due to the fact that the draws were not authorized, not compliant with the Revolving Loan terms, and this dispute is currently in litigation. For FY 2020/21, the year-end Trust Excess Cash Flow instruction requested that the Trust pay the Subordinated Loan in the amount of \$5,796,711. StadCo did not follow the funding instructions and took \$2,167,689 from the distribution to pay off the Management Company Revolving Loan instead of paying down the amount that the Stadium Authority instructed StadCo be paid against the Subordinated Loan. The Stadium Authority was informed of this diversion in a letter dated May 18, 2021. Subsequently, because we dispute this diversion, the Stadium Authority has recorded a receivable from StadCo for \$2,167,689 for the portion diverted from the funding instruction.

The Stadium Authority debt service fund ended the current quarter with a fund balance of \$33 million which includes \$11.5 million in the debt service reserve account. The remaining is reserved for future debt payments.

As of March 31, 2021, the total outstanding amount of Stadium Authority debt had declined to \$296.8 million. This is a reduction in principal of \$28.5 million from the March 31, 2020 outstanding debt amount of \$325.3 million. Overall, each loan has been

paid down with the exception of the StadCo CFD Advance, which has increased by \$669,914. The reason is because there was not enough contributions from the CFD to pay down the interest amounts incurred for the fiscal year, and therefore, the interest amounts has been capitalized to the principal loan balance.

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

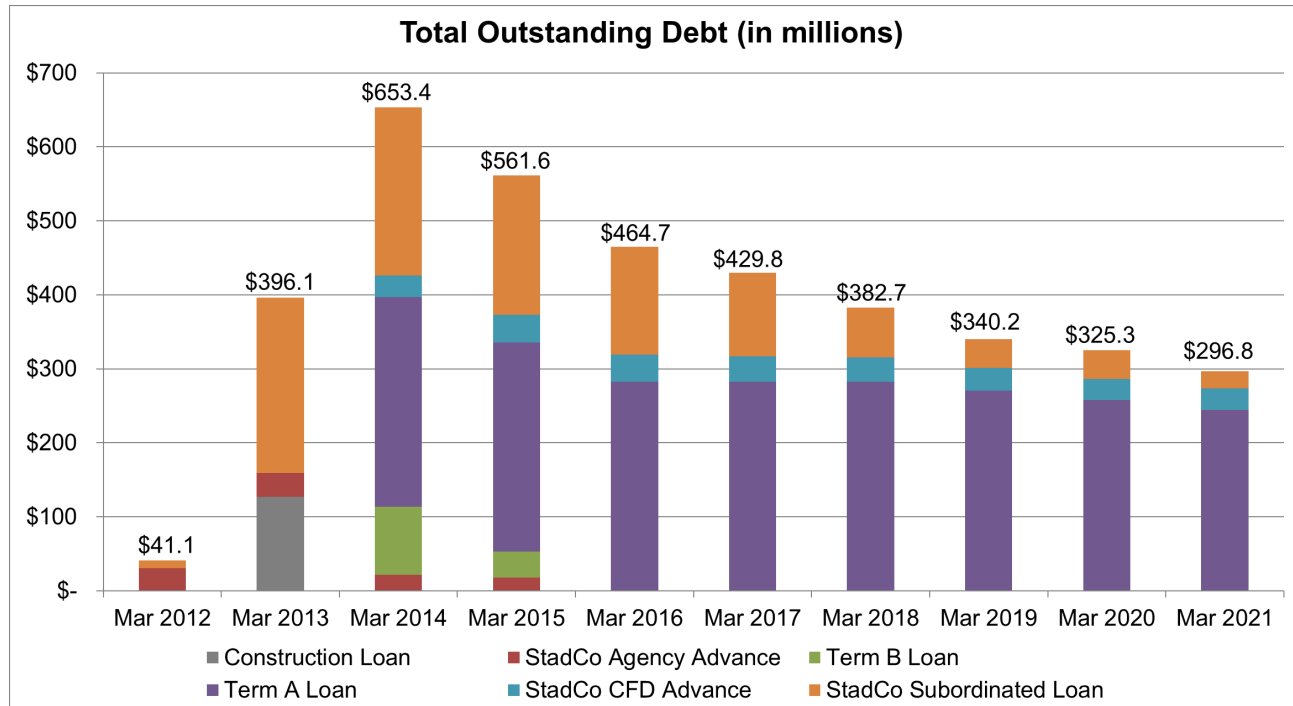
Table 10
Santa Clara Stadium Authority
Debt Service Budget Status Report
For the Period Ending March 31, 2021 and 2020

	Period Ending March 31, 2021								Period Ending March 31, 2020			
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Resources												
Revenues												
Contribution from CFD	\$ 4,028,000	\$ 52,013	\$ 92,637	\$ 77,577	\$ 59,794	\$ 282,021	\$ 3,745,979	7%	\$ 3,872,000	\$ 3,613,498	\$ 258,502	93%
Revenues Subtotal	\$ 4,028,000	\$ 52,013	\$ 92,637	\$ 77,577	\$ 59,794	\$ 282,021	\$ 3,745,979	7%	\$ 3,872,000	\$ 3,613,498	\$ 258,502	93%
Net Transfers In from Operating	39,265,000	21,729,625	10,764,053	1,787,724	19,474,946	53,756,348	(14,491,348)	137%	46,806,665	26,229,712	20,576,953	56%
Contribution from Fund Balance	-	9,309,828	(7,044,822)	1,946,567	(13,486,904)	(9,275,331)	9,275,331	NA	-	-	-	NA
Total Resources	\$ 43,293,000	\$ 31,091,466	\$ 3,811,868	\$ 3,811,868	\$ 6,047,836	\$ 44,763,038	\$ (1,470,038)	103%	\$ 50,678,665	\$ 29,843,210	\$ 20,835,455	59%
Expenses												
CFD Advance	\$ 3,989,000	\$ 792,083	\$ 410,927	\$ 410,927	\$ 401,994	\$ 2,015,931	\$ 1,973,069	51%	\$ 3,844,000	\$ 3,933,536	\$ (89,536)	102%
Term A Loan	25,562,000	16,406,003	3,052,003	3,052,003	3,052,003	25,562,012	(12)	100%	26,383,000	25,628,060	754,940	97%
StadCo Subordinated Loan	13,742,000	13,893,380	348,938	348,938	2,593,839	17,185,095	(3,443,095)	125%	20,451,665	2,248,643	18,203,022	11%
Total Expenses	\$ 43,293,000	\$ 31,091,466	\$ 3,811,868	\$ 3,811,868	\$ 6,047,836	\$ 44,763,038	\$ (1,470,038)	103%	\$ 50,678,665	\$ 31,810,239	\$ 18,868,426	63%
Debt Service Reserve	\$ 11,536,235					\$ 11,536,235			\$ 11,536,235	\$ 11,536,235		
Fund Balance						\$ 21,499,381				\$ 12,111,334		
Beginning Balances												
Debt Service Reserve						11,536,235				11,536,235		

Table 11
Santa Clara Stadium Authority
Debt Summary Report
For the Period Ending March 31, 2021

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2020	Net Change	Outstanding as of March 31, 2021
Stadium Funding Trust Loan:				
Term A Loan	5.00%	\$ 257,514,240	\$ (13,354,000)	\$ 244,160,240
StadCo CFD Advance	5.73%	28,832,979	669,914	29,502,893
StadCo Subordinated Loan	5.50%	38,917,384	(15,784,958)	23,132,426
Total		\$ 325,264,603	\$ (28,469,044)	\$ 296,795,559

Chart 1



Capital Improvement Project Budget

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

- Staff Scheduling Software
- Bicycles
- Motorola APX 600 Radio
- Heavy Lift Kit
- Storage Conex Garage
- Mass Decontamination Hydrant Nozzles
- Small Cooler and Ice Pack
- Motor Vehicle Barricades
- Radio Earpieces
- Battery Pack for JHAT Crew
- Radio Batteries
- Body Worn Cameras
- Stadium Vehicle Upfits
- Stadium Personal Protective Equipment
- Safety Gear for Special Event Officers & Traffic Control Personnel
- Explosive Ordinance Detection Blankets/Water Barrier
- Radiation Detector
- Emergency Repair Service to Field Water Line

The following CapEx projects were currently in progress at the end of the fiscal year:

- Rope Rescue Gear

A total of \$946,301 has been spent in FY 2020/21, which amounts to 7% of the budget. The main reasons that this is below budget are (1) there has been little activity on warranty work which makes up 12% of the CIP Budget, and (2) a number of projects are behind schedule due to ManagementCo’s inability to demonstrate compliance with State procurement and prevailing wage laws. As a result, capital projects have stalled. We continue to raise this issue with ManagementCo to ensure the Stadium Authority asset is maintained in a sufficient manner; however, there is valid concern that ManagementCo is unable to complete these duties given the record to date. During this reporting period, the ManagementCo has not demonstrated its ability to award contracts in compliance with state laws.

Additional details are shown below in Table 12.

Table 12
Santa Clara Stadium Authority
CIP Budget Status Report
For the Period Ending March 31, 2021 and 2020

	Period Ending March 31, 2021							Period Ending March 31, 2020				
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Beginning Balances	\$ 17,837,300	\$ 17,010,611	\$ 18,169,885	\$ 18,035,597	\$ 17,475,631	\$ 17,010,611	\$ 826,689		\$ 14,532,870	\$ 14,516,225	16,645	
Resources												
Transfers In from Operating Budget ⁽¹⁾	3,582,000	1,159,274	-	-	3,582,157	4,741,431	(1,159,431)	132.37%	3,478,000	2,318,549	1,159,451	67%
Transfers In from Stadium Manager	-	-	-	-	-	-	-	NA	-	308,568	(308,568)	NA
Total Resources	\$ 21,419,300	\$ 18,169,885	\$ 18,169,885	\$ 18,035,597	\$ 21,057,788	\$ 21,752,042	\$ (332,742)	102%	\$ 18,010,870	\$ 17,143,342	\$ 867,528	95%
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
Expenses												
Construction	4,725,327	-	17,497	945	217,100	235,542	4,489,785	5%	4,956,922	(4,845)	4,961,767	0%
Equipment	6,460,557	-	116,791	559,021	34,947	710,759	5,749,798	11%	7,070,988	136,765	6,934,223	2%
Contingency	559,296	-	-	-	-	-	559,296	0%	657,397	812	656,585	0%
Stadium Warranty Related Construction	1,528,202	-	-	-	-	-	1,528,202	0%	1,528,202	-	1,528,202	0%
Total Expenses	\$ 13,273,382	\$ -	\$ 134,288	\$ 559,966	\$ 252,047	\$ 946,301	\$ 12,327,081	7%	\$ 14,213,509	\$ 132,731	\$ 14,080,778	1%
Ending Balances	\$ 8,145,918	\$ 18,169,885	\$ 18,035,597	\$ 17,475,631	\$ 20,805,741	\$ 20,805,741			\$ 3,797,361	\$ 17,010,611		

⁽¹⁾ Funding CapEx Reserve an Additional \$1 Million +3% annually for fiscal year 2019/20 occurred in current fiscal year resulting over budget of resources.

City of Santa Clara Net General Fund Impact

During the current reporting period there was a total of \$436,592 that was contributed to the General Fund as shown in Table 13. This section of the report also provides information on General Fund revenue and expenditure impacts resulting from the stadium.

Table 13

City of Santa Clara Net General Fund Impact

For Stadium Authority Fiscal Year to Date Ending March 31, 2021

Ground Rent	\$	390,000
Performance Rent		-
Senior and Youth Fee		-
Tasman Lots Parking Fee		-
Sales Tax		46,592
<hr/>		
Total Net General Fund Impact	\$	436,592

Public Safety and Administrative Cost Reimbursement

As described in earlier sections of this report, costs incurred by the City on NFL and non-NFL Events are tracked and billed to the Stadium Manager. Reimbursements are monitored and included in this report. Public safety costs incurred in support of NFL and non-NFL events occurring in FY2020/21 totaled \$887,617 and \$0, respectively. Reimbursements to the City of Santa Clara have not been received for the NFL public safety costs as of the end of March 2021.

Public safety costs incurred in support of non-NFL events in FY2019/20 still remain unpaid in the total of \$1.1 million. ManagementCo requested that the City recoup the funds directly from the Stadium Authority. Because the Stadium Manager has refused to pay, a recommendation is included as part of this report to repay the City from Stadium Authority cash to remain in compliance with Measure J.

In addition to public safety costs, administrative costs are also tracked and billed to the Stadium Authority. These include the cost of providing overall stadium management, financial, human resource, legal, and other services to the Stadium Authority. In FY 2020/21, a total of \$1.2 million of administrative costs were incurred by the General Fund, which have been reimbursed to the City.

Rents and Senior and Youth Fee

As noted above the City's General Fund collected ground rent (\$390,000) from the Stadium Authority. Additionally, the City's General Fund did not collect any rents or Senior and Youth fees in the current reporting period because there were no non-NFL events being held at the Stadium due to the pandemic and no fans in attendance at any NFL

games hosted at Levi's® Stadium. As a result, Stadium Authority did not receive any revenue related to event attendance, including Senior and Youth Fees. See the Glossary for more information on these revenues and how they are calculated.

Other Revenue Impacts

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

Food and beverage concession sales and merchandise sales at Levi's® Stadium are taxable, resulting in sales tax revenue for the City. The last four quarters of sales tax collections from Levi's® Stadium transactions generated \$46,592 for the City's General Fund. It should be noted that there is a lag in the collection of sales tax and the amount attributable to this reporting period was collected in from FY 2019/20 activity. In addition to the direct sellers at the Stadium, other businesses in Santa Clara are benefiting from the influx of people coming to attend one or more events at Levi's® Stadium, resulting in potentially more sales tax collections for the General Fund.

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

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

Glossary

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

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

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

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

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

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

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

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

Offsite Parking Fees – Parking lot operators who wish to operate a parking lot for sports or entertainment venues are required to go through the City’s permitting process. If approved, per the City’s Municipal Fee Schedule, these operators remit an offsite parking fee for each car that is parked for sports or entertainment events. This fee is designed to recover the public safety costs associated with these permitted offsite parking lots. Therefore, when invoicing for NFL or Non-NFL public safety costs for a particular event held at Levi’s® Stadium, the offsite parking fee that is collected for said event partly offsets the total public safety costs owed for that event. In the City’s FY 2020/21 (July 1, 2020 through June 30, 2021) the offsite parking fee is \$5.91.

Performance-Based Rent - The Amended and Restated Stadium Lease Agreement and the Ground Lease Agreement both describe the performance-based rent that is due to the City. (It is calculated as 50% of the net income from Non-NFL events less performance-based rent credits. The performance-based rent credits include 50% of the fixed ground rent for the current lease year.)

Public Safety Costs – For each NFL and Non-NFL Event held at Levi’s® Stadium, a public safety plan is developed and implemented. Multiple City departments provide staffing, materials, and supplies to support the public safety plan. Services are provided through a combination of City staff, contracts with other agencies (California Highway Patrol, County Sheriff’s Office, and City of Sunnyvale) and some vendor provided services.

The Amended and Restated Stadium Lease Agreement section 7.5 states that the tenant is responsible for reimbursing the City for the public safety costs attributed to NFL events at Levi’s® Stadium. Additionally, Article 5 of the Stadium Management Agreement notes that the Stadium Manager is responsible for paying Non-NFL Event expenses on behalf of the Stadium Authority. Therefore, the cost of providing public safety services are tracked through the City’s financial system and invoices are sent to the Stadium Manager. All of these costs are reimbursed to the City of Santa Clara.

Senior and Youth Program Fees – The Amended and Restated Stadium Lease Agreement requires that StadCo collect a Senior and Youth Program Fee of \$0.35 per NFL ticket sold on behalf of the Stadium Authority. Per section 8.2 of the Ground Lease Agreement between the City and the Stadium Authority, the Stadium Authority remits this fee to the City as additional rent to support senior and youth programs in the City.

Stadium Management Fee – The Stadium Manager receives an annual base management fee to manage Levi’s® Stadium. The fee was \$400,000 in the first lease year and increases by 3% annually as detailed in the table below. This annual base management fee is split 50/50 between StadCo and the Stadium Authority since the Stadium Manager manages the stadium year-round for both entities. In addition to the base management fee, the Stadium Manager also receives a stadium marketing and booking fee (incentive fee) which is based on a percentage of the amount that the net income from Non-NFL Events exceeds the marketing and booking fee benchmark. The marketing and booking fee benchmark was \$5 million in the first lease year and also increases by 3% annually as detailed in the table below. The annual stadium management fee for each of the first ten lease years are noted in the chart below.

Fiscal Year	Lease Year	Annual Base Stadium Management Fee (SCSA Share)	Stadium Marketing and Booking Fee Benchmark	Net Income from Non-NFL Events	Additional Stadium Marketing and Booking Fee	Total Stadium Management Fee
2014/15	1	\$ 200,000	\$ 5,000,000	\$ 5,207,553	\$ 10,378	\$ 210,378
2015/16	2	206,000	5,150,000	6,079,016	46,451	252,451
2016/17	3	212,180	5,304,500	5,316,894	620	212,800
2017/18	4	218,545	5,463,635	5,163,329	-	218,545
2018/19	5	225,102	5,627,544	18,591	-	225,102
2019/20	6	231,855	5,796,370	(2,741,014)	-	231,855
2020/21	7	238,810	5,970,261	(600,000)	-	238,810
2021/22	8	245,975	6,149,369			
2022/23	9	253,354	6,333,850			
2023/24	10	260,955	6,523,866			

Tasman Lots Parking Fees – The City collects a fee of \$5 per space for all cars that are parked on the Tasman surface lots during NFL events.



August 24, 2021

Mr. Scott Sabatino, Chief Financial Officer
Forty Niners Stadium Management Company
4900 Marie P. DeBartolo Way
Santa Clara, CA 95054

SUBJECT: FY 2020/21 Non-NFL Events Document Review

Dear Mr. Sabatino:

Stadium Authority staff have been working on reviewing the source documents provided by your office for the FY2020/21 Non-NFL events. Thank you for providing the documentation; in our observation the documents provided were clearer and more detailed than in prior years. We do have questions and additional requests for information based on this review.

Justin Bieber 2020 (canceled event)

- Credit Card Fees
 - If refunds of deposits are made in the same manner as purchases the fees in many cases offset, depending on the provider. Please explain how net fees resulted from the issuances of credit card refunds for this event.

Monster Jam 2020 (canceled event)

- Credit Card Fees
 - If refunds of deposits are made in the same manner as purchases the fees in many cases offset, depending on the provider. Please explain how net fees resulted from the issuances of credit card refunds for this event.

Opex 2020

- Labor Charges from Other Departments
 - For Non-Event Staff Labor, for each position, please provide timecards for the hours charged.
 - For Non-Event Staff Labor, for each position, please provide a description of how these hours support the promotion of Non-NFL Events.
 - For Catered Events Labor, please provide the details supporting the FY 19 allocation of 84%/16% including calculations from the methodology using # of attendees.

- For Catered Events, please explain the duties of how each of the 7 employees supported catered events during the COVID-19 pandemic when no events were held.
- For all labor, please provide a description of the methodology used to calculate the benefit rates used.
- For all labor, please provide the details and methodology used to calculate the 13.86% overhead rate.
- Advertising
 - Provide explanation more detail how the measurement of units by “clicks” benefits the promotion of the event, and the success rates of these “clicks”.
- Depreciation
 - Stadium Authority cash was used to purchase the equipment on the list for depreciation. While depreciation is an accounting entry, the application of this against the Non-NFL Loss would result in a double payment. Please explain how depreciation should be included in the payment due to the Stadium Manager as an expense that further increases the Non-NFL Loss.

Other 2020

- Ticket Sales Revenue
 - Please explain why charges for the 2019 Redbox Bowl and Pac-12 Championship are being booked as revenue.
 - Please explain why charges for events that occurred in FY 19 are being accounted for in FY 20.
- Luxury Suite Ticket Revenue
 - While we appreciate the diligence to reconcile all events to ensure accurate accounting, please explain why events from 2015 and 2016 are being reconciled over five years after the event.
 - For some events, it appears that more tickets are comp’ed than sold. Please explain the practice of comping tickets for Suites for Non-NFL Events and how that maximizes revenue to the Non-NFL events.
- Parking Revenue
 - While we appreciate the diligence to reconcile all events to ensure accurate accounting, please explain why events from 2014 through 2016 are being reconciled over six years after the event.

Other Questions

- Partial redaction of documents – Through review of the backup documents, information was partially redacted. Please explain the legal justification of redacting information pertaining to Non-NFL Events.

Mr. Scott Sabatino, Chief Financial Officer
Re: FY2020/21 Non-NFL Events Document Review
August 24, 2021
Page 3 of 3

I would also like to note that as I have previously offered, I believe this review could be streamlined with a monthly or quarterly review along with copies of records relied upon, and with live access through a separate financial management system; however, the Stadium Manager has made it clear that the Stadium Authority would only have access for review over three months after the end of each fiscal year. As these documents were received mid-July, the Stadium Authority objects to the timing of the Stadium Manager's invoice for these costs and the demand for payment by August 1. As such, the Stadium Authority disputes the validity of any interest or late charge associated with the FY 2020/21 Non-NFL Events. Please provide this additional information in order to further expedite payment.

Please feel free to contact me if you have any questions.

Sincerely,



Kenn Lee
Treasurer

CC: Deanna J. Santana, Executive Director
Brian Doyle, Stadium Authority Counsel
Mr. Jim Mercurio, Stadium Manager
Mr. Darren Wong, Director of Accounting



FORTY NINERS STADIUM MANAGEMENT COMPANY

September 21, 2021

VIA EMAIL- Klee@SantaClaraCA.gov

Kenn Lee
Treasurer
Santa Clara Stadium Authority
1500 Warburton Avenue
Santa Clara, CA 95050

Dear Kenn,

We received your letter of August 24, 2021 regarding the FY 2020/21 Non-NFL Events Document Review. We can provide you with the answers and the requested information on the transactional items (e.g. credit card fees and labor) in a follow up meeting at the Stadium on a mutually agreed upon date. Please coordinate the meeting date and time with our Director of Accounting, Darren Wong.

I would like to address three of the questions in your letter.

First, you asked for the justification for redacting information. In prior years, we have partially redacted supporting documents to protect the confidentiality of names and contact information of customers and employees, as well as account numbers and similar sensitive information. Those redactions do not hinder the ability to review the documentation or assess the veracity of the Non-NFL Event transactions. That said, if there are specific documents you feel are necessary to see without redaction in order to complete your review, we can show you the documents with those requested areas unredacted.

Second, you had a question about depreciation. Please note that the Amortization of Public Safety Capital Expenditures is handled in accordance with the Stadium Operations Agreement, Section 3.2. The calculation has already been explained to the Stadium Authority.

Third, in your letter you stated that Stadium Manager has made it clear that the Stadium Authority would only have access to review of Non-NFL Events supporting documentation over three months after the end of each fiscal year. That is incorrect. We provide quarterly reports throughout the fiscal year. In addition, we have previously stated that Stadium Authority staff is welcome to come to the stadium and review event P&L's and supporting/detailed transactions throughout the fiscal year. This was the normal practice of your predecessors for years, until Ms. Santana decided to end that practice. Most recently, Rachel Copes and Linh Lam met with Caitlin Ritchie and Darren Wong in February 2020 to perform a detailed review of a ticketed event that they selected. No requests from the SCSA for similar meetings have been received since that time.

Finally, with respect to Default interest, you are reminded that the SCSA is required to fund its expenses in advance, not in arrears. We encourage you to fund the Stadium Authority's expenses, including those related to Non-NFL Events, as required under the agreements in order to avoid 12% interest charges.

Sincerely,

V.L. on behalf of

Scott Sabatino
Chief Financial Officer

CC: Deanna Santana, Executive Director
Jim Mercurio, Executive Vice President & General Manager
Larry MacNeil, Compliance Manager
Darren Wong, Director of Accounting

August 24, 2021

Mr. Scott Sabatino, Chief Financial Officer
Forty Niners Stadium Management Company
4900 Marie P. DeBartolo Way
Santa Clara, CA 95054

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1500 Warburton Avenue | Santa Clara, CA | 95050 | 408.615.2210

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