

Santa Clara Stadium Authority

Action on Stadium Manager and StadCo's Request to Add SBLs to Field Seats in the North and South End Zones of Levi's Stadium

June 21, 2022 Item #8.A & 8.B



1

June 2021 Board Direction

- In response to the Stadium Manager's 2021 proposal to add SBLs to field seats, the Stadium Authority Board directed the Executive Director to engage in discussions with the Stadium Manager over:
 - Pursuing the SBLs,
 - Providing alternative options, and
 - Maximizing ticket reserve price for the 64 field seats.



2

2

POST MEETING MATERIAL

\$17,500 SBL Proposal

- Stadium Manager submitted an original proposal to add SBLs priced at \$10,000 per seat to the field seats in the North and South end zones of Levi's Stadium.
- Through discussions with SCSA staff, Stadium Manager and StadCo have agreed to add Stadium Builder's Licenses (SBLs) priced at \$17,500 per seat.
- The proposal is projected to generate Stadium Authority (SCSA) revenues totaling \$1.65M over the life of the SBLs (including ~\$300K in NFL Ticket Surcharge).

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3

3

\$17,500 SBL Proposal

- The proposal assumes the majority of field seats with SBLs priced at \$17,500 would be sold over three years.
- While 70 seats are available, the financial projections do not include anticipated revenue for SBLs for 6 ADA and ADA companion seats and 6 additional seats due to potential sight light obstructions and overall pricing.
- If SBLs are sold for any of those seats, SCSA revenue would exceed the \$1.65M projection.

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4

4

Location of Field Seats



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5

5

\$17,500 SBL

- Recommendation to price the SBLs at \$17,500 is based on various factors, including:
 - Field seats provide a unique, premier fan experience;
 - Pricing of SBLs throughout the stadium;
 - Stadium Manager has indicated that the field seats may have access to certain club areas;
 - Limited number of seats (70 seats or less);
 - StadCo's obligation to cover food and beverage costs, if any, and capital costs; and
 - Additional revenue for SCSA compared to the original \$10,000 SBL.

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6

6

StadCo Obligations

- StadCo has committed to the following obligations:
 1. SCSA will not be responsible for paying any complimentary food and beverage amenities/costs provided for these field seats.
 2. StadCo agrees to extend the May 31, 2022 cutoff date to sell tickets for any field seats that do not have SBLs to July 31, 2022.
 3. StadCo will be responsible for any initial capital costs and for any future capital improvements, maintenance, repairs, and replacements related to the field seats.

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7

7

SCSA Risks and Liabilities

- Any SBLs assigned to the field seats are amortized for 30-year life but SCSA, Stadium Manager, and StadCo cannot guarantee their availability each year.
- Annual renewal of the temporary field seats depends entirely on the NFL's approval.
- If a seat is not available, SBL agreement requires SCSA to guarantee the substitution of a comparable SBL or refund the unamortized portion of the SBL.
- Credit Agreement requires SBL proceeds to be used for debt repayment upon date of receipt.

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8

8

Required Agreements

- If SBLs are approved, it is recommended that the Executive Director be authorized to negotiate and execute an agreement with StadCo to formally document the new obligations and commitments of the parties.
- It is also recommended that the Executive Director be authorized to work with the Stadium Manager to make modifications to the SBL template form to include, among other things, a disclosure that the field seats are subject to annual NFL approval and provide clarifications and clean up language that is consistent with the SBL agreement in the Stadium Lease.

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9

9

Recommendation

1. Approve to add and sell SBLs priced at \$17,500 per seat for the field seats located in the North and South end zones of Levi's Stadium;
2. Authorize the Executive Director to negotiate and execute an agreement with StadCo regarding their obligations related to the field seats consistent with the staff report prior to the Stadium Manager selling SBLs for the field seats; and
3. Authorize the Executive Director to work with the Stadium Manager to make modifications and provide clarifications and clean up language to the SBL template form that is in compliance with the Stadium Lease.

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10

10

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