



SANTA CLARA STADIUM AUTHORITY
(a Component Unit of the City of Santa Clara, California)
Financial Statements
March 31, 2025 and 2024
(With Independent Auditors' Report Thereon)

SANTA CLARA STADIUM AUTHORITY
(a Component Unit of the City of Santa Clara, California)

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KPMG LLP
Suite 1400
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San Francisco, CA 94105

Independent Auditors' Report

The Board of Directors
Santa Clara Stadium Authority:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Santa Clara Stadium Authority (the Stadium Authority), a component unit of the City of Santa Clara as of and for the years ended March 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Stadium Authority's basic financial statements for the years ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Stadium Authority as of March 31, 2025 and 2024, and the changes in its financial position, and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Stadium Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Stadium Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a



substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Stadium Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Stadium Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025 on our consideration of the Stadium Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Stadium Authority's internal control over financial reporting or on compliance. That report is an integral part



of an audit performed in accordance with *Government Auditing Standards* in considering the Stadium Authority's internal control over financial reporting and compliance.

KPMG LLP

San Francisco, California
September 29, 2025

SANTA CLARA STADIUM AUTHORITY
(a Component Unit of the City of Santa Clara, California)
Management's Discussion and Analysis (Unaudited)
March 31, 2025 and 2024

The management's discussion and analysis of the Santa Clara Stadium Authority (Stadium Authority) provides an overall review of the Stadium Authority's financial activities for the fiscal years ended March 31, 2025 and 2024. The intent of this discussion and analysis is to look at the Stadium Authority's financial performance as a whole. Readers should review the discussion and analysis in conjunction with the basic financial statements, including the notes to the basic financial statements to enhance their understanding of the Stadium Authority's financial performance.

The Stadium Authority has elected to provide comparative financial statements to better assist the reader. The Stadium Authority's fiscal year runs from April 1 through March 31 to conform to the fiscal year of the Stadium Funding Trust (FinanceCo). The Stadium Authority is a component unit of the City of Santa Clara, California (City) whose fiscal year is July 1 through June 30.

The Stadium Authority exists as a public body, separate and distinct from the City. It was established to provide for development and operation of Levi's Stadium.

Financial Highlights

Key financial highlights for the fiscal year ended March 31, 2025 are as follows:

- The carrying value of Levi's Stadium, net of depreciation, is \$653.9 million.
- During the fiscal year, there were ten National Football League (NFL) games, eight large-scale ticketed Non-NFL events, and sixty-seven smaller special events held at Levi's Stadium.
- The Stadium Authority recognized \$83.3 million in operating revenue and \$62.0 million in operating expenses.
- The revenues from the Non-NFL events were \$23.8 million and the related expenses were \$13.6 million resulting in net Non-NFL event revenue of \$10.2 million.
- Debt service payments during the fiscal year totaled \$20.3 million. Overall remaining outstanding debt was reduced by \$9.1 million.
- The assets of the Stadium Authority exceeded its liabilities and deferred inflows of resources by \$178.4 million, an increase of \$25.7 million during the fiscal year, from the operation of Levi's Stadium.
- The City received \$1.0 million for stadium ground rent and 4.6 million for performance based rent. Additionally, the City is required to be fully reimbursed for all of its administration and public safety costs by either the Stadium Authority for Non-NFL events or Forty Niners SC Stadium Company LLC (StadCo) for NFL events.

Overview of the Financial Statements

This annual report consists of a series of financial statements and the notes to those statements. These statements are organized so the reader can understand the Stadium Authority as a financial whole. The basic financial statements provide both a short-term and long-term view of the Stadium Authority's financial activities and financial position.

The basic financial statements comprise the statements of net position, the statements of revenues, expenses, and changes in net position, the statements of cash flows, and the notes to the financial statements. The statements of net position provide information about the financial position of the Stadium Authority as a whole,

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including all of its long-term liabilities on the full accrual basis. The statements of revenues, expenses, and changes in net position provide information about all revenue and expenses. The statements of cash flows provide information about cash activities for the period.

Financial Analysis of the Stadium Authority as a Whole

The Stadium Authority's net position at March 31, 2025, March 31, 2024, and March 31, 2023 is as follows:

	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2025 increase (decrease)</u>	<u>FY 2024 increase (decrease)</u>
Assets:					
Capital assets	\$ 666,979,909	678,569,448	689,075,880	(11,589,539)	(10,506,432)
Other assets	759,390,232	765,846,369	755,730,577	(6,456,137)	10,115,792
Total assets	<u>\$ 1,426,370,141</u>	<u>1,444,415,817</u>	<u>1,444,806,457</u>	<u>(18,045,676)</u>	<u>(390,640)</u>
Liabilities:					
Current unearned revenue	\$ 16,394,288	16,129,950	15,654,465	264,338	475,485
Other current liabilities	27,693,381	37,184,066	22,962,052	(9,490,685)	14,222,014
Long-term unearned revenue	401,565,885	409,068,741	410,869,482	(7,502,856)	(1,800,741)
Other long-term liabilities	240,731,216	250,689,036	259,136,843	(9,957,820)	(8,447,807)
Total liabilities	<u>\$ 686,384,770</u>	<u>713,071,793</u>	<u>708,622,842</u>	<u>(26,687,023)</u>	<u>4,448,951</u>
Deferred inflows of resources					
Deferred inflows leases related	561,552,578	578,569,323	595,586,067	(17,016,745)	(17,016,744)
Total deferred inflows of resources	<u>\$ 561,552,578</u>	<u>578,569,323</u>	<u>595,586,067</u>	<u>(17,016,745)</u>	<u>(17,016,744)</u>
Net position:					
Net investment in capital assets	\$ 455,678,670	456,438,951	449,951,997	(760,281)	6,486,954
Restricted for:					
Debt service	12,654,503	12,298,802	20,844,381	355,701	(8,545,579)
Capital projects and other agreements	92,964,776	81,938,065	52,822,516	11,026,711	29,115,549
Unrestricted deficit	<u>(382,865,156)</u>	<u>(397,901,117)</u>	<u>(383,021,346)</u>	<u>15,035,961</u>	<u>(14,879,771)</u>
Total net position	<u>\$ 178,432,793</u>	<u>152,774,701</u>	<u>140,597,548</u>	<u>25,658,092</u>	<u>12,177,153</u>

Fiscal Year 2024-25 Analysis

Capital assets decreased when compared to the prior year by \$11.6 million due to annual depreciation, partially offset by equipment and buildings additions. Other assets decreased when compared to the prior year by \$6.5 million. This was due to the decrease in the long-term lease receivable that was paid by StadCo offset by an increase in accounts receivable from higher net Non-NFL event revenue. Liabilities decreased by \$26.7 million compared to the prior year. This is primarily due to the paydown of the Public Safety Cost 2024 Outstanding Balance (note 7), payment of performance-based rent payable to the City (note 6), principal payment of long-term debt (note 5) and decrease in unearned Stadium Builder License (SBL) revenue. Total net position for the Stadium Authority, as a whole, increased between March 31, 2024 and March 31, 2025 to \$178.4 million. This increase in net position of \$25.7 million is described below, with asset and liability changes being primarily due to a decrease in accounts payable and long-term liabilities.

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Fiscal Year 2023-24 Analysis

Capital assets decreased when compared to the prior year by \$10.5 million due to annual depreciation, partially offset by equipment and building additions. Other assets increased when compared to the prior year by \$10.1 million. This was due to increases in cash deposits from excess revenue distributions at year-end and naming rights accounts receivable resulting from a naming rights agreement extension offset by a reduction in lease receivables. Liabilities increased by \$4.4 million compared to the prior year. This is primarily due to the recognition of public safety costs over threshold (note 7) and performance-base rent (note 6), partially offset by decreases in long-term debt (note 5) and unearned SBL revenue. Total net position for the Stadium Authority increased between March 31, 2023 and March 31, 2024 to \$152.8 million. This increase in net position of \$12.2 million is described below, with asset and liability changes being primarily due to a decrease in long-term liabilities and deferred inflows of lease resources.

The Stadium Authority's revenues, expenses, and changes in net position for the fiscal years ended March 31, 2025, March 31, 2024, and March 31, 2023 are as follows:

	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2025 increase (decrease)</u>	<u>FY 2024 increase (decrease)</u>
Operating revenues	\$ 83,338,250	81,892,188	72,862,327	1,446,062	9,029,861
Operating expenses	(62,037,540)	(79,659,943)	(48,086,779)	17,622,403	(31,573,164)
Operating income	21,300,710	2,232,245	24,775,548	19,068,465	(22,543,303)
Nonoperating revenues	19,000,112	18,819,490	18,775,223	180,622	44,267
Nonoperating expenses	(18,051,305)	(12,342,207)	(14,198,663)	(5,709,098)	1,856,456
Income before contributions and other revenues	22,249,517	8,709,528	29,352,108	13,539,989	(20,642,580)
Contributions and other revenues	3,408,575	3,467,625	2,126,817	(59,050)	1,340,808
Increase in net position	25,658,092	12,177,153	31,478,925	13,480,939	(19,301,772)
Total net position – beginning of fiscal period	152,774,701	140,597,548	109,118,623	12,177,153	31,478,925
Total net position – end of fiscal period	<u>\$ 178,432,793</u>	<u>152,774,701</u>	<u>140,597,548</u>	<u>25,658,092</u>	<u>12,177,153</u>

Fiscal Year 2024-25 Analysis

Stadium Authority operating revenues increased by \$1.4 million when compared with the prior year. This was mainly due to increases in revenue from ticketed Non-NFL events, rents and licenses and NFL ticket surcharge. The operating expenses decreased by \$17.6 million compared to the prior year. This decrease is primarily due to lower Stadium Manger expenses, Non-NFL events expenses and public safety costs over threshold (note 7). The Stadium Authority recognized non-recurring expenses for buffet costs and public safety costs over threshold in fiscal year 2023-24 as a part of the 2024 Settlement Agreement (note 7).

Nonoperating revenues increased by \$181 thousand mainly due to an increase in bank interest revenue offset by a decrease in interest income from SBLs. Nonoperating expenses increased by \$5.7 million due to the

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payment to the City's general fund of excess revenues as described in the Stadium Lease (note 6). This is the first year that Stadium Authority excess revenues have been paid to the City (note 7).

Contributions and other revenues were \$3.4 million, a decrease of \$59 thousand from the prior fiscal year. These represent special hotel tax revenues collected to pay the CFD Advance Loan.

Fiscal Year 2023-24 Analysis

Stadium Authority operating revenues increased by \$9.0 million when compared with the prior year. This was mainly due to increases in revenue from ticketed Non-NFL events, rents and licenses and NFL ticket surcharge. The operating expenses increased by \$31.6 million compared to the prior year. This increase is primarily due to the 2024 Settlement Agreement, which resulted in an increase in buffet costs, performance-based rent and public safety costs over threshold (note 7). Non-NFL event expenses also increased due to larger ticketed Non-NFL events.

Nonoperating revenues increased by \$44 thousand mainly due to an increase in interest revenue offset by a decrease in miscellaneous other revenue. Nonoperating expenses decreased by \$1.9 due to a decrease in interest expense resulting from lower debt balances.

Contributions and other revenues were \$3.5 million, an increase of \$1.3 million over the prior fiscal year. These represent special hotel tax revenues collected to pay the CFD Advance Loan.

Capital Assets

The capital assets of the Stadium Authority are those which are used in the performance of the Stadium Authority's functions, including but not limited to infrastructure-related assets. These assets do not include StadCo's tenant improvements. At March 31, 2025, capital assets totaled \$667.0 million.

Further detail may be found in note 4 to the financial statements.

Debt Administration

At March 31, 2025, the Stadium Authority had total debt outstanding of \$219.6 million, as shown in detail in note 5 to the financial statements. Stadium Authority's debt comprised Stadium Funding Trust Term A loan of \$192.7 million and the CFD Advance Loan of \$27.0 million.

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Economic and Financial Overview

There is some uncertainty related to trade tariffs, fiscal policy, and geopolitical risk with the new administration, however, the local economy currently shows positive signs. Unemployment rates are low and property values in Santa Clara remain high. There continues to be commercial and residential development, including several projects in the vicinity of Levi's Stadium. The past few years have also seen increases in hotel nights and rates resulting in increases to Community Facilities District (CFD) taxes that flow to the Stadium Authority to pay down debt. Major financial factors impacting the Stadium Authority are:

- In May 2013, a Naming Rights Agreement with Levi Strauss & Co. (Levi's) was approved naming the Stadium "Levi's Stadium" for a term of 20 years. In January 2024, the First Amendment to Naming Rights Agreement with Levi's was approved extending the initial term an additional 10 years. The naming rights agreement and its first amendment calls for Levi's to pay a total of \$273.1 million to the Stadium Authority over the 30-year period. The agreement requires the Stadium Authority to hold at least 36 "Major Events" (with 25,000+ attendees) every three contract years. The Second Amendment to the Stadium Management Agreement states that Forty Niners Stadium Management Company, LLC (ManagementCo) would pay the Stadium Authority as liquidated damages the amount owed by the Stadium Authority to Levi's in the event the required number of events is not met. As of March 31, 2025, the Stadium Authority has received \$77.5 million in naming rights revenue.
- Stadium Builders Licenses (SBLs) entitle the license holder to priority rights to buy tickets for events at Levi's Stadium. The total value of the currently active SBL holders' licenses is \$562.2 million. Through March 31, 2025, \$566.4 million in SBL principal payments have been collected since inception. This is due in part to a number of SBL holders paying off or prepaying a large portion of their SBL, and defaulted SBLs being resold at full price. In addition to SBL collections, the Stadium Authority has collected \$71.1 million in interest from license holders who financed their SBLs since inception.
- The Stadium Authority collected \$24.8 million in lease revenue during the NFL season and \$10.2 million net revenue associated with hosting Non-NFL events for the fiscal year ended March 31, 2025.
- The Stadium Authority collects a 10% surcharge on the price of admission to all regular season NFL games and a \$4 per ticket surcharge for all ticketed Non-NFL events. For any ticketed Non-NFL event that was booked after May 28, 2024, the date of the 2024 Settlement Agreement, the ticket surcharge will be a minimum of \$8 per ticket. There were ten regular season NFL games held at Levi's Stadium during fiscal year ended March 31, 2025, which resulted in \$14.6 million in NFL ticket surcharge revenues. The Stadium Authority also recognized \$1.4 million in Non-NFL event ticket surcharge revenues from the eight large-scale ticketed events held at the Stadium. All eight large-scale events incurred the \$4 per ticket surcharge.

Contacting the Stadium Authority's Financial Management

This financial report is designed to provide our residents, taxpayers, investors, and creditors with a general overview of the Stadium Authority's finances and to demonstrate the Stadium Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Santa Clara Finance Department at 1500 Warburton Avenue, Santa Clara, CA 95050-3796.

SANTA CLARA STADIUM AUTHORITY
(a Component Unit of the City of Santa Clara, California)

Statements of Net Position

March 31, 2025 and 2024

Assets	2025	2024
Current assets:		
Cash	\$ 7,977,439	18,485,558
Restricted cash	89,150,424	78,573,023
Restricted cash with fiscal agent	16,553,017	15,909,843
Accounts receivable	23,280,276	19,453,027
Lease receivable	12,189,380	11,926,763
Total current assets	<u>149,150,536</u>	<u>144,348,214</u>
Capital assets:		
Buildings, net	653,918,308	670,543,336
Machinery and equipment, net	5,531,077	3,823,782
Construction in progress	7,530,524	4,202,330
Total capital assets	<u>666,979,909</u>	<u>678,569,448</u>
Right-to-use leased assets	26,338,396	27,136,529
Long-term restricted cash with fiscal agent	11,536,235	11,536,235
Long-term lease receivable	570,101,118	582,290,499
Long-term accounts receivable	2,263,947	534,892
Total noncurrent assets	<u>1,277,219,605</u>	<u>1,300,067,603</u>
Total assets	<u><u>\$ 1,426,370,141</u></u>	<u><u>1,444,415,817</u></u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 13,687,329	23,637,965
Retentions payable	252,042	—
Interest payable	5,245,166	5,773,075
Due to other City of Santa Clara funds	316,232	473,130
Lease liability, current portion	354,518	—
Term A loan payable, current portion	7,838,094	7,299,896
Unearned revenue, current portion	16,394,288	16,129,950
Total current liabilities	<u>44,087,669</u>	<u>53,314,016</u>
Lease liability	28,960,046	29,321,106
Term A loan payable	184,818,250	192,656,344
CFD advance loan payable	26,952,920	28,711,586
Unearned revenue	401,565,885	409,068,741
Total noncurrent liabilities	<u>642,297,101</u>	<u>659,757,777</u>
Total liabilities	<u><u>\$ 686,384,770</u></u>	<u><u>713,071,793</u></u>
Deferred Inflows of Resources		
Deferred inflows leases related	\$ 561,552,578	578,569,323
Total deferred inflows of resources	<u><u>\$ 561,552,578</u></u>	<u><u>578,569,323</u></u>
Net Position		
Net investment in capital assets	\$ 455,678,670	456,438,951
Restricted for:		
Debt service	12,654,503	12,298,802
Capital projects and other agreements	92,964,776	81,938,065
Unrestricted deficit	<u>(382,865,156)</u>	<u>(397,901,117)</u>
Total net position	<u><u>\$ 178,432,793</u></u>	<u><u>152,774,701</u></u>

See accompanying notes to financial statements.

SANTA CLARA STADIUM AUTHORITY
(a Component Unit of the City of Santa Clara, California)

Statements of Revenues, Expenses, and Changes in Net Position
Years ended March 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Charges for services	\$ 41,060,384	40,611,283
Rents and licensing	<u>42,277,866</u>	<u>41,280,905</u>
	<u>83,338,250</u>	<u>81,892,188</u>
Operating expenses:		
Leases	4,860,489	7,574,722
Materials, services, and supplies	36,325,126	51,815,537
Selling, general, and administrative expenses	2,286,484	2,033,263
Depreciation	<u>18,565,441</u>	<u>18,236,421</u>
	<u>62,037,540</u>	<u>79,659,943</u>
Operating income	21,300,710	2,232,245
Nonoperating revenues (expenses):		
Interest revenue	19,000,112	18,819,490
Interest expense	(11,885,849)	(12,342,207)
Other expense	<u>(6,165,456)</u>	<u>—</u>
Income before contributions and other revenues	22,249,517	8,709,528
Contributions and other revenues:		
Contribution from Community Facilities District	<u>3,408,575</u>	<u>3,467,625</u>
Change in net position	25,658,092	12,177,153
Net position – beginning of period	<u>152,774,701</u>	<u>140,597,548</u>
Net position – end of period	<u>\$ 178,432,793</u>	<u>152,774,701</u>

See accompanying notes to financial statements.

SANTA CLARA STADIUM AUTHORITY
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Statements of Cash Flows

Years ended March 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Receipts from customers	\$ 37,572,953	41,703,968
Payments to suppliers	(54,111,810)	(39,490,500)
Rents and licensing received	40,930,472	47,265,880
Net cash provided by operating activities	<u>24,391,615</u>	<u>49,479,348</u>
Cash flows from noncapital financing activities:		
Net borrowings from other City of Santa Clara funds	(156,898)	330,234
Distribution to City of Santa Clara	(6,165,456)	—
Net cash (used in) provided by noncapital financing activities	<u>(6,322,354)</u>	<u>330,234</u>
Cash flows from capital and related financing activities:		
Contribution from Community Facilities District	3,363,652	2,840,331
Acquisition and construction of capital assets	(6,236,653)	(7,079,493)
Principal payments on capital debt	(9,058,562)	(16,615,923)
Interest paid on capital debt	(11,420,300)	(12,067,695)
Net cash used in capital and related financing activities	<u>(23,351,863)</u>	<u>(32,922,780)</u>
Cash flows from investing activity:		
Interest and dividends	5,995,058	5,803,963
Net cash provided by investing activity	<u>5,995,058</u>	<u>5,803,963</u>
Net increase in cash and restricted cash	712,456	22,690,765
Cash and restricted cash, beginning of period	<u>124,504,659</u>	<u>101,813,894</u>
Cash and restricted cash, end of period	<u>\$ 125,217,115</u>	<u>124,504,659</u>
Reconciliation of operating income to cash provided by operating activities:		
Operating income	\$ 21,300,710	2,232,245
Depreciation	18,565,441	18,236,421
Lease revenues	7,745,255	7,250,256
Lease expenses	(1,000,000)	—
Change in operating assets and liabilities:		
Accounts receivable	(5,341,562)	657,660
Accounts payable and accrued liabilities	(9,639,711)	22,428,022
Unearned revenue	(7,238,518)	(1,325,256)
Net cash provided by operating activities	<u>\$ 24,391,615</u>	<u>49,479,348</u>
Noncash operating and capital financing activities:		
Equipment purchases included in accounts payable and accrued expense	\$ (58,884)	(147,638)

See accompanying notes to financial statements.

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Notes to Financial Statements

March 31, 2025 and 2024

(1) Organization and Reporting Entity

(a) Organization

On June 8, 2010, residents of Santa Clara voted to adopt Measure J, the Santa Clara Stadium Taxpayer Protection and Economic Progress Act, resulting in the approval to construct a new 68,500-seat football stadium (the Stadium) to be leased to the San Francisco 49ers (49ers). In addition, Measure J called for the creation of the Santa Clara Stadium Authority to own, develop, construct, operate, and maintain the Stadium project. The City of Santa Clara, California (City) and the City of Santa Clara Redevelopment Agency (Agency) entered into a Joint Exercise of Powers Agreement (JPA Agreement) establishing the Santa Clara Stadium Authority (Stadium Authority). The JPA Agreement was later amended to add the Bayshore North Project Enhancement Authority as a member of the Stadium Authority. On June 28, 2011, the Governor signed into law Assembly Bill No. X1 26 (ABX1 26), which called for the dissolution of Redevelopment Agencies throughout the State. The California State Supreme Court upheld ABX1 26, and as a result, on February 1, 2012, all California Redevelopment Agencies were dissolved. The Successor Agency of the City of Santa Clara (Successor Agency) then assumed the obligations of the Agency under the JPA Agreement.

(b) Financial Reporting Entity

As defined by US generally accepted accounting principles (GAAP), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

Based upon the application of these criteria, the Stadium Authority has no component units. However, the Stadium Authority is a component unit of the City due to the Mayor and City Council serving as the Board of the Stadium Authority and therefore meeting the financial accountability criteria. The City Manager serves as the Executive Director. The debt which was incurred for the construction of the Stadium is the responsibility of the Stadium Authority. The City is not a party to the debt nor has the City guaranteed such debt.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements of the Stadium Authority have been prepared in conformity with GAAP, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing government accounting and financial reporting principles. The Stadium Authority is included as an enterprise fund in the City's Annual Financial Report, and therefore, these financial statements do not purport to represent the financial position and changes in financial position of the City.

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(b) Basis of Accounting and Measurement Focus

The Stadium Authority reports its activities as a business -type activity. The financial statements include statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows, and are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statements of net position. Reported net position is segregated into three categories – net investment in capital assets, restricted, and unrestricted. The statements of revenues, expenses, and changes in net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

Operating revenues are those revenues that are generated from the primary operations of the Stadium Authority. All other revenues are reported as nonoperating. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

(c) Year-End

An amendment was made to the JPA Agreement on November 13, 2012 in part to change the fiscal year of the Stadium Authority from a July 1 through June 30 fiscal year to an April 1 through March 31 fiscal year to conform with the fiscal year of Stadium Funding Trust.

(d) Cash, Restricted Cash, and Restricted Cash with Fiscal Agent

The Stadium Authority’s cash is not pooled with the City but is held in separate bank and trust accounts.

(i) Composition of Cash, Restricted Cash, and Restricted Cash with Fiscal Agent

Cash, restricted cash, and restricted cash with fiscal agent at March 31, 2025 and 2024 consist of cash deposits in banks.

Restricted cash includes revenue that has not yet been transferred to Stadium Funding Trust accounts. On the fifteenth of the following month, all revenue is swept into the Stadium Funding Trust accounts as required by the Deposit and Disbursement Agreement and becomes restricted cash with fiscal agent. It also includes cash dedicated to construction and the capital expenditure, operating, and renovation/demolition reserve accounts.

Restricted cash with fiscal agent consists of stadium deposits pledged to a syndicate of lenders. The application of these deposits is restricted to Stadium Authority operations and debt service.

(ii) Reserves Authorized by Debt Agreements

Stadium Authority maintains required amount of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if Stadium Authority fails to meet its obligations under these debt issues. The California Government Code 53601 (L) allows these funds to be invested in

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accordance with the statutory provisions governing the issuance of those bonds, indebtedness, other arrangements, or certificates of participation in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(iii) Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its agent having a fair value of 105% to 150% of the Stadium Authority's cash on deposit. All of the deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions.

(e) Accounts Receivable

Accounts receivable are recorded in the Stadium Authority's accounts at the amounts that are contractually due. Accounts receivable include payments due from ManagementCo as a result of the operations of non-National Football League (NFL) events held at the Stadium and the overpayment of stadium manager expenses. Naming Rights revenue due from Levi's Strauss & Co., special tax proceeds collected by the Community Facilities District (CFD) and not yet paid to Stadium Authority pursuant to the CFD Reimbursement Agreement, and other miscellaneous receivables are also included as accounts receivable in the statements of net position.

(f) Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets with a value over \$10,000 and is charged as an expense against operations.

	Useful lives (years)
Buildings	20–50
Machinery and equipment	2–25

The cost of maintenance, repairs, minor replacements, and renewals are charged to operations as incurred. Major replacements, renewals, and betterments are capitalized. Sales and retirements of depreciable property are recorded by removing the related cost and accumulated depreciation from the accounts. Gains or losses on sales and retirements of property are reflected in the statements of revenues, expenses, and changes in net position.

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(g) Unearned Revenue and Revenue Recognition

Stadium Builder License (SBL) proceeds and payments received for other license agreements are initially recorded as unearned revenue and are recognized as revenue over the term of the contracts. SBL defaults are recognized in the year earned. Rental income is recognized as revenue based on GASB 87 over the term of the Stadium Lease (note 2(k)).

Non-NFL event revenue, NFL ticket surcharge, Non-NFL ticket surcharge, and other operating revenues are recognized as they are earned.

(h) Risk Management

Per the terms of the Stadium Lease, during operations, the Forty Niners SC Stadium Company LLC (StadCo) procures insurance and the Stadium Authority pays a proportionate share to StadCo.

(i) Income Taxes

The Stadium Authority falls under the purview of Internal Revenue Code, Section 115 and corresponding California Revenue and Taxation Code provisions. As such, the Stadium Authority is not subject to federal or state income taxes.

(j) Use of Estimates

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(k) Lease Agreements

GASB 87, *Leases*, requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources, for all leases.

Lessee – The Stadium Authority is a lessee for a noncancelable ground lease. The Stadium Authority recognizes any lease liability with an initial and individual value of \$100,000, and an intangible right-to-use leased asset (lease asset) in the statements of net position.

At the commencement of a lease, the Stadium Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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Key estimates and judgments related to leases include how the Stadium Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments as follows:

- The Stadium Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Stadium Authority generally uses its estimated incremental borrowing rate as the discount rate for leases. The Stadium Authority used a 2.18% discount rate for the expected lease payments to present value.
- The lease term includes the noncancelable period of the lease and options to extend that it is reasonably certain to exercise. The Stadium Authority has included the exercise of one of the four-year renewal options due to the time it would take and the complexity of negotiating new lease terms with lessor.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Stadium Authority is reasonably certain to exercise.

The Stadium Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. The Stadium Authority has the Ground Lease with the City (note 6). As of March 31, 2025, the balances related to the lease liability and right-to-use were \$29.3 million and \$26.3 million respectively. The lease has remaining terms of 34 years as of April 1, 2024. For both years ended March 31, 2025 and March 31, 2024, the Stadium Authority recognized \$798 thousand in lease amortization expense and \$648 thousand in interest expense related to this lease.

A summary of lease liability activity during the year ended March 31, 2025 is as follows:

	March 31, 2024	Additions	Reductions	March 31, 2025
Lease liability	\$ 29,321,106	—	(6,542)	29,314,564
Total lease liability	\$ 29,321,106	—	(6,542)	29,314,564

A summary of lease liability activity during the year ended March 31, 2024 is as follows:

	March 31, 2023	Additions	Reductions	March 31, 2024
Lease liability	\$ 29,321,106	—	—	29,321,106
Total lease liability	\$ 29,321,106	—	—	29,321,106

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Right-to-use leased assets for the years ended March 31, 2025 is as follows:

	March 31, 2024	Additions	Reductions	March 31, 2025
Right-to-use leased assets being depreciated:				
Land	\$ 29,530,929	—	—	29,530,929
Total right-to-use leased assets	29,530,929	—	—	29,530,929
Less accumulated depreciation for:				
Land	(2,394,400)	—	(798,133)	(3,192,533)
Total accumulated depreciation	(2,394,400)	—	(798,133)	(3,192,533)
Total right-to-use leased assets, net	\$ 27,136,529	—	(798,133)	26,338,396

Right-to-use leased assets for the years ended March 31, 2024 is as follows:

	March 31, 2023	Additions	Reductions	March 31, 2024
Right-to-use leased assets being depreciated:				
Land	\$ 29,530,929	—	—	29,530,929
Total right-to-use leased assets	29,530,929	—	—	29,530,929
Less accumulated depreciation for:				
Land	(1,596,266)	—	(798,134)	(2,394,400)
Total accumulated depreciation	(1,596,266)	—	(798,134)	(2,394,400)
Total right-to-use leased assets, net	\$ 27,934,663	—	(798,134)	27,136,529

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Future principal and interest payments on the lease liability are as follows as of March 31, 2025:

	<u>Principal</u>	<u>Interest</u>
Year ending March 31:		
2026	\$ 354,518	645,482
2027	362,325	637,675
2028	370,303	629,697
2029	378,456	621,544
2030	486,790	613,210
2031-2035	2,699,528	2,900,472
2036-2040	3,532,624	2,567,376
2041-2045	4,461,569	2,138,431
2046-2050	5,497,391	1,602,609
2051-2055	6,632,387	947,613
2056-2058	<u>4,538,673</u>	<u>201,327</u>
Total	\$ <u>29,314,564</u>	<u>13,505,436</u>

Lessor – The Stadium Authority is a lessor for noncancelable leases of land and building. The Stadium Authority recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Stadium Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue on a straight-line basis over the life of the lease term.

Key estimates and judgments include how the Stadium Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The Stadium Authority uses its estimated incremental borrowing rate as the discount rate for leases. The Stadium Authority used a 2.18% discount rate for the expected lease payments to present value.
- The lease term includes the noncancelable period of the lease and options to extend it believes the lessee is reasonably certain to exercise. The Stadium Authority has included the exercise of one of the four-year renewal options due to the time it would take and the complexity of negotiating new lease terms with lessee.
- Lease receipts included in the measurement of the lease receivable comprises fixed payments from the lessee.

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The Stadium Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. The Stadium Authority has the Stadium Lease with StadCo (note 6). As of March 31, 2025, the balances related to the lease receivable and deferred inflow of resources were \$582.3 million and \$561.6 million, respectively. As of March 31, 2024, the lease receivable and deferred inflow of resources were \$594.2 million and \$578.6 million, respectively. The lease has remaining terms of 34 years as of April 1, 2024. As of March 31, 2025, the Stadium Authority recognized \$17.0 million in lease revenue under the rents and licensing revenue category and \$12.8 million in interest revenue. Similarly, as of March 31, 2024, the Stadium Authority also recognized \$17.0 million in lease revenue under rents and licensing revenue category and \$13.1 million in interest revenue.

A summary of lease receivable activity during the year ended March 31, 2025 is as follows:

	<u>March 31, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>March 31, 2025</u>
Lease receivable	\$ 594,217,262	—	(11,926,764)	582,290,498
Total lease receivable	\$ <u>594,217,262</u>	<u>—</u>	<u>(11,926,764)</u>	<u>582,290,498</u>

A summary of lease receivable activity during the year ended March 31, 2024 is as follows:

	<u>March 31, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>March 31, 2024</u>
Lease receivable	\$ 605,887,066	—	(11,669,804)	594,217,262
Total lease receivable	\$ <u>605,887,066</u>	<u>—</u>	<u>(11,669,804)</u>	<u>594,217,262</u>

A summary of deferred inflows of resources activity during the year ended March 31, 2025 is as follows:

	<u>March 31, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>March 31, 2025</u>
Deferred inflows leases related	\$ 578,569,323	—	(17,016,745)	561,552,578
Total deferred inflows leases related	\$ <u>578,569,323</u>	<u>—</u>	<u>(17,016,745)</u>	<u>561,552,578</u>

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A summary of deferred inflows of resources activity during the year ended March 31, 2024 is as follows:

	<u>March 31, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>March 31, 2024</u>
Deferred inflows				
leases related	\$ 595,586,067	—	(17,016,744)	578,569,323
Total deferred inflows leases related	\$ 595,586,067	—	(17,016,744)	578,569,323

Future principal and interest receipts from the lease receivable are as follows as of March 31, 2025:

	<u>Principal</u>	<u>Interest</u>
Year ending March 31:		
2026	\$ 12,189,380	12,572,620
2027	12,457,780	12,304,220
2028	12,732,090	12,029,910
2029	13,012,439	11,749,561
2030	13,298,962	11,463,038
2031-2035	71,018,394	52,791,606
2036-2040	79,189,208	44,620,792
2041-2045	88,300,091	35,509,909
2046-2050	98,459,200	25,350,800
2051-2055	109,787,135	14,022,865
2056-2058	71,845,819	2,440,181
Total	\$ 582,290,498	234,855,502

(l) Consistency With Current Period Operations

Certain prior year amounts have been reclassified for consistency with the current year presentation. These classifications had no effect on the reported results of operations.

(m) Immaterial Correction of an Error

Amounts previously reported in the 2024 financial statements have been revised for certain immaterial corrections related to the accounting for the unearned revenue on defaulted SBLs, including decreasing unearned revenue, current portion and unearned revenue, noncurrent by \$0.8 million and \$22.3 million, respectively, and increasing rents and licensing and net position – beginning of period by \$0.8 million and \$22.3 million, respectively.

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(3) Stadium Development

(a) Transaction Overview

During fiscal year 2011-12, the Stadium Authority and StadCo entered into a series of agreements in connection with the construction of the Stadium. The Stadium was constructed and is owned by the Stadium Authority; certain tenant improvement components are owned by StadCo. Construction on the Stadium began in April 2012 and it was substantially completed in July 2014, in time for the 2014 NFL season.

The City owns the land on which the Stadium was constructed. The City has leased the land to the Stadium Authority under a ground lease, and the Stadium Authority has leased the Stadium to StadCo for the six-month period from August through January (the NFL season) of each year, for an initial lease term of 40 years. The Stadium Lease commenced in August 2014 upon substantial completion of construction.

The Stadium Authority and StadCo have engaged ManagementCo, an affiliate of StadCo, to manage the Stadium on a year-round basis. The Stadium Management Agreement has an initial term of 25 years, plus a 15-year renewal option. The Stadium Authority pays ManagementCo for services related to its operations on behalf of the Stadium Authority. For the years ended March 31, 2025 and 2024, ManagementCo charged the Stadium Authority \$7.7 million and \$8.6 million in shared expenses, and \$9.4 million and \$8.5 million in other operating and management expenses, respectively.

(b) Construction Funding

Funding for construction of the Stadium, excluding tenant improvements funded by StadCo, falls into three major categories: an initial construction loan from a bank syndicate, which was refinanced during 2013 as described below; funding from the StadCo Subordinated Loan; and construction period and other revenues.

(i) Stadium Construction Loan Facility

The initial financing included a delayed draw term loan facility (the Construction Facility) provided by a syndicate of banks (the Lenders) to Stadium Funding Trust (FinanceCo). FinanceCo, a Delaware statutory trust, entered into the Construction Facility with the Lenders and then issued a loan facility to the Stadium Authority in the amount of \$450 million (the Authority Loan). The Construction Facility had a maturity date of September 1, 2015. In June 2013, FinanceCo and the Stadium Authority refinanced the Construction Facility, resulting in FinanceCo paying off the Construction Facility and entering into a new debt structure that includes 26-year fixed rate notes and a delayed draw 5-year loan facility. FinanceCo then issued a new loan facility to the Stadium Authority in the amount of \$450 million. The Stadium Authority's loan facilities are discussed in note 5.

(ii) StadCo Subordinated Loan

In March 2012, StadCo agreed to loan the Stadium Authority up to \$500 million (the Subloan) to be used for the construction of Levi's Stadium. During the refinance process in June 2013, the interest rate on the Subloan was fixed and part of the then outstanding Subloan was paid down. The Subloan is discussed in note 5.

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(iii) *Construction Period and Other Revenues*

Certain revenues were collected by the Stadium Authority while the Stadium was under construction. These construction period and other revenues primarily consist of SBL and naming rights revenues collected by the Stadium Authority.

(4) Capital Assets

Capital asset activity for the year ended March 31, 2025 is as follows:

	Balance March 31, 2024	Additions	Reductions	Balance March 31, 2025
Nondepreciable assets:				
Construction in progress	\$ 4,202,330	7,062,604	(3,734,410)	7,530,524
Total nondepreciable assets	<u>4,202,330</u>	<u>7,062,604</u>	<u>(3,734,410)</u>	<u>7,530,524</u>
Capital assets being depreciated:				
Buildings	830,191,432	—	—	830,191,432
Machinery and equipment	7,002,901	2,849,575	—	9,852,476
Less accumulated depreciation for:				
Buildings	(159,648,096)	(16,625,028)	—	(176,273,124)
Machinery and equipment	(3,179,119)	(1,142,280)	—	(4,321,399)
Net depreciable assets	<u>674,367,118</u>	<u>(14,917,733)</u>	<u>—</u>	<u>659,449,385</u>
Net capital assets	<u>\$ 678,569,448</u>	<u>(7,855,129)</u>	<u>(3,734,410)</u>	<u>666,979,909</u>

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Capital asset activity for the year ended March 31, 2024 is as follows:

	Balance March 31, 2023	Additions	Reductions	Balance March 31, 2024
Nondepreciable assets:				
Construction in progress	\$ 2,095,393	7,029,295	(4,922,358)	4,202,330
Total nondepreciable assets	2,095,393	7,029,295	(4,922,358)	4,202,330
Capital assets being depreciated:				
Buildings	826,227,884	3,963,548	—	830,191,432
Machinery and equipment	6,141,531	861,370	—	7,002,901
Less accumulated depreciation for:				
Buildings	(143,121,336)	(16,526,760)	—	(159,648,096)
Machinery and equipment	(2,267,592)	(911,527)	—	(3,179,119)
Net depreciable assets	686,980,487	(12,613,369)	—	674,367,118
Net capital assets	\$ 689,075,880	(5,584,074)	(4,922,358)	678,569,448

(5) Long-Term Debt

(a) Long-Term Debt Summary

Changes in long-term debt for the year ended March 31, 2025 consisted of the following:

Type of indebtedness	Issue date	Due date	Interest rates	Outstanding as of March 31, 2024	Additions	Reductions	Outstanding as of March 31, 2025	Amounts due within one year
Business type activity debt:								
Stadium Funding Trust loan								
Term A loan	06/19/13	04/01/39	5.00 %	\$ 199,956,240	—	(7,299,896)	192,656,344	7,838,094
StadCo CFD Advance	04/01/13	12/31/54	5.73	28,711,586	—	(1,758,666)	26,952,920	—
Total				\$ 228,667,826	—	(9,058,562)	219,609,264	7,838,094

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Changes in long-term debt for the year ended March 31, 2024 consisted of the following:

Type of indebtedness	Issue date	Due date	Interest rates	Outstanding as of March 31, 2023	Additions	Reductions	Outstanding as of March 31, 2024	Amounts due within one year
Business type activity debt:								
Stadium Funding Trust loan								
Term A loan	06/19/13	04/01/39	5.00 %	\$ 215,415,240	—	(15,459,000)	199,956,240	7,299,896
StadCo CFD Advance	04/01/13	12/31/54	5.73	29,859,497	—	(1,147,911)	28,711,586	—
Total				\$ 245,274,737	—	(16,606,911)	228,667,826	7,299,896

(b) Stadium Funding Trust Loan

The Restated Credit Agreement by and among FinanceCo, the Stadium Authority and Goldman Sachs Bank was entered into on June 19, 2013. FinanceCo agreed to loan the Stadium Authority up to \$450 million. Under the Restated Credit Agreement, the loan from FinanceCo consists of the Term A Loan and the Term B Loan. On March 31, 2016, the Stadium Authority paid the remaining amount due on the Term B Loan.

(i) Term A Loan

The Term A Loan was made in the amount of \$282.8 million. This loan bears interest at a fixed rate of 5%, payable semiannually, with annual principal payments due beginning in April 2018. It has a maturity date in 2039 and is subject to certain prepayment premiums. The loan was fully drawn at closing. Debt service on this loan is secured by a pledge of available SBL revenues of Stadium Authority.

During the years ended March 31, 2025 and 2024 the Stadium Authority recorded \$9.6 million and \$10.0 million in interest expense and made a principal payments of \$7.3 million and \$15.5 million, respectively. As of March 31, 2025 and 2024, \$192.7 million and \$200.0 million was outstanding, respectively.

In the event of default under the loan agreement, FinanceCo has the right, upon written notice to the Stadium Authority, to accelerate and declare the Stadium Authority's obligation to repay the related loan to FinanceCo to be immediately due and payable.

(c) StadCo CFD Advance

In May 2010, the City completed the proceedings to establish CFD for the purpose of financing certain publicly owned facilities and public services associated with the Stadium.

On June 11, 2013, the CFD, the Stadium Authority, and StadCo entered into a Reimbursement Agreement under which the CFD would agree to reimburse the Stadium Authority for costs of the publicly owned facilities and public services constructed for the Stadium. The reimbursement can only be made from the special tax generated by the CFD, as and when received by the CFD.

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StadCo has agreed to advance to the Stadium Authority funds to pay for the CFD Infrastructure (StadCo CFD Advance). To evidence the Stadium Authority's obligation to repay the StadCo CFD Advance, the Stadium Authority and StadCo also executed a note on June 11, 2013. The StadCo CFD Advance has a maximum principal of \$38 million and an interest rate of 5.73%.

During the year ended March 31, 2025, as the special CFD tax was submitted to the Stadium Authority, a number of payments were made on the StadCo CFD Advance. StadCo CFD Advance payments were made midway through each quarter. The interest that accrued between the last StadCo CFD Advance payment and the end of the year is added to principal.

During the years ended March 31, 2025 and 2024 the Stadium Authority recorded \$1.6 million and \$1.7 million in interest expense and made principal payments of \$1.8 million and \$1.1 million, respectively. As of March 31, 2025 and 2024, \$27.0 million and \$28.7 million was outstanding, respectively.

(d) StadCo Subordinated Loan

The Restated StadCo Obligations Agreement dated as of June 19, 2013 was entered into by and between StadCo and the Stadium Authority as part of the take-out financing process. Under the Restated StadCo Obligations Agreement, StadCo will loan the Stadium Authority an amount not to exceed \$500 million with a fixed 5.50% interest rate. Required principal repayments started in March 2016 and the Stadium Authority may prepay the loan at any time. Debt service on this loan is secured by a pledge of available Stadium Authority revenues on a basis subordinate to outstanding senior loans, if any.

As of March 31, 2025 and 2024, there was no balance outstanding.

In the event of default under the loan agreement, StadCo has the right, upon written notice to the Stadium Authority, to accelerate and declare the Stadium Authority's obligation to repay the related loan to StadCo to be immediately due and payable.

(e) Management Company Revolving Loan

The Management Company Revolving Loan dated as of March 28, 2012 was entered into by and between the Stadium Authority and ManagementCo. The Management Company Revolving Loan provides borrowing to the Stadium Authority in an amount not to exceed \$25 million through the earlier of the end of the term of the Stadium Lease or the expiration of the Stadium Management Agreement, with interest at the prime rate payable quarterly. The Management Company Revolving Loan may be used solely for the purpose of enabling the Stadium Authority to pay Covered Stadium Authority Operating Expenses (as defined in the agreement) to the extent, and only to the extent that funds are not otherwise available.

As of March 31, 2025 and 2024, there was no balance outstanding.

(f) Pledge of Future Revenues

The pledge of future revenues ends upon repayment of the \$192.7 million in outstanding principal on the Term A which is scheduled to occur in fiscal year 2039-40. For fiscal year 2024-25, revenues including operating revenues and nonoperating interest earnings amounted to \$102.4 million and

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operating costs including operating expenses, but not interest, depreciation, or amortization amounted to \$43.5 million. Net revenues available for debt service amounted to \$58.9 million, which represented a coverage ratio of 7.6 on the \$7.8 million of debt service to be paid in the coming year.

(g) Long-Term Debt Maturities

Future principal and interest amounts due on long-term debt are as follows as of March 31, 2025:

	<u>Principal</u>	<u>Interest</u>
Year ending March 31:		
2026	\$ 7,838,094	10,785,314
2027	8,404,934	10,365,068
2028	9,001,865	9,914,975
2029	9,630,410	9,433,454
2030	10,292,166	8,918,846
Thereafter	<u>174,441,795</u>	<u>76,583,896</u>
Total	<u>\$ 219,609,264</u>	<u>126,001,553</u>

(6) Leases

(a) Ground Lease

On February 28, 2012, the Stadium Authority entered into a lease (the Ground Lease) with the City whereby the City leases the Stadium site to the Stadium Authority. The Ground Lease was amended on June 19, 2013. On May 28, 2024, the Second Amendment to the Ground Lease was executed to implement the terms of the 2024 Settlement Agreement (note 7).

The Ground Lease has an initial term of 40 years. The first lease year commenced on the first day following the substantial completion of construction (August 1, 2014) and ended on the next following March 31. The subsequent lease years will start on April 1 and end on the following March 31. The Stadium Authority will have five successive extension options, each four years in duration, which would commence following the initial term expiration date.

The Ground Lease provides that the City will receive a fixed ground rent (Fixed Ground Rent) of \$180 thousand for the first year of Stadium operations payable by the Stadium Authority. Beginning in the second year of Stadium operations and annually thereafter through the tenth year of Stadium operations, the Fixed Ground Rent will increase annually by \$35 thousand. Beginning in the 11th year of Stadium operations, Fixed Ground Rent will be increased to equal \$1 million, and thereafter will be increased by \$100 thousand every five years through the end of the initial term of the Ground Lease. If the term of the Ground Lease is extended, then, during the first extension term, the Fixed Ground Rent will equal \$1.58 million; and if and to the extent the Ground Lease is further extended, the Fixed Ground Rent will be increased by \$80 thousand every four years thereafter through the expiration of the term of the Ground Lease. Stadium Authority paid the City \$1 million and \$495 thousand in ground rent in each of the fiscal years ended March 31, 2025 and 2024.

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Future minimum payments due under the lease are as follows:

	<u>Lease Payments</u>
Year ending March 31:	
2026	\$ 1,000,000
2027	1,000,000
2028	1,000,000
2029	1,000,000
2030	1,100,000
Thereafter	<u>31,400,000</u>
Total	\$ <u><u>36,500,000</u></u>

The Ground Lease also provides that the City will receive a performance-based rent equal to 50% of the net income from Non-NFL events, less certain credits including 50% of the Fixed Ground Rent, payable by the Stadium Authority. If certain of the credits are not used within the year incurred or the next ten succeeding years, the credits will expire. The Stadium Authority reported a net Non-NFL event revenue of \$10.2 million and \$8.3 million in each of the fiscal years ended March 31, 2025 and 2024, which triggers a performance-based rent payment to the City. Performance-based rent payments of \$4.6 million and \$3.2 million have been made to the City for fiscal years ended March 31, 2025 and 2024, respectively.

(b) Stadium Lease

On March 28, 2012, the Stadium Authority entered into a lease with StadCo whereby the Stadium Authority leases the Stadium to StadCo. On June 19, 2013, the same parties entered into an Amended and Restated Stadium Lease Agreement (the Stadium Lease). The Stadium Lease was amended on May 28, 2024 to implement the terms of the 2024 Settlement Agreement (note 7).

The Stadium Lease has an initial term of 40 years commencing on the first day following the substantial completion of construction (August 1, 2014) and includes five successive options to extend the term by four years each. The Stadium Lease is divided into two seasons:

- The Tenant Season, which includes the NFL season (including preseason, regular season, and postseason NFL games) and runs from August 1 through January 31; and
- The Stadium Authority Season, which runs from February 1 through July 31.

Pursuant to the Stadium Lease, the Stadium Authority and StadCo will be entitled to receive and collect separate revenues. Rent payable by StadCo to the Stadium Authority is \$24.8 million per year. The lease also provides for a fair market rent adjustment in year 33.

The Stadium Authority received \$24.8 million in stadium rent from StadCo in each of the fiscal years ended March 31, 2025 and 2024.

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The Stadium Authority may elect to expand the Tenant Season to consist of the entire lease year, from April 1 through the next succeeding March 31 (Stadium Authority Put Right), by delivering written notice to StadCo. The Stadium Authority Put Right may be exercised at any time during lease year 13, or at any time that the Management Company Revolving Loan balance exceeds \$20 million. The expansion of the Tenant Season will be effective as of the applicable Tenant Season Expansion Date as set forth in the Stadium Lease. Effective from and after the Tenant Season Expansion Date and continuing through the remainder of the Stadium Lease term, the Tenant Season will consist of the entire lease year.

(7) Commitments and Contingencies

(a) Asset Retirement Obligation

Pursuant to the Ground Lease, the Stadium Authority may be required to demolish the Stadium and other improvements at the end of the lease term, upon written notice from the City. Pursuant to the Stadium Lease, the Stadium Authority has been establishing reserves to fund the cost of demolishing the stadium at the end of the lease term. While such reserves are projected to cover the entire demolition cost, StadCo will be responsible for funding any shortfall.

(b) 2024 Settlement Agreement

On May 23, 2024, the Stadium Authority, the City, StadCo, and ManagementCo entered into the 2024 Settlement Agreement that resolved pending arbitration and disputes regarding the reimbursement of expenses for complementary buffets provided to certain SBL holders, the NFL public safety cost threshold and related claims, as well as other miscellaneous terms and matters. The 2024 Settlement Agreement provided for amendments to the Ground Lease (Second Amendment) and the Stadium Lease (First Amendment), which were effective as of May 28, 2024. As part of the buffet costs settlement, StadCo's claims against the Stadium Authority for unpaid buffet costs reimbursements for fiscal years 2014-15 through 2023-24 were resolved and deemed satisfied, and ManagementCo's previous (and disputed) draw under the Revolving Credit Agreement to reimburse StadCo for \$902 thousand for buffet costs in fiscal year 2022-21 was deemed a timely payment by Stadium Authority. The 2024 Settlement Agreement also provided a new \$90 thousand buffet reimbursement fee per NFL Game owed by Stadium Authority to StadCo, starting in fiscal year 2024-25, with the fee increasing each year by 3%. As part of the public safety costs settlement, the \$14.8 million of public safety costs over the threshold for fiscal year 2017-18 through fiscal year 2023-24 owed by Stadium Authority to StadCo was agreed to not be treated as Credited Public Safety Costs and therefore those credits would not affect the calculation of Performance Based Rent. This cost due to StadCo has been redefined as Public Safety Cost 2024 Outstanding Balance, which would be paid from a legal contingency reserve and future excess revenues until paid off. In fiscal year 2024-25, the Stadium Authority made a payment of \$3.3 million from a legal contingency reserve and a payment of \$6.2 million from excess revenues toward the Public Safety Cost 2024 Outstanding Balance, as agreed. The Stadium Authority is expected to use a portion of its excess revenues to pay off the remaining \$5.3 million in future years.

The 2024 Settlement Agreement also allows for the payment of the Performance Based Rent from the Stadium Authority to the City in the amount of \$7.3 million for fiscal years 2022-23 and 2023-24.

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(c) Public Safety Costs Over Threshold

Pursuant to the May 2024 Settlement Agreement, on May 28, 2024, the Stadium Authority entered into the First Amendment to Amended and Restated Stadium Lease Agreement with the Forty Niners SC Stadium Company LLC (StadCo). Under that amendment agreement, reimbursements for Public Safety Cost 2024 Outstanding Balance will be partially paid using Litigation Contingency Reserves, with the remainder to be paid through excess revenues. As of March 31, 2025, the Stadium Authority has \$5.3 million outstanding in the Public Safety Cost 2024 Outstanding Balance included within accounts payable.

In addition, the annual NFL Public Safety Cost Threshold was increased to \$360 thousand per game for lease year ending March 31, 2025, with a 4% escalator applied for each subsequent year. The amendment agreement also provided for a new Public Safety Costs Expenditures reserve account, funded in part by increases of Non-NFL Ticket Surcharges. To the extent that public safety costs for NFL events exceed the public safety cost threshold, StadCo will be reimbursed by the Stadium Authority through payments from the Stadium Authority's Discretionary Fund or the Public Safety Cost Reserve. For fiscal year ending March 31, 2025, the Stadium Authority paid \$2.5 million to StadCo for public safety costs over threshold.

(d) Excess Revenue Distributions

Pursuant to the May 2024 Settlement Agreement and the related First Amendment to Amended and Restated Stadium Lease Agreement, the use of excess revenues was restructured to facilitate the reimbursement of the Public Safety Cost 2024 Outstanding Balance to StadCo and to allow for funds to be distributed to the City's general fund. The flow of excess revenue was restructured such that, in the event the Renovation and Demolition Reserve is less than \$70 million, the Stadium Authority will deposit up to 50% of available excess revenues in the Renovation and Demolition Reserve, up to 50% of available excess revenues to repay to StadCo the Public Safety Costs 2024 Outstanding Balance, and any remaining excess revenues to be treated additional disbursements, such as distribution to the City's general fund. Once the Public Safety Costs 2024 Outstanding Balance is paid in full, the Stadium Authority will disburse up to 50% of the remaining excess revenues to the Renovation and Demolition Reserve, and the remainder of excess revenues can be distributed to the City's general fund. After the Renovation and Demolition Reserve has \$70 million, the remaining available excess revenues may be distributed by Stadium Authority to the City's general fund.

For fiscal year ending March 31, 2025, the Stadium Authority transferred \$12.3 million to the Renovation and Demolition Reserve, paid \$6.2 million to StadCo to pay down the Public Safety Cost 2024 Outstanding Balance, and paid \$6.2 million to the City's general fund.

(8) Subsequent Events

Management has evaluated subsequent events through September 29, 2025, which is the date the financial statements were available to be issued, and determined there are no other items to disclose.