



FORTY NINERS STADIUM MANAGEMENT COMPANY

FY2021-22 SCSA Budget Amendment Requests by Stadium Manager

With the positive developments regarding the ability for Levi's Stadium to host small and large Non-NFL Events coming out of the Covid-19 pandemic, combined with recent SCSA/City staffing additions approved by the SCSA Board, Forty Niners Stadium Management Company LLC ("Stadium Manager") proposes the below amendments to the Annual Stadium Authority Budget (the FY2021-22 budget, which was previously submitted pursuant to the Stadium Management Agreement by and between Santa Clara Stadium Authority, Forty Niners SC Stadium Company LLC ("StadCo"), and Stadium Manager). Stadium Manager requires the below requisitions to ensure that Stadium Manager's staffing is sufficient to return Levi's Stadium from the Covid-19 pandemic to full operation and to perform all obligations under the Stadium Management Agreement.

Employer (all positions): **Forty Niners Stadium Management Company (Stadium Manager)**

Position 1: **Head of Public Ticketed Events**

Budget amendment rationale: The global pandemic decimated the 2020 live entertainment business and the majority of the 2021 calendar year. In 2022 and 2023, there is an excellent opportunity to bring large scale events back to Levi's Stadium based on promoter concert touring calendars. In order to position Levi's Stadium in a place to host as many of these tours and events as possible, the Major Events team needs to continue to actively connect with all potential partners -- promoters, artist agents, booking agents, and sports club/league leadership. It is already an extremely competitive landscape, with all sports and entertainment venues nationwide competing to book shows and events.

Artist management, tour managers, and promoters have already been actively working on tour routing, event holds and negotiations for shows in 2022-23. Promoters are hungry to lock in shows as soon as possible to capture pent up consumer demand from the past year and a half. It is essential that we have the resources in place to be responsive and proactive in our communications and engagements with these parties.

Outreach and daily contact is essential for contact with promoters, touring agents and artist management to secure upcoming tour events. Additionally, there is a high expectation of immediate responsiveness when promoters are in need of additional information regarding calendar availability, expense estimates, term negotiations and ticket information. With a busy slate of inquiries already in play, the ability to balance the requests and expectations of promoters can be difficult without the proper resources.

The Head of Public Ticketed Events position is essential to securing events in an upcoming robust event calendar and maximizing potential event revenue in FY2022-23.

Special Events business update: In addition to the positive developments noted for Ticketed Events, as an update to the Special Events business, we are planning to hire the budgeted special events staff due to the encouraging feedback we are receiving from the marketplace. We expect that clients will be

looking to book Special Events at Levi's Stadium in the near future so it is essential to aggressively recruit for these staff now. This will both maximize the revenue for this year and set up the Special Events business for FY2022-23. No budget impact and no action by the SCSA Board is needed or being requested for these hires in the Special Events department, as the positions are already in the FY2021-22 budget.

Position 2: Director of SBL Information

Budget amendment rationale: Stadium Manager's requirement for this newly created position is in response to the SCSA's plan to hire a new Management Analyst in the current FY2021-22 budget. The additional time demands generated by this new, full-time SCSA headcount (the SCSA projects 100% of its time will be devoted to SCSA, 0% to the City of Santa Clara, at a loaded annual cost of ~\$200K) will require a new full-time employee hire by Stadium Manager. The Director, SBL Information's responsibilities will include the review of, tracking and timely responding to the requests and inquiries generated by the SCSA's new, full-time headcount. The expected hire date for this new position is August 15, 2021.

Position 3: Senior Financial Analyst

Budget amendment rationale: Stadium Manager's requirement for this newly created position is in response to the SCSA's growing financial staff, including a Management Analyst position at a loaded rate of ~\$195K in the Board approved FY2021-22 budget. This role was previously unfilled in FY2020-21.

The Senior Analyst position will assist in the daily management of SCSA financial operations, including reporting, budgeting and analysis, including the review of, tracking and timely responding to the requests and inquiries generated by the SCSA's new, full-time headcount. Duties for this position will also include assisting with the annual operating and capital budget preparation, and analyzing actual results and related budget variances. This role will also be responsible for building and analyzing ad hoc financial reports as requested.

Position 4: Director of Procurement

Budget amendment rationale: Stadium Manager requires this Director role to oversee the SCSA procurement of goods and services for Levi's Stadium.

The Director will also supervise the Procurement Manager (already included in the FY2021-22 budget) and collaborate with all Stadium Manager departments on procurement matters. The expected hire date for this position is August 1, 2021.

Positions 5 & 6: Accounting Manager; Staff Accountant

This is an amendment to increase the budgeted cost for two new accounting positions that were already approved in the FY2021-22 budget. The budget increase is due to the need to fill these positions earlier than was anticipated in the approved budget.

Budget amendment rationale: The new financial management system (FMS) will be separate from the existing 49ers accounting system per the SCSA's request.

The Stadium Manager will be entering additional transactions into the FMS. Stadium Manager anticipates being requested to create additional supporting documents for various transactions, and to make that support available to the SCSA for review throughout the year.

While the expectation is to start utilizing the new FMS in 2022, the Stadium Manager has begun searching for one full-time Staff Accountant to process this additional work flow, and one Accounting Manager to supervise that employee as well as manage all aspects of accounting for the SCSA. As provided in the Management Agreement, the Staff Accountant and Accounting Manager will both be full-time employees of the Stadium Manager and their labor costs will be charged 100% to the SCSA. **These two positions are already included in the Board approved FY2021-22 budget; however, we plan to accelerate their hire date, which will increase the FY2021-22 cost.** These two new employees will work with Armanino, the consulting firm engaged to identify and implement the FMS and corresponding procedures. Those new employees will also need time to get familiar with all the existing agreements, policies and procedures. They will be integral in helping establish the new processes when the FMS goes live.

Financial Impact: These two positions are already part of the Board approved FY2021-22 budget. Stadium Manager's request is to hire these essential roles sooner, on or about August 1, 2021, for the reasons noted above, necessitating a budget amendment of ~\$133K for FY2021-22.

Summary - Overall FY2021-22 financial impact:

The estimated total FY2021-22 financial impact to the SCSA of the four additional headcount requests and the proposed August 1 hiring of the two accountants is ~\$650K. We would be happy to share the individual compensation breakouts in a confidential setting similar to how we reviewed the Shared Stadium Expense personnel.

Thank you for your consideration.