

ATTACHMENT 1

Summary of Stadium Authority Actions – Stadium Manager Response

Stadium Authority Action	Stadium Manager Response
October – March, 2019	Stadium Manager advises Stadium Authority of intent to execute contract with a vendor for \$495,000. Stadium Manager initiates work and invoices the Stadium Authority. Stadium Manager confirms that a bid process was conducted and the vendor providing the best value was selected. Through review of the procurement documents submitted, it is determined that the Stadium Manager did not comply with state and local laws, including state prevailing wage, public works, and public procurement laws.
March 2019 -- Stadium Authority issued Notice of Breach of the Management Agreement due to the Stadium Manager's failure to comply with the California Labor Code and Department of Industrial Relations regulations for prevailing wage requirements for contracts paid for in whole or in part by public funds. Notice also identified Stadium Manager's failure to comply with the Stadium Authority Procurement Policy set forth in Santa Clara City Code Chapter 17.30.	Stadium Manager failed to cure within the 30 days provided for in Section 11.1 of the Management Agreement. Stadium Manager's counsel conceded on April 24, 2019 via Letter that Stadium Manager did not meet "strict and total compliance" with the prevailing wage laws, and that compliance going forward remains uncertain.
March 2019 -- Stadium Authority Board directed Stadium Manager to provide copies of all contracts let under the delegated procurement authority under the code and in the agreement since stadium opening in 2014, as well as all contracts that Stadium Manager entered into for non-NFL events (ticketed and non-ticketed).	Stadium Manager partially responded; records were limited to some Stadium Authority Capital Expenditure Fund expenses.
April 2019 -- Stadium Authority requested information from Stadium Manager regarding a potential conflict of interest, including a copy of the contract, between Stadium Manager and Venue Next.	Stadium Manager communicated that there was no conflict of interest, but upon an internal review returned \$52,188 to the Stadium Authority for Shared Stadium Expense paid to another company (Visual Labs) due to creates "the appearance of a conflict of interest". Stadium Authority referred this matter to the FPPC and FPPC confirmed an investigation into the matter.
April 2019 – Stadium Authority issued a Notice of Default of the Management Agreement to Stadium Manager for its failure to cure the Notice of Breach issued on March 21, 2019 for the NEx Systems Surfaces Contract.	Stadium Manager provided an insufficient package of materials for the NEx Systems remediation.
April/May 2019 -- Stadium Authority forwarded Public Records Act requests to Stadium Manager for response, as required under both City Code section 17.30.160 and under California Government Code Section 6250.	Stadium Manager did not produce required documents.

Stadium Authority Action	Stadium Manager Response
<p>May 2019 – Stadium Authority notified Stadium Manager that based on Stadium Authority Board direction and multiple areas of legal noncompliance, along with a failure to produce financial documentation and Stadium Authority records, the Stadium Authority will suspend its monthly Shared Stadium Expenses payments to the extent that such payments include requests for contractual services that are noncompliant until such time that these matters are resolved and compliance is achieved.</p>	<p>Stadium Manager has elected to issue a loan of funds made under the Revolving Credit Agreement instead of providing the supporting documents to release payments. And, on July 26, 2019, Stadium Authority received notice regarding Stadium Manager's legal filing demanding accelerated arbitration for the payment of Shared Stadium Expenses and other Stadium Manager expenses.</p>
<p>June 2019 – Stadium Authority issued a Notice of Breach of the Management Agreement to Stadium Manager for its failure to comply with its contract procurement obligations by failing to comply with applicable prevailing wage regulations; and with applicable conflict of interest requirements. Stadium Manager's noncompliance constitutes a breach of Stadium Manager's contractual and legal obligations and has placed the Stadium Authority in several potential violations of California State Law.</p>	<p>Stadium Manager response is insufficient and action to cure did not take place.</p>
<p>June 2019 – Stadium Authority Counsel discussed remediation of past public works at Levi's Stadium with regards to prevailing wage. Stadium Manager to provide documentation for all past procurement; both parties agreed to joint representation, and on what data to collect to ensure future compliance.</p>	<p>Stadium Manager's efforts to correct past violations of State Prevailing Wage laws have been slow, with only one contract submitted for correction over past six months.</p>
<p>August 2019 – Stadium Authority issued a Notice of Default due to Stadium Manager's failure to cure the June Notice of Breach, issued for the Stadium Manager's failure to comply with its contract procurement requirements, failure to comply with applicable prevailing wage requirements, and failure to comply with applicable conflict of interest requirements.</p>	<p>The Forty Niners SC Stadium Company LLC (StadCo) provided notice, that a Dispute or Controversy has arisen under the Stadium Lease Documents, including the Management Agreement due to their concern that the Stadium Authority intends to terminate the Management Agreement.</p>
<p>August 2019 – Stadium Authority issued a Notice of Breach of the Management Agreement to Stadium Manager for its failure to provide a Procurement Report for Fiscal Year 2018/2019, as well as for previous fiscal years, pursuant to Santa Clara City Code, and per the June written request from Stadium Authority.</p>	<p>Stadium Manager has not produced the required report.</p>