



Agenda Report

21-1126

Agenda Date: 12/7/2021

REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Action on the Santa Clara Stadium Authority Financial Status Report for Quarter Ending June 30, 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 first (April 1, 2021 - June 30, 2021) quarter of the 2021/22 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 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 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.

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. Subsequent to that direction, Stadium Authority staff met at Levi's Stadium on March 30, 2021 to review documentation for shared expenses. After follow-up meetings with the Stadium Manager, payments related to compensation that were reviewed and approved for monthly payment, totaling \$4.2 million for the fiscal year.

In addition, based on conversation at Stadium Manager-Stadium Authority Quarterly meeting, it was stated that the Utilities invoiced amounts were based on the budget, which did not factor utility costs to operate the vaccination site into consideration. Because the vaccination site is treated as an NFL sponsored event, these costs are not borne by the Stadium Authority based on the terms of the Stadium Lease Agreement. As the vaccination site was expected to operate for four to six months, the Stadium Authority requested that the portion estimated to be associated with the vaccination operations be credited back based on historical usage and per the lease requirements regarding expenses for NFL sponsored events. No additional information was provided by the Stadium Manager and the Stadium Authority continues to pay half of the invoiced amount until documentation showing a credit for the vaccination site utility usage is produced.

DISCUSSION

The attached financial status reports provide information covering the Stadium Authority's first (April 1, 2021 - June 30, 2021) quarter of the 2021/22 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

There were no NFL games held in the first quarter of the 2021/22 Fiscal Year. Levi's® Stadium hosted the first 49ers pre-season game of the 2021 season on August 14, 2021, which will be included in the report for the second quarter.

Non-NFL Event Revenue and Expenses

There were no Non-NFL events held in the first quarter of the 2021/22 Fiscal Year. Non-NFL events are expected to resume in FY2021/22.

Stadium Builder Licenses ("SBLs")

SBLs account for 36% of the Stadium Authority's annual budgeted revenue in FY 2021/22. There is a total of 61,471 currently active SBLs which is 93% of the 66,066 total sellable SBL seats. The value of the active SBLs amount to \$538 million of which \$483.9 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 \$6.8 million representing 10% of the overall budget for revenues and total operating expenses were \$3.2 million or 5% of the budget. The debt service fund was able to pay down \$14 million in debt, bringing total Stadium Authority debt down to \$282.8 million. Capital expenses were \$26 thousand representing <1% of the overall CIP budget.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a

fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

There is no fiscal impact to this report.

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 Ending June 30, 2021.

Reviewed by: Kenn Lee, Treasurer

Approved by: Deanna J. Santana, Executive Director

ATTACHMENTS

1. SCSA Financial Status Report for the Quarter Ending June 30, 2021

SCSA

Santa Clara Stadium Authority

SANTA CLARA STADIUM AUTHORITY FINANCIAL STATUS REPORT

Quarter Ending June 30, 2021



December 7, 2021

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Introduction

This Santa Clara Stadium Authority ("Stadium Authority") Financial Status Report provides information covering the first quarter of the Stadium Authority's 2021/22 fiscal year (FY) which ended on June 30, 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 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 2021/22 budget was considered at a study session on March 9, 2021 and adopted by the Board on March 23, 2021.

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. This 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

There were no NFL games held in the first quarter of the 2021/22 Fiscal Year. Levi's® Stadium hosted the first 49ers pre-season game of the 2021 season on August 14, 2021, which will be included in the report for the second quarter.

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 first quarter of the 2021/22 Fiscal Year. Non-NFL events are expected to resume later in FY2021/22; however, only smaller, non-ticketed events are currently scheduled.

Comparative data from all eight years of operations for the Non-NFL ticketed events and special events are shown in Table 1.

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

	2014/15 Q1 Total ⁽²⁾	2015/16 Q1 Total	2016/17 Q1 Total	2017/18 Q1 Total	2018/19 Q1 Total	2019/20 Q1 Total	2020/21 Q1 Total	2021/22 Q1 Total
No. of non-NFL Ticketed Events	-	6	8	4	4	3	-	-
No. of Tickets Sold	-	284,352	351,837	90,456	115,661	57,344	-	-
Non-NFL Ticket Surcharge	\$ -	\$ 1,137,408	\$ 1,407,348	\$ 361,824	\$ 462,444	\$ 229,376	\$ -	\$ -
No. of Non-NFL Special Events	-	62	31	25	24	20	-	-
Non-NFL Special Event Attendees	-	19,345	13,709	8,438	13,683	5,737	-	-
Cars Parked at Offsite Lots	-	27,215	34,376	7,939	10,495	5,251	-	-
City Offsite Parking Fee	\$ -	\$ 133,898	\$ 174,632	\$ 41,600	\$ 56,883	\$ 29,563	\$ -	\$ -
Cars Parked on Golf Course	-	9,465	9,562	-	-	-	-	-
City Golf Course Parking Fee	\$ -	\$ 47,325	\$ 47,810	\$ -	\$ -	\$ -	\$ -	\$ -
Stadium Public Safety Costs	\$ -	\$ 1,425,075	\$ 1,721,055	\$ 475,003	\$ 707,108	\$ 337,972	\$ -	\$ -
Golf Course Public Safety Costs	\$ -	\$ 73,951	\$ 39,905	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Event Public Safety Costs	\$ -	\$ 1,499,026	\$ 1,760,960	\$ 475,003	\$ 707,108	\$ 337,972	\$ -	\$ -
Less: Offsite Parking Fee Credit	\$ -	\$ (133,898)	\$ (174,632)	\$ (41,600)	\$ (56,883)	\$ (29,563)	\$ -	\$ -
Reimbursable Public Safety Costs	\$ -	\$ 1,365,128	\$ 1,586,328	\$ 433,403	\$ 650,225	\$ 308,409	\$ -	\$ -
Amount Reimbursed	\$ -	\$ 1,365,128	\$ 1,586,328	\$ 433,403	\$ 650,225	\$ 308,409	\$ -	\$ -

⁽¹⁾ Includes non-NFL special events.

⁽²⁾ The first event at Levi's Stadium was in August 2014 (the second quarter of the 2014/15 Fiscal Year).

Discretionary Fund

The Discretionary Fund is funded by revenue equal to 50% of the Non-NFL Ticket Surcharge of \$4 per ticket. Table 2 shows the revenues and expenses in the Discretionary Fund since FY2014/15. The balance at the end of this reporting period was \$2.3 million.

Table 2

Discretionary Fund - Accrual Basis				
Fiscal Year	Beginning Balance	Revenue	Expenses	Ending Balance
2014/15	\$ -	\$ 715,770	\$ 714,028	\$ 1,742
2015/16	1,742	1,238,542	699,129	541,155
2016/17	541,155	1,164,698	1,209,342	496,511
2017/18	496,511	768,564	-	1,265,075
2018/19	1,265,075	796,294	101,267	1,960,102
2019/20	1,960,102	367,748	-	2,327,850
2020/21	2,327,850	-	18	2,327,832
2021/22	2,327,832	-	-	2,327,832

Stadium Builder Licenses

The total principal value of currently active Stadium Builder Licenses (“SBLs”) is \$538 million and, as of June 30, 2021, 90% of the total principal value of all SBLs sold (i.e., \$483.9 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 61,471 currently active SBLs, or 93% of the 66,066 total sellable SBL seats. This is an increase of 1,103 from the total active SBLs at the end of the prior fiscal year (March 31, 2021). The main reasons for the increase are due to sale of new SBLs offset by the customer seat relocation program and default buy back. 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, 1,125 SBLs were sold for a total face value of \$7.4 million. The customer seat relocation program resulted in an increase of \$1.7 million to the SBL face value, although the number of SBLs for this category decreased by 23. The reason for this is due to a relocation to a higher SBL Tier.

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

Table 3
Santa Clara Stadium Authority
Currently Active Stadium Builder License (SBL) Summary⁽¹⁾

Through June 30, 2021											
Seat Value	SBL Seats Available	SBL Seats Sold as of 3/31/21	New SBL Sales	Net SBL Relocations	SBL Defaults	Other	SBL Seats Sold	SBL Value	SBL Collected	% SBL Principal Collected	
141,392	100	100	-	-	-	-	100	\$ 14,082,625	\$ 12,554,863	89.2%	
80,000	942	925	7	4	-	-	936	\$ 74,880,000	\$ 69,831,580	93.3%	
40,000	2	2	-	-	-	-	2	\$ 80,000	\$ 70,040	87.6%	
30,000	4,945	4,463	72	24	-	-	4,559	\$ 136,770,000	\$ 125,891,079	92.0%	
20,000	3,475	2,852	29	13	-	-	2,894	\$ 57,880,000	\$ 52,598,271	90.9%	
15,000	7	7	-	-	-	-	7	\$ 105,000	\$ 90,571	86.3%	
12,000	2,162	2,166	15	5	-	-	2,186	\$ 26,232,000	\$ 23,406,529	89.2%	
10,000	7	7	-	-	-	-	7	\$ 70,000	\$ 66,002	94.3%	
6,000	20,652	20,547	166	93	-	-	20,806	\$ 124,836,000	\$ 109,024,986	87.3%	
5,000	14,306	13,302	403	25	-	1	13,731	\$ 68,655,000	\$ 59,685,268	86.9%	
4,000	916	920	-	(2)	-	-	918	\$ 3,672,000	\$ 3,463,326	94.3%	
3,000	91	91	-	-	-	-	91	\$ 273,000	\$ 238,724	87.4%	
2,500	41	44	-	-	-	-	44	\$ 110,000	\$ 98,957	90.0%	
2,000	18,387	14,907	433	(183)	-	-	15,157	\$ 30,314,000	\$ 26,891,006	88.7%	
1,000	33	35	-	(2)	-	-	33	\$ 33,000	\$ 29,656	89.9%	
Total	66,066	60,368	1,125	(23)	-	1	61,471	\$ 537,992,625	\$ 483,940,858	90.0%	
Plus: Interest on financed SBLs									60,579,030		
Total Principal & Interest									544,519,888		

⁽¹⁾ This table does not include \$29.1 million that has been collected life-to-date from defaulted SBL holders.

Santa Clara Stadium Authority Budget Status Reports

Operating Budget

With 25% of the fiscal year complete, total operating revenues for the first quarter of the 2021/22 Fiscal Year were \$6.8 million representing 10% of the overall budget for revenues. The primary reason that revenue is below 25% is because there are not currently any Non-NFL events being held at the Stadium due to the pandemic and therefore the Stadium Authority is not receiving any revenue related to event attendance. The revenue affected by the pandemic includes NFL Ticket Surcharge, Non-NFL Event revenue, Non-NFL Event Ticket Surcharge and Senior & Youth Fees. The Stadium Authority is still collecting SBL proceeds, sponsorship revenue, Naming Rights revenue and rent, all of which are expected to meet budget this fiscal year. The Naming Rights revenue is collected twice a year, in October and February, and will be included in the Quarter 3 report. The Stadium rent earned from StadCo totaled \$6.7 million in Quarter 1. The first receipt of SBL proceeds this fiscal year amounted to \$11.6 million and will be included in the Quarter 2 report.

Total operating expenses were \$3.2 million, or 5% of the annual budget. The primary reason that total expenses are below 25% is due to timing of the debt service transfer that takes place in Quarter 2.

Other expenditures to note include shared stadium manager expenses. In the prior fiscal year, 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 continued to pay for utilities, insurance, naming rights commission and costs associated with SBL sales and services.

For the current fiscal year, the Stadium Authority's FY2021/22 budget was adopted on March 23, 2021 and included the Stadium Manager's recommended Shared Expense budget of \$8.1 million in a Legal Contingency line item. The expenses that were included in the Legal Contingency line are Stadium Operations, Engineering, Guest Services, Groundskeeping, Security and the Stadium Management Fee. However, 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. Subsequent to that direction, Stadium Authority staff met at Levi's Stadium on March 30, 2021 to review documentation for shared expenses. After follow-up meetings with the Stadium Manager, payments related to compensation that were reviewed and approved for monthly payment, totaling \$4.2 million for the fiscal year.

Shared Stadium Manager expenses were at 22% of the budget, or \$1.6 million of the \$7.4 million budgeted amount and SBL Sales & Service expenses were 16% of the budget, or \$540 thousand. Naming Rights Commission amounted to \$44 thousand and, lastly, Stadium Authority G&A costs were \$581 thousand or 11% of the budget.

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). However, based on conversation at Stadium Manager-Stadium Authority Quarterly meeting, it was stated that the Utilities invoiced amounts were based on the budget, which did not factor utility costs to operate the vaccination site into consideration. Because the vaccination site is treated as an NFL sponsored event, these costs are not borne by the Stadium Authority based on the terms of the Stadium Lease Agreement. As the vaccination site was expected to operate for four to six months, the Stadium Authority requested that the portion estimated to be associated with the vaccination operations be credited back based on historical usage and per the lease requirements regarding expenses for NFL sponsored events. No additional information was provided by the Stadium Manager and the Stadium Authority continues to pay half of the invoiced amount until documentation showing a credit for the vaccination site utility usage is produced. Utility costs are 23% of the budget for the year, or \$371 thousand.

The current budget includes an estimated \$600,000 loss projected by the Stadium Manager for Non-NFL Events. The Stadium Manager invoiced the Stadium Authority \$150 thousand in estimated Non-NFL Events Expenses in this quarter. The invoice is premature, and the Stadium Manager did not provide adequate supporting documentation for the estimated expenses so the Stadium Authority withheld payments to this expense item in the first quarter.

As of the end of first quarter of FY 2021/22, the Stadium Manager issued approximately \$1.1 million in Notices of Default to the Stadium Authority for the unpaid Utilities, Non-NFL Event expenses and Non-Compensation Shared Stadium Manager expenses. These claims are in litigation.

Additional details are shown in Table 4.

Table 4
Santa Clara Stadium Authority
Operating Budget Status Report
For the Period Ending June 30, 2021 and 2020

	Period Ending June 30, 2021					Period Ending June 30, 2020				
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received	
Resources										
Revenues										
NFL Ticket Surcharge	\$ 8,665,000	\$ -	\$ -	\$ 8,665,000	0%	\$ 8,665,000	\$ -	\$ 8,665,000	0%	
SBL Proceeds	23,682,000	-	-	23,682,000	0%	24,213,000	-	24,213,000	0%	
Interest	56,000	4,659	4,659	51,341	8%	896,000	17,609	878,391	2%	
Non-NFL Event Revenue	-	-	-	-	NA	-	-	-	NA	
Net Revenues from Non-NFL Events	-	-	-	-	NA	1,500,000	-	1,500,000	0%	
Naming Rights	7,165,000	-	-	7,165,000	0%	6,957,000	-	6,957,000	0%	
Sponsorship Revenue (STR)	325,000	81,250	81,250	243,750	25%	392,000	81,250	310,750	21%	
Rent	24,762,000	6,741,100	6,741,100	18,020,900	27%	24,762,000	6,190,500	18,571,500	25%	
Senior & Youth Program Fees	232,000	-	-	232,000	0%	230,000	-	230,000	0%	
Non-NFL Event Ticket Surcharge	150,000	-	-	150,000	0%	572,000	-	572,000	0%	
Bay Area Host Committee Reimbursement	-	-	-	-	NA	-	727	(727)	NA	
Other Revenue	-	-	-	-	NA	-	-	-	NA	
Revenues Subtotal	\$ 65,037,000	\$ 6,827,009	\$ 6,827,009	\$ 58,209,991	10%	\$ 68,187,000	\$ 6,290,086	\$ 61,896,914	9%	
Total Resources	\$ 65,037,000	\$ 6,827,009	\$ 6,827,009	\$ 58,209,991	10%	\$ 68,187,000	\$ 6,290,086	\$ 61,896,914	9%	
Expenses										
Shared Stadium Manager Expenses										
Stadium Operations	\$ 1,586,393	\$ 386,890	\$ 386,890	\$ 1,199,503	24%	\$ -	\$ -	\$ -	NA	
Engineering	1,543,240	314,610	314,610	1,228,630	20%	-	-	-	NA	
Guest Services	242,553	49,445	49,445	193,108	20%	-	-	-	NA	
Groundskeeping	93,809	19,125	19,125	74,684	20%	-	-	-	NA	
Security	378,652	77,190	77,190	301,462	20%	-	-	-	NA	
Procurement	311,412	-	-	311,412	0%	-	-	-	NA	
Insurance	3,136,000	784,045	784,045	2,351,955	25%	3,045,000	761,250	2,283,750	25%	
Stadium Management Fee	-	-	-	-	NA	-	-	-	NA	
Shared Stadium Mngr Exps Subtotal	\$ 7,292,059	\$ 1,631,305	\$ 1,631,305	\$ 5,660,754	22%	\$ 3,045,000	\$ 761,250	\$ 2,283,750	25%	
Other Expenses										
SBL Sales and Service	\$ 3,448,000	\$ 540,000	\$ 540,000	\$ 2,908,000	16%	\$ 3,610,000	\$ 606,000	\$ 3,004,000	17%	
Senior & Youth Fees (paid to City)	232,000	-	-	232,000	0%	230,000	-	230,000	0%	
Non-NFL Event Expense	600,000	-	-	600,000	0%	-	-	-	NA	
Ground Rent (paid to City)	425,000	-	-	425,000	0%	390,000	-	390,000	0%	
Performance Rent (paid to City)	-	-	-	-	NA	555,000	-	555,000	0%	
Discretionary Fund Expense	250,000	-	-	250,000	0%	250,000	-	250,000	0%	
Utilities	1,586,000	370,500	370,500	1,215,500	23%	1,597,000	798,000	799,000	50%	
Use of StadCo Tenant Improvements	26,000	-	-	26,000	0%	73,000	-	73,000	0%	
Stadium Authority G&A	5,115,000	580,570	580,570	4,534,430	11%	4,581,000	508,710	4,072,290	11%	
Naming Rights Commission	88,000	44,122	44,122	43,878	50%	30,000	-	30,000	0%	
Legal Contingency	3,966,941	-	-	3,966,941	0%	9,231,000	-	9,231,000	0%	
Other Expenses	388,000	-	-	388,000	0%	1,400,000	193,000	1,207,000	14%	
College Football Playoff Expense	-	-	-	-	NA	-	727	(727)	NA	
Transfers Out	41,262,000	-	-	41,262,000	0%	42,847,000	22,888,899	19,958,101	53%	
Contribution to Operating Reserve	-	-	-	-	NA	348,000	-	348,000	0%	
Other Expenses Subtotal	\$ 57,386,941	\$ 1,535,192	\$ 1,535,192	\$ 55,851,749	3%	\$ 65,142,000	\$ 24,995,336	\$ 40,146,664	38%	
Total Expenses	\$ 64,679,000	\$ 3,166,497	\$ 3,166,497	\$ 61,512,503	5%	\$ 68,187,000	\$ 25,756,586	\$ 42,430,414	38%	
Operating Reserve										
Operating Reserve	\$ 9,693,657		\$ 11,940,523			\$ 11,593,270	\$ 11,592,741			
Discretionary Fund										
Discretionary Fund	\$ 2,327,832		\$ 2,327,850			\$ 2,302,075	\$ 2,327,850			

Debt Service Budget

The Stadium Authority's FY 2021/22 debt service revenue budget of \$483 thousand represents anticipated contributions from the Community Facilities District (CFD). The CFD levies and collects a special hotel tax on hotel rooms within the CFD. All collections from the special CFD hotel taxes are contributed to Stadium Authority to pay down the CFD advance. The CFD Advance is payable solely from amounts actually received by the Stadium Authority from the CFD. During the first quarter, \$158 thousand was contributed by the CFD. The CFD collections have declined due to the County health orders related to the COVID-19 pandemic.

Total Stadium Authority debt service expenses for the current reporting period were \$17.6 million, 46% of the budgeted amount. The debt service expenses for the CFD Advance, the Term A Loan, and the StadCo Subordinated Loan were \$421 thousand, \$16.9 million, and \$318 thousand, respectively.

As of June 30, 2021, the total outstanding amount of Stadium Authority debt had declined to \$282.8 million. This is a reduction in principal of \$14 million from the March 31, 2021 outstanding debt amount of \$296.8 million.

Additional details are shown in Tables 5 and 6 and Chart 1.

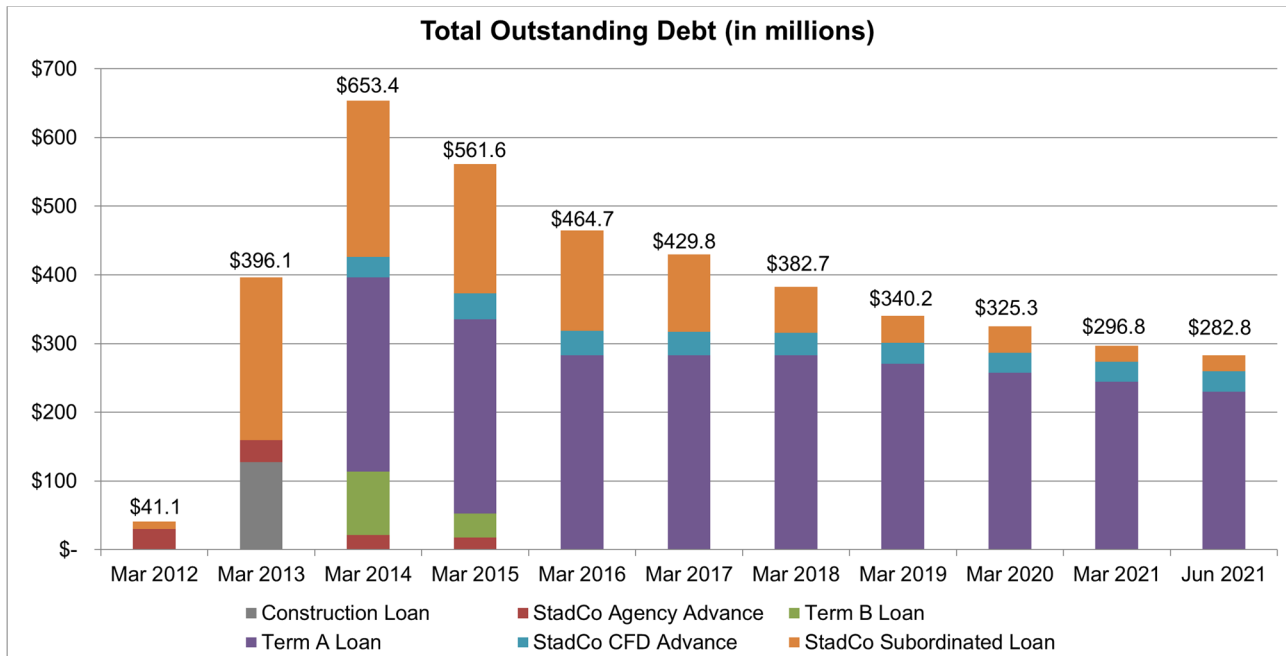
Table 5
Santa Clara Stadium Authority
Debt Service Budget Status Report
For the Period Ending June 30, 2021 and 2020

	Period Ending June 30, 2021					Period Ending June 30, 2020			
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Resources									
Revenues									
Contribution from CFD	\$ 483,000	\$ 158,418	\$ 158,418	\$ 324,582	33%	\$ 4,028,000	\$ 52,013	\$ 3,975,987	1%
Revenues Subtotal	\$ 483,000	\$ 158,418	\$ 158,418	\$ 324,582	33%	\$ 4,028,000	\$ 52,013	\$ 3,975,987	1%
Net Transfers In from Operating	37,572,000	-	-	37,572,000	0%	39,265,000	21,729,625	17,535,375	55%
Contribution from Fund Balance	-	17,479,852	17,479,852	(17,479,852)	NA	-	-	-	NA
Total Resources	\$ 38,055,000	\$ 17,638,270	\$ 17,638,270	\$ 20,416,730	46%	\$ 43,293,000	\$ 21,781,638	\$ 21,511,362	50%
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
Expenses									
CFD Advance	\$ 483,000	\$ 421,471	\$ 421,471	\$ 61,529	87%	\$ 3,989,000	\$ 792,083	\$ 3,196,917	20%
Term A Loan	25,529,000	16,898,728	16,898,728	8,630,272	66%	25,562,000	16,406,003	9,155,997	64%
StadCo Subordinated Loan	12,043,000	318,071	318,071	11,724,929	3%	13,742,000	13,893,380	(151,380)	101%
Total Expenses	\$ 38,055,000	\$ 17,638,270	\$ 17,638,270	\$ 20,416,730	46%	\$ 43,293,000	\$ 31,091,466	\$ 12,201,534	72%
Debt Service Reserve	\$ 11,536,235		\$ 11,536,235			\$ 11,536,235	\$ 11,536,235		
Fund Balance			\$ 4,019,532				\$ 2,914,223		

Table 6
Santa Clara Stadium Authority
Debt Summary Report
For the Period Ending June 30, 2021

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2021	Net Change	Outstanding as of June 30, 2021
Stadium Funding Trust Loan:				
Term A Loan	5.00%	\$ 244,160,240	\$ (14,022,000)	\$ 230,138,240
StadCo CFD Advance	5.73%	29,502,893	-	29,502,893
StadCo Subordinated Loan	5.50%	23,132,426	-	23,132,426
Total		\$ 296,795,559	\$ (14,022,000)	\$ 282,773,559

Chart 1



Capital Improvement Project Budget

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

A total of \$26 thousand has been spent in FY 2021/22, which amounts to 0.5% of the budget. The main reasons that this is below budget are (1) there has been little activity on warranty work which makes up 10% 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, and we believe that ManagementCo is working towards completing these duties for this fiscal year.

Additional details are shown below in Table 7.

Table 7
Santa Clara Stadium Authority
CIP Budget Status Report
For the Period Ending June 30, 2021 and 2020

	Period Ending June 30, 2021					Period Ending June 30, 2020			
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Beginning Balances	\$ 19,438,420	\$ 20,805,741	\$ 20,805,741	\$ (1,367,321)		\$ 17,837,300	\$ 17,010,611	826,689	
Resources									
Transfers In from Operating Budget	3,690,000	-	-	3,690,000	0%	3,582,000	1,159,274	2,422,726	32%
Transfers In from Stadium Manager	-	-	-	-	NA	-	-	-	NA
Total Resources	\$ 23,128,420	\$ 20,805,741	\$ 20,805,741	\$ 2,322,679	90%	\$ 21,419,300	\$ 18,169,885	\$ 3,249,415	85%
	Final Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
Expenses									
Construction	6,743,911	-	-	6,743,911	0%	4,725,327	-	4,725,327	0%
Equipment	5,734,770	26,229	26,229	5,708,541	0.5%	6,460,557	-	6,460,557	0%
Contingency	623,935	-	-	623,935	0%	559,296	-	559,296	0%
Stadium Warranty Related Construction	1,528,202	-	-	1,528,202	0%	1,528,202	-	1,528,202	0%
Total Expenses	\$ 14,630,818	\$ 26,229	\$ 26,229	\$ 14,604,589	0.2%	\$ 13,273,382	\$ -	\$ 13,273,382	0%
Ending Balances	\$ 8,497,602	\$ 20,779,512	\$ 20,779,512			\$ 8,145,918	\$ 18,169,885		

City of Santa Clara Net General Fund Impact

During the current reporting period there was a total of \$11,176 that was contributed to the General Fund as shown in Table 8. This section of the report also provides information on General Fund revenue and expenditure impacts resulting from the stadium.

Table 8

City of Santa Clara Net General Fund Impact

For Stadium Authority Fiscal Year to Date Ending June 30, 2021

Ground Rent	\$	-
Performance Rent		-
Senior and Youth Fee		-
Tasman Lots Parking Fee		-
Sales Tax		11,176
<hr/>		
Total Net General Fund Impact	\$	11,176

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. Public safety costs incurred in support of NFL and non-NFL events occurring in FY2021/22 will be reimbursed in full to the City of Santa Clara.

In addition to public safety costs, administrative costs are also tracked and billed to the Stadium Authority. These include the cost of providing overall stadium management, financial, human resource, legal, and other services to the Stadium Authority. In the first quarter of FY 2020/21, a total of \$291 thousand of administrative costs were incurred by the General Fund, which have been reimbursed to the City.

Rents and Senior and Youth Fee

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

Other Revenue Impacts

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

Food and beverage concession sales and merchandise sales at Levi's® Stadium are taxable, resulting in sales tax revenue for the City. The last quarter of sales tax collections from Levi's® Stadium transactions generated \$11,176 for the City's General Fund. In addition to the direct sellers at the Stadium, other businesses in Santa Clara are benefiting

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

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

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

Glossary

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

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

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

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

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

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

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

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

Offsite Parking Fees – Parking lot operators who wish to operate a parking lot for sports or entertainment venues are required to go through the City's permitting process. If approved, per the City's Municipal Fee Schedule, these operators remit an offsite parking fee for each car that is parked for sports or entertainment events. This fee is designed to recover the public safety costs associated with these permitted offsite parking lots. Therefore, when invoicing for NFL or Non-NFL public safety costs for a particular event held at Levi's® Stadium, the offsite parking fee that is collected for said event partly offsets the total public safety costs owed for that event. In the City's FY 2021/22 (July 1, 2021 through June 30, 2022) 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	(509,649)	-	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.

Melissa Lee

From: Emily Matthews <Emily.Matthews@49ers.com>
Sent: Tuesday, December 7, 2021 3:24 PM
To: Deanna Santana
Cc: Mayor and Council
Subject: Letter - Financial Status Report
Attachments: EM on NNE expenses 12-7-21 .pdf

Dear City Manager Santana,

Please find the letter attached regarding misrepresentations in the Financial Status Report.

Best,
Emily

EMILY MATTHEWS
Manager, Communications & Public Affairs
San Francisco 49ers
M 415.238.6939
SAP Performance Facility
4949 Marie P. DeBartolo Way
Santa Clara, CA 95054

POST MEETING MATERIAL



FORTY NINERS STADIUM MANAGEMENT COMPANY

December 7, 2021

VIA EMAIL - DSantana@SantaClaraCA.gov

Deanna J. Santana
Executive Director
Santa Clara Stadium Authority
1500 Warburton Avenue
Santa Clara, CA 95050

Ms. Santana:

We want to correct one of the misrepresentations in your Financial Status Report that is being presented to the Board tonight.

On page 7 of your report, City Staff has noted the following:

"The Stadium Manager invoiced the Stadium Authority \$150 thousand in estimated Non-NFL Events Expenses in this quarter. The invoice is premature, and the Stadium Manager did not provide adequate supporting documentation for the estimated expenses so the Stadium Authority withheld payments to this expense item in the first quarter."

The invoices are not "premature". The SCSA is required to fund its share of stadium expenses in advance, not in arrears based on the budget approved by the Stadium Authority. As we have explained to you previously and in Mr. MacNeil's e-mail to Mr. Lee on April 23, 2021, this delay in paying the SCSA's stadium expenses is in direct violation of the relevant stadium contracts. Section 5.5 of the Management Agreement is clear:

"Each of StadCo and the Stadium Authority shall provide to the Stadium Manager from time to time all such sums as are needed to pay their respective shares of Manager Operating Expenses and any StadCo Operating Expenses and Stadium Authority Operating Expenses, respectively, of the Stadium which are not paid from Operating Receipts available for that purpose, subject to the budgeting procedures and other limitations set forth in this Agreement."

Your assertion that there is "...inadequate supporting documentation for the estimated expenses..." is also false. We provided the documentation for budgeted expenses as part of the budget process. The Board approved the budget, and you have simply refused to pay the expenses.

While the Board directed SCSA staff to review certain documentation prior to distributing funds in connection with Shared Stadium Expenses (specifically salaries), it gave no such delegation of authority to SCSA staff in connection with Non-NFL Event expenses, which you are now refusing to fund. Those items were approved for payment without reservation. Your refusal to fund these approved FY21 expenses is not only in violation of the stadium contracts, it is in direct contravention of the SCSA Board's direction. The SCSA Staff's

refusal to implement the clear direction of the current SCSA Board in reliance on its own tortured reading of a 3-year-old resolution illustrates how SCSA Staff continues to show disdain for the elected officials and constituents that they have been tasked to serve.

Accordingly, you are in default and are incurring interest at the rate of 12% on the amounts that you have refused to fund.

Please arrange to pay these expenses without further delay.

Sincerely,

Emily Matthews
Manager, Communications & Public Affairs

Cc: Mayor & Council