

3/23/21

Item # 5

Santa Clara Stadium Authority

Proposed Santa Clara Stadium Authority FY 2021/22
Budget, Stadium Operation and Maintenance Plan,
and 2021 Marketing Plan
Item #5 (21-46)

March 23, 2021



Agenda

1. Standard of Care
2. Fiduciary Responsibility
3. Budget Development Schedule
4. Update from Study Session and Key Issues
5. Stadium Authority Operating Budget
6. Stadium Authority Debt Budget
7. Stadium Authority Capital Budget
8. 2021 Marketing Plan
9. FY 2021/22 Stadium Operations Management Plan (SOMP)
10. Meet and Confer
11. Conclusion
12. Alternatives
13. Recommendations

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POST MEETING MATERIAL

Management Agreement – Standard of Care

2.9 Standard of Care. Subject to the limitations set forth in this Agreement, the Budget, and the Stadium Lease, the Stadium Manager shall exercise **prudent, commercially reasonable good faith efforts in managing** and operating the Stadium in accordance with the terms hereof so as to (a) maintain the Stadium in the Required Condition and operate the Stadium as **a quality NFL and multi-purpose public sports, public assembly, exhibit and entertainment facility, to a standard of quality comparable to other similar facilities** (except that the parties recognize that portions of the Stadium may be in need of capital upgrades); (b) **control Manager Operating Expenses**, StadCo Operating Expenses and Stadium Authority Operating Expenses; and (c) **maximize Operating Revenues**.

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Fiduciary Responsibility

Fiduciary: person or organization that acts on behalf of another person or persons, putting their clients' interest ahead of their own, with a duty to preserve good faith and trust. Being a fiduciary thus requires being bound both legally and ethically to act in the other's best interests. ⁽¹⁾

Areas of Responsibility:

- Prudent, commercially reasonable good faith efforts in managing
- Multi-purpose public facility with a standard of quality comparable to other similar facilities
- Maximize Revenues
- Control Manager Operating Expenses

4 ⁽¹⁾ Source: Investopedia.com

FY 2021/22 Budget Development

November 2020	Stadium Authority staff worked with ManagementCo to discuss the annual budget plan which included the dates that ManagementCo would provide all necessary documents as required by the Stadium Lease and Stadium Management Agreement. During this dialogue, a calendar of deliverables was agreed upon.
January 2021	<p>At least 45 days prior to the start of the fiscal year (January 29) ManCo provided the required documents per the Stadium Agreements:</p> <ul style="list-style-type: none"> • Stadium Operations and Management Plan • Annual Shared Expense Budget with Five Year Projection • Annual Stadium Authority Operations Budget • Annual Public Safety Budget • Capital Expenditure Plan with Five Year Projection • Non-NFL Event Marketing Plan • Public Safety Document Updates
February 2021	Staff analyzed ManCo's budget submission. A list of questions and a request for additional details were submitted to ManCo on February 9. On February 19, ManCo responded to the list of questions submitted.
Feb 25, 2021 March 9, 2021	<ul style="list-style-type: none"> • Release of Proposed FY 2021/22 Operating, Debt Service, and Capital Budget • Study Session to receive Board and public input on the SCSA's proposed budget
March 23, 2021	Public Hearing to approve the SCSA Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget and Approve the Stadium Operations Management Plan

FY 2021/22 Budget Development (cont.)

- **Executive Director's Transmittal Letter**
- **Organization Information**
- **General Information**
- **Year in Review for both NFL and Non-NFL Events**
- **Operating Budget**
 - Stadium Authority General and Administrative Budget
 - Stadium Manager Shared Expenses and 5 Year Forecast
- **Debt Service Budget**
- **Capital Budget**
 - Capital Expenditure Plan and 5 Year Forecast
- **Stadium Authority Work Plan**

FY 2021/22 Budget Development (cont.)

Attachments:

1. Proposed Santa Clara Stadium Authority Fiscal Year 2021-22 Operating, Debt Service, and Capital Budget
2. March 9, 2021 Proposed Santa Clara Stadium Authority Fiscal Year 2021-22 Operating, Debt Service, and Capital Budget and Staff Presentation
3. March 9, 2021 Agenda Report 21-405 Draft 2021 Non-NFL Events Marketing Plan for Levi's Stadium and Staff Presentation
4. Annual Public Safety Budget
5. Stadium Authority Budget Policy
6. Stadium Authority Compliance and Management Policy
7. Stadium Authority Budget Submittal Questions and ManagementCo Responses to Questions
8. 2021 Marketing Plan Questions
9. December 1, 2020 Letter regarding FY2019/20 Non-NFL Event Documentation
10. Responses to SCSA Board Questions from March 9 and 10 Study Sessions

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Update from Study Session

- During the Study Sessions, the Board provided valuable feedback and asked pertinent questions. Staff has included responses to those questions as part of this report (Attachment 10)
- SCSA Executive Director, Counsel, and Treasurer met with the Stadium Manager on March 16, 2021 to meet and confer on areas of disagreement on Proposed Budget.
 - Stadium Manager Shared Expenses
 - CapEx (Levi's Sign Replacement)
 - Stadium Authority General and Administrative Costs

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Key Issues

- **Capital Projects**

- Serious concern remains that the Stadium Manager is unable to complete the projects in this budget
- The Stadium Authority has raised this issue with the Stadium Manager for over two years and has yet to receive a plan to implement projects
- It is recommended that the Board direct the Stadium Manager to present a procurement plan/schedule

- **SCSA General and Administrative Budget**

- The budget \$5.12 million for the Stadium Authority's administrative oversight of the Stadium
- The Stadium Manager is requesting a reduction to this budget to \$3 million; Measure J restricts the use of City funds to cover any Stadium related expenses
- Because of the Stadium Manager's role of submitting the budget to the Trust, staff recommends that the Board direct the Stadium Manager to include \$5.12 million of SCSA G&A in the budget submitted to the Trust

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Key Issues (cont.)

- **Non-NFL Events**

- The budget includes a Net Non-NFL loss of \$600 thousand for FY2021/22. This would be the third year in a row that Non-NFL events resulted in a loss
- The first year of loss occurred in FY2019/20 totaling \$2.7 million
 - SCSA staff submitted questions to Stadium Manager to address documentation on December 1, 2020 (Attachment 9)
 - To date, SCSA has not received any answers
- It is recommended that the Board direct the Stadium Manager to respond to the December 1, 2020 questions

- **Shared Expenses**

- \$8.1 million set aside in Legal Contingency to cover Shared Expenses
- It is recommended that the Board delegate authority to the Executive Director to approve budget amendments that move the Legal Contingency to Shared Expenses after the review of adequate documentation for costs

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SANTA CLARA STADIUM AUTHORITY

Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget



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Stadium Authority Budget Flowchart



Note: The \$11.3 million difference between the Operating Budget and the Total Budget includes capital projects funded by beginning fund balance (\$10.9 million) and debt service funded by the CFD (\$400 thousand).

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FY 2021/22 Operating Budget Revenues

NFL Ticket Surcharge	\$ 8,665,000
SBL Proceeds	23,682,000
Interest	56,000
Non-NFL Event Revenue	0
Naming Rights	7,165,000
Sponsorship Revenue (STR)	325,000
Rent	24,762,000
Senior & Youth Program Fees	232,000
Non-NFL Event Ticket Surcharge	150,000
Total Revenues	\$65,037,000

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FY 2021/22 Operating Budget Expenses

Shared Stadium Manager Expenses	\$3,136,000
Legal Contingency	8,123,000
SBL Sales and Service	3,448,000
Net Expense from Non-NFL Events	600,000
Senior and Youth Program Fees	232,000
Ground Rent	425,000
Performance Rent	0
Discretionary Fund Expense	250,000
Utilities	1,586,000
Use of StadCo Tenant Improvements	26,000
Stadium Authority General & Administrative	5,115,000
Naming Rights Commission	88,000
Other Expenses	388,000
Transfers Out	41,262,000
Total Expenses	\$64,679,000

Paid to
the
City's
General
Fund

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Santa Clara Stadium Authority Discretionary Fund

Projected Beginning Balance	50% of FY 2021/22 Non-NFL Event Ticket Surcharge	FY 2021/22 Discretionary Fund Expense	Projected Ending Balance
\$2,327,850	\$75,000	\$250,000	\$2,152,850

- The Discretionary Fund has been used to cover NFL public safety costs above the public safety cost threshold, public safety capital expenses, and other items at the Stadium Authority's discretion.

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Santa Clara Stadium Authority FY 2021/22 Debt Service

Debt Type	Budget
CFD Advance	\$483,000
Term A Loan	25,529,000
StadCo Subloan	12,043,000
Total	\$38,055,000

- Debt Service amount of \$38 million includes Principal (\$24.9M) and Interest Payments (\$13.1M)
- Total Outstanding Debt is projected to decrease by \$23.7 million (principal payments offset by interest capitalization) from \$294.6 million to \$270.9 million

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Santa Clara Stadium Authority FY 2021/22 Capital Budget

Total Capital Budget of \$14.6 million

- **Stadium Improvements - \$13.1 million**
 - **New Projects (\$3.4 million)**
 - Construction (\$2.9 million): coating main deck/general areas, field turf track replacement
 - Equipment (\$500 thousand): public safety and security
 - **Carryover Projects (\$9.7 million)**
 - Construction (\$4.1 million): Stadium wayfinding signage, women's locker room
 - Equipment (\$5.6 million): public safety, FMS, cooling tower repairs
- **Stadium Warranty-Related Construction - \$1.5 million**
 - Part of the original Stadium Development/Construction Budget

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2021 Marketing Plan

- The Board demonstrated interest in having an independent third-party review and assess the Marketing Plan to ensure a turnaround strategy that would result in generating revenue for the Stadium Authority
 - Stadium Authority staff transmitted the Board's questions to the Stadium Manager regarding the Marketing Plan as detailed in Attachment 8
- Responses were expected from the Stadium Manager on March 15, 2021; and received after production of the report and are included as post meeting materials
- Stadium Manager did not agree that the decline in financial performance of Non-NFL events was a result of a shortcoming in the Marketing Plan. However, they said that they would be open to the option of a third party evaluation but they would need to agree to the consultant
- It is recommended that the Board take no action on the 2021 Marketing Plan

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FY 2021/22 Stadium Operations Management Plan (SOMP)

- Required by the Agreement
- Staff reviewed the SOMP and shared comments and proposed changes during the budget process
- At the time of writing of this report, the Stadium Manager has not provided a final copy of the SOMP
- Staff will review the final SOMP after it is received and approve it administratively. It does not require Board approval

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Meet and Confer

- The Stadium Authority met with the Stadium Manager on March 16, 2021 to meet and confer on areas of disagreement
- Minutes are provided as post meeting material
- Takeaways have been incorporated to the recommendations
 - Delegate authority to the Executive Director to approve budget amendments that move funds from the Legal Contingency to Shared Expense after review of adequate documentation
 - Litigation Costs to defend Stadium Authority and staff costs to comply with Measure J are General and Administrative Costs totaling \$5.1 million included. Direction for Stadium Manager for Trust
 - 3rd Party Marketing Plan review

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Conclusion

- Provides the necessary funding to operate the stadium (operating, debt, capital) within legal requirements and is structurally balanced between revenues and expenditures
- Legal contingency available to cover budget adjustments for Shared Expenses as documentation is reviewed and confirmed
- Maintains reserves for operating, discretionary, and capital funds
- Maintains debt service commitments and identifies anticipated excess revenue that can be used toward debt
- Invests in strategic capital expenditures

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Conclusion (cont.)

- Advances strategic initiatives necessary to ensure that the Board is responsive to various stakeholders and constituencies
- 2021 Marketing Plan not recommended for approval as there has been no discussion of “turnaround” strategy to improve performance and demonstrate ability to profitably operate the facility
- Continued legal challenges associated with ManCo; the submission of the budget does not indicate a change in the Board’s position
- The Stadium Authority Board as the legislative body having full authority, under the law, is to set its budget

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Alternatives

1. Adopt the Santa Clara Stadium Authority Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget
2. Direct the Stadium Manager to provide a procurement plan and schedule of all the required repairs at the Stadium
3. Direct the Stadium Manager to submit the budget to the Trust that is inclusive of the SCSA G&A budget of \$5.1 million
4. Direct the Stadium Manager to respond to the questions outlined in the December 1, 2020 letter from Kenn Lee
5. Delegate authority to the Executive Director to approve budget amendments that move the Legal Contingency to Shared Expenses after the review of adequate documentation for costs
6. Take No Action on the 2021 Marketing Plan
7. If the Board wants to pursue an independent third-party consultant to review and assess the Non-NFL Events Marketing Plan, delegate authority to the Executive Director to conduct a competitive Request for Proposal, enter into an agreement for such services, and approve any budget amendments associated with this action. Staff will report on all actions related to this recommendation to the Board on a quarterly basis
8. Take any other Action the Board deems appropriate

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Recommendations

1. Adopt the Santa Clara Stadium Authority Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget
2. Direct the Stadium Manager to provide a procurement plan and schedule of all the required repairs at the Stadium
3. Direct the Stadium Manager to submit the budget to the Trust that is inclusive of the SCSA G&A budget of \$5.1 million
4. Direct the Stadium Manager to respond to the questions outlined in the December 1, 2020 letter from Kenn Lee
5. Delegate authority to the Executive Director to approve budget amendments that move the Legal Contingency to Shared Expenses after the review of adequate documentation for costs
6. Take No Action on the 2021 Marketing Plan
7. If the Board wants to pursue an independent third-party consultant to review and assess the Non-NFL Events Marketing Plan, delegate authority to the Executive Director to conduct a competitive Request for Proposal, enter into an agreement for such services, and approve any budget amendments associated with this action. Staff will report on all actions related to this recommendation to the Board on a quarterly basis

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Santa Clara Stadium Authority

Proposed Santa Clara Stadium Authority FY 2021/22
Budget, Stadium Operation and Maintenance Plan,
and 2021 Marketing Plan
Item #5 (21-46)

March 23, 2021



SCSA Annual Budget
3/23/2021



Levi's
STADIUM

Forty Niners Stadium Management Company

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Forty Niners Stadium Management Company

Disagreements on SCSA Budget

- 1) SCSA Overhead Expenses
- 2) SCSA payment of Shared Stadium Expenses

Levi's
STADIUM

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Stadium Authority Overhead

- City Staff proposed an increase of **116%** for their own overhead costs versus actual spend in 2019.
- We have broken down the budget into three categories:
 - City Staff (\$1.8M)
 - Consulting (\$800k)
 - Outside Legal Services (\$2.5M)



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City Staff wants to increase their own compensation...

- City Staff proposed an increase of **80%** for headcount costs versus actual spend in 2019.
 - City Manager staffing costs are at a proposed **44%** increase versus 2019 actuals.
 - Finance staffing costs are at a proposed **134%** increase versus 2019 actuals.
 - City Attorney staffing costs are at a proposed **89%** increase versus 2019 actuals.



Increasing staff costs by 80% during the pandemic is fiscally irresponsible.

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Staffing Costs by Position

Position	FY18A	FY19A	FY20F	FY21B	3-Yr Growth	FY21 Annualized
City Attorney	\$ 44,825	\$ 64,742	\$ 173,676	\$ 170,334	280%	\$ 567,781
City Manager	\$ 77,122	\$ 136,738	\$ 141,738	\$ 153,034	98%	\$ 765,171
Director of Finance	\$ 42,764	\$ 54,165	\$ 45,329	\$ 70,734	65%	\$ 471,557
Assistant to the City Manager	\$ 178,352	\$ 255,214	\$ 234,652	\$ 231,634	30%	\$ 308,846
Management Analyst - Finance Department	\$ 133,512	\$ 159	\$ -	\$ 194,958	46%	\$ 194,958
Accounting Tech	\$ 13,262	\$ 30,316	\$ 112,159	\$ 127,956	865%	\$ 127,956
Office Specialist/Staff Aide	\$ -	\$ 20,811	\$ 20,955	\$ 81,703	-	\$ 163,405
Sr. Management Analyst - Finance Department	\$ -	\$ -	\$ 244,171	\$ 228,446	-	\$ 228,446
Management Analyst - City Manager Department	\$ -	\$ -	\$ -	\$ 194,958	-	\$ 194,958
Other Staff (21 Heads in FY21B)	\$ 178,064	\$ 422,127	\$ 157,604	\$ 319,095	79%	
Totals	\$ 667,901	\$ 984,272	\$ 1,130,284	\$ 1,772,852	165%	

vs. 2019 Actuals: 80% Increase

Additional Breakout:

City Attorney / City Manager / Director of Finance	\$ 164,711	\$ 255,645	\$ 360,743	\$ 394,102	139%
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Note: Fiscal Year 2019 actuals are based on the run rate of actuals by position through November 2019 provided by the SCSA.



Staffing Costs Comparison

- The most accurate apples-to-apples comparison to the SCSA Overhead budget would be Stadium Manager's "Other G&A" staffing costs versus the SCSA's overhead staffing costs.
- Stadium Manager's proposed FY21 budget is down **26%** versus 2019 actuals, while the SCSA's proposed FY21 budget is up **80%**.



Outside Legal Services

- City Staff proposes to double the outside legal costs for FY21.
- Having already spent \$2.5M in legal fees over the past three years, staff is requesting an additional \$2.5M this year.

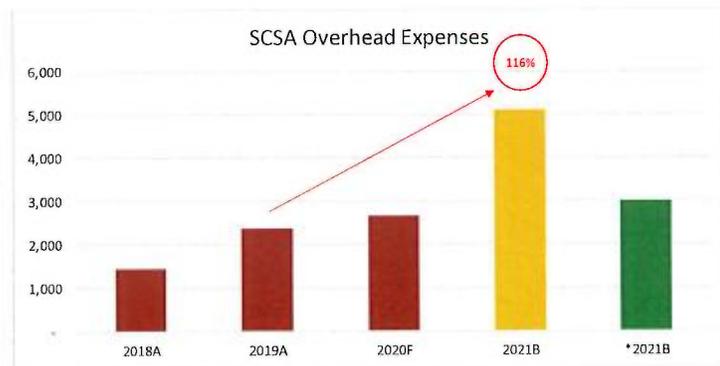


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SCSA Board Decisions - Overhead

- Stadium Manager's recommendation is a **\$3M** FY21 budget, which is still **\$600k** higher than 2019 actuals.
 - This is a **27%** increase versus 2019 actuals.



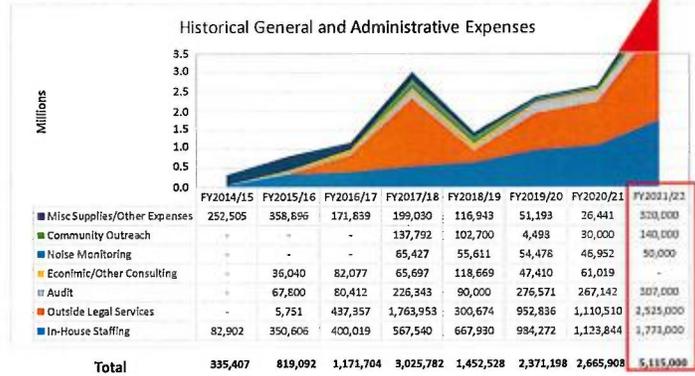
*Note: Stadium Manager's recommendation of \$3M in green; SCSA \$5.1M request in yellow

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SCSA Board Decisions - Overhead

- City Staff's overhead proposal for FY21 doesn't even fit on the chart *they created* for historical expenses.



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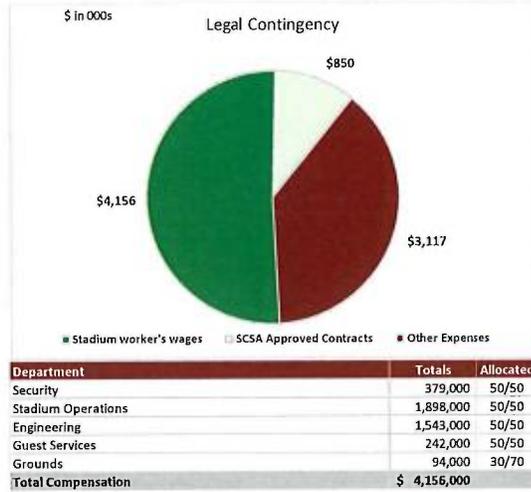
SCSA Payment of SSE

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“Legal Contingency”

- Of the **\$8.1M** that the SCSA has budgeted as “Legal Contingency,” **\$4.2M** is related to wages and compensation for Stadium workers.
 - This does not even include contracts that were approved by the SCSA Board, and City Staff continues to withhold payment (**\$850k**).



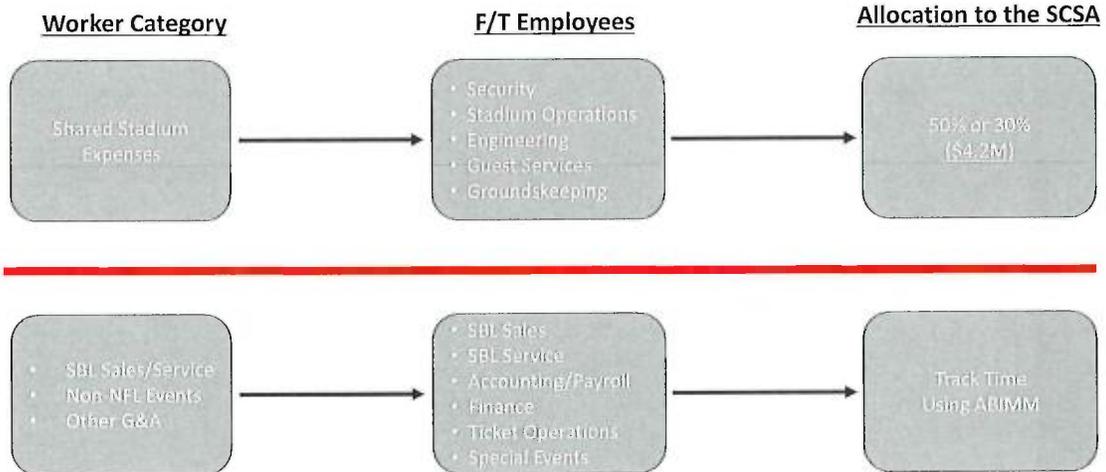
Note: Shared Stadium Expenses are allocated per section 8.3.1 of the Stadium Lease Agreement

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There is no compensation “double dipping”



Note: employees that track time have timecard support to verify they are not “double dipping.”

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Stadium Manager Concerns

- Reduce SCSA overhead to \$3M.
- Paying all Shared Stadium Expenses costs.

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Stadium Lease Agreement – 8.1

ARTICLE 8 SHARED STADIUM EXPENSES

8.1 **Definition of Shared Stadium Expenses.** As used in this Lease, "Shared Stadium Expenses" shall mean only the following costs paid by the Stadium Authority in operating, managing and Maintaining the Premises and the Appurtenant Improvements. Shared Stadium Expenses shall not include Tenant Event Expenses, Stadium Authority Event Expenses, Stadium Authority Discretionary Expenses, the day to day expenses of operating and Maintaining either Party's Exclusive Facilities or the expenses enumerated in Paragraph 8.2 below. Shared Stadium Expenses shall be more particularly described in the Stadium Operation and Maintenance Plan, Annual Shared Stadium Expense Budget, and Public Safety Plan, and shall include the following:

8.1.1 **Day-To-Day Expenses.** Day-to-day expenses of operating and Maintaining the Premises (excluding Tenant's Exclusive Facilities and the Stadium Authority Exclusive Facilities) and the Appurtenant Improvements, including the costs of cleaning, sweeping, repairs, painting, removing garbage, landscaping and security, as well as salaries and other compensation paid to the Stadium Manager's employees engaged in providing or supervising any of the foregoing services.

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Stadium Lease Agreement – 8.3.1

8.3 Payment of Shared Stadium Expenses

8.3.1 Proportionate Shares. For each Lease Year, as part of the Rent payable under this Lease, Tenant will reimburse the Stadium Authority for Tenant's Proportionate Share of the Shared Stadium Expenses applicable to such Lease Year. Landlord shall have no right to bill Tenant for any Shared Stadium Expenses attributable to a Lease Year after the date that is twenty-four (24) months after the end of such Lease Year. As used in this Lease, "Tenant's Proportionate Share" shall equal fifty percent (50%) and the "Stadium Authority's Proportionate Share" shall equal fifty percent (50%), except as follows: (a) with respect to Stadium Insurance Expenses, the Stadium Authority shall pay the Stadium Authority Insurance Share (as defined below) applicable to the particular Lease Year, and Tenant shall pay the remaining portion of Stadium Insurance Expenses applicable to such Lease Year; (b) with respect to Groundskeeping Services, Tenant's Proportionate Share shall equal seventy percent (70%) and the Stadium Authority's Proportionate Share shall equal thirty percent (30%); (c) for each Lease Year that a Second Team plays and hosts NFL Home Games in the Stadium, Landlord and Tenant shall cooperate in good faith either to adjust each Party's Share of Shared

Stadium Expenses hereunder (on a line item by line item basis) to reflect the increases in Shared Stadium Expenses resulting from the use of the Stadium by such a Second Team, or to require that Tenant pay directly all incremental costs of operating and Maintaining the Stadium resulting from the use of the Stadium by such a Second Team; and (d) following the Tenant Season Expansion Date, Tenant shall pay all of the Stadium Insurance Expenses and Tenant's Proportionate Share shall equal one hundred percent (100%). For purposes of this Lease, the "Stadium Authority Insurance Share" shall be calculated as follows: (i) for the first (1st) Lease Year, the Stadium Authority Insurance Share shall equal Two Million Five Hundred Fifty Thousand Dollars (\$2,550,000.00); and (ii) on the commencement of the second (2nd) and each succeeding Lease Year, the Stadium Authority Insurance Share shall be increased by three percent (3%); provided, however, that for any Lease Year during which the total attendance at Ticketed Non-NFL Events exceeds 750,000, Landlord and Tenant shall cooperate in good faith to equitably adjust the Stadium Authority Insurance Share to reflect the increased attendance at Non-NFL Events.

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Stadium Management Agreement – 5.5

5.5 No Obligation of the Stadium Manager to Advance Funds. To the extent of the Transitional Budget and as otherwise limited by this Agreement, the Stadium Manager shall pay all Transitional Period Expenses, subject to StadCo and the Stadium Authority's obligations to reimburse the Stadium Manager for Transitional Period Expenses under Sections 2.12 and 7.1. To the extent responsible therefor under the Stadium Operations Budget and the Stadium Lease, each of StadCo and the Stadium Authority shall be solely responsible for and shall promptly pay, or provide funds (including through any use of funds held by a depository bank or collateral agent as referenced in Section 5.4 above) to the Stadium Manager to enable the Stadium Manager to pay Manager Operating Expenses and Capital Expenditures on its behalf, in each case in accordance with applicable Budgets, and to pay Emergency Expenditures on its behalf. Except with regard to Transitional Period Expenses detailed in the Transitional Budget agreed by Stadium Manager or otherwise agreed to by the Parties and amounts drawn under the Revolving Credit Agreement, the Stadium Manager shall not be obligated to make any advance of its own funds to or for the account of either StadCo or the Stadium Authority or to pay any sums incurred for the performance of services or goods delivered to the Stadium, nor shall the Stadium Manager be obligated to incur any liability or obligation for the account of either StadCo or the Stadium Authority. 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. Each of StadCo and the Stadium Authority covenants and agrees to pay all Transitional Period Expenses and Manager Operating Expenses attributable to the services performed by Stadium Manager on its behalf and to provide funds to allow for the payment of all Manager Operating Expenses or Capital Expenditures incurred by the Stadium Manager under any contract or agreement executed or entered into by the Stadium Manager in accordance with this Agreement. Each of StadCo and the Stadium Authority shall at all times be responsible for and, to the fullest extent permitted by California law, shall, hold the Stadium Manager harmless from and against any operating loss incurred by the Stadium Manager in performing services on their respective behalf in any Fiscal Year in accordance with the terms of this Agreement.

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Hi Jim,

The Stadium Authority Board had a study session on the Draft 2021 Marketing Plan last night and requested clarification on the following items:

Marketing Plan referenced 3,900+ executed client touchpoints that were recorded and closely followed through the CRM system. The Board requested for more information and data about the targeted clients.

2020 COVID Prospecting process:

- 1) Identify companies and categories that have shown financial growth within the Bay Area:
 - Examples: Medical devices, Bio Sciences, Data and Security, Tech Communications
- 2) Research appropriate decision makers through LinkedIn and Zoom Info
 - a. Example: C-Level professionals, HR, Admin, Marketing, Events, Sales
- 3) Send intro email or cold call
- 4) Each touchpoint is recorded in our CRM system as an "activity" which is essentially a list of our outbound sales efforts.
- 5) Continue follow up via email, calls, and e-blast to keep prospect informed and involved, "top of mind" selling.

Additional prospect assets:

- 1) Attendee/participant lists from industry events
 - a. i.e. All Things Meetings, Admin Awards (SV & SF)

Stadium Authority staff previously requested more information from the Stadium Manager about the Marketing Budget that was referenced in the Marketing Plan. The Stadium Manager responded with two different amounts for the Marketing Budget (\$115k and \$50k) and it is unclear what is the total budget and whether those amounts included staff. The Board requested the following information:

Total Marketing Budget amount, including staffing resources and breakdown of costs
 Strategy for marketing efforts that will be funded by the Marketing Budget
 Previous fiscal years' spend on marketing staff and marketing efforts

Please keep in mind that there are TWO separate lines of business here: Catered Events and Major Events. The two separate marketing budgets were already detailed in our reply to you on 2.19.21. They are restated here for your convenient reference:

Catered Events (\$115K):

- \$70,000 Event Expenses/Advertising
- \$15,000 Attending events, conferences, client and prospect meetings
- \$15,000 Promotional supplies/Printing/Postage/Phone
- \$15,000 Dues and subscriptions/software

Major Events (\$50K)

- \$25,000 Networking/Dues and subscriptions/Event tickets
- \$15,000 Promotional supplies/Printing/Postage/Outside services
- \$10,000 Attending events, conferences, client and prospect meetings

- For the catered events team, marketing is an essential component to ensuring a successful sales pipeline, especially after a full year of no events. We expect to be competing with venues across Silicon Valley and supply will likely be greater than demand. Additionally, we will need to educate clients/prospects on new protocols, guidelines and offerings post-COVID. Essentially we will be re-opening the building and similar to when the stadium opened in 2014, marketing dollars will be essential to the success of our "launch."
- For the ticketed Non-NFL event team, marketing is crucial to the continual engagement of artist management, tour promoters, leagues, teams, and tournaments. We must maintain healthy contact and negotiations with partners, both old and new, to ensure we're booking both a robust, profitable event calendar each year. Without necessary budget, we will be unable to uncover and negotiate potential profitable events moving forward.
- Due to the Covid-19 Pandemic, the team was very diligent about keeping total marketing expenses down. Estimate for FY20 is \$40-\$50K.
- The Catered Events and Major Events staff do not separately track the time they spend on "marketing", as those activities often overlap with their time spent on sales and execution.

The Board also discussed having an independent third-party consultant assess the Marketing Plan since there has been several years of poor financial performance. Please let us know if the Stadium Manager is interested in exploring this option, we can schedule a meeting to discuss this in more detail.

As we have previously indicated, the decline in financial performance of NNE is not a result of a shortcoming in the Marketing Plan. If the Board is interested in bringing in a third party to evaluate the Marketing Plan, we are open to that option. We would need to agree on a suitable consultant with relevant industry experience including large scale ticketed events and catered events.

Please provide the Stadium Manager's responses to the abovementioned requests **by Monday, March 15** so that we can transmit them to the Board as part of the March 23, 2021 budget agenda report. Additionally, we are still waiting for the Stadium Manager to provide a final copy of the Stadium Operation and Maintenance Plan (SOMP) for staff's review and recommendation to the Board as part of the same agenda report. Please provide that document in electronic form in a separate email **as soon as possible but no later than Monday, March 15**.

Sincerely,
Christine Jung | Assistant to the Executive Director
 1500 Warburton Avenue | Santa Clara, CA 95050
 D: 408.615.2218 | www.santaclaraca.gov/scsa

Meeting Minutes from March 16, 2021 SCSA/Stadium Manager Meeting

**MINUTES FROM
STADIUM AUTHORITY/STADIUM MANAGER
BUDGET MEET AND CONFER MEETING
March 16, 2021 | 2:30 – 4:00 p.m.
Zoom Meeting**

ManCo/Stadium Manager Attendees:

Jeff Fong, Vice President, Finance
Jihad Beauchman, Vice President, Deputy General Counsel
Jas Sajjan, Senior Manager, Public Affairs & Strategic Communications

Stadium Authority Attendees:

Deanna J. Santana, Executive Director
Brian Doyle, Stadium Authority Counsel
Kenn Lee, Treasurer
Christine Jung, Assistant to the Executive Director

Introductions were made since ManCo's Vice President, Finance, Jeff Fong, hasn't met everyone before. Treasurer Kenn Lee started the meeting by thanking ManCo for meeting and stating that while the Stadium Authority was meeting with ManCo and hope that the conversation would be fruitful, the meeting itself did not change the positions that the Stadium Authority have taken in the litigation or the Stadium Authority's position that the Board has the final say on the Stadium Authority budget.

Mr. Lee said ManCo asked for areas of proposed budget disagreement that required discussion so he thought that the Stadium Authority and ManCo staff could go through each one together. The first topic was the Stadium Manager's expenses. Mr. Lee referenced his budget presentation from March 9, 2021 and stated, as you saw in the presentation, the Stadium Authority has allocated a portion of Stadium Manager's expenses in legal contingencies and that was based on our Board's action from 2019. He said from his perspective as Treasurer, he had to make sure that the Stadium Manager's expenses all aligned with state laws. Mr. Lee noted that as he responds to the Board's direction, he has to make sure from a cost allocation position that there is no double charging. He restated that was the direction that he received from the Board.

Mr. Lee said that he was very interested in Mr. Fong's offer to review the documents and back up documents that he had been tasked to review. He noted that in the past there has been varying levels of review and that the current process where Linh Lam and Rachel Copes (from the Stadium Authority) went over to Levi's Stadium to review documents with Esther (from ManCo), while helpful was not efficient. He asked if there could be a monthly review or some other review on a regular basis where Stadium Authority staff can go down to the stadium to review documents so that the Stadium Authority could release payments. Mr. Lee said that he didn't know if Mr. Fong's offer included those conditions that he shared but if that it was a possibility, that would help the Stadium Authority move everything forward.

Mr. Fong thanked Mr. Lee for his feedback. He stated that when he looks at the budget, he sees it in two pieces. Mr. Fong noted that if we look at the payroll piece, what he would be interested in is what Mr. Lee was looking from a budget perspective to release the \$4.2M shared manager expenses related to payroll.

Mr. Lee acknowledged that the Stadium Manager has expressed concern about personal ID confidentiality. He stated that he would be interested in being able to verify Stadium Manager staff through position classification, position numbers, and other information. He used his position as an example of being allocated 20% to Stadium Authority and 80% to City. He said having a similar breakdown from Stadium Manager for these classifications and how they are allocated to Shared Stadium Expenses, Shared G&A costs, Non-NFL costs, SBL Sales and Marketing, see employee information, and any area that Stadium manager charges that would be helpful to validate how those charges are allocated across those areas or any other areas, e.g., vaccination site. Mr. Lee noted that the Stadium Authority would keep the names confidential, and that having position numbers and job classifications would be helpful. Additionally, if the Stadium Manager has multiple positions in the same job classification they could just number off the positions. Mr. Lee explained that was how things were done on the City side.

Mr. Fong said that starting with the \$4.2M was the simplest because the split for all of the departments is 50/50, with grounds keeping splitting 70/30. He said the Stadium Manager gave the Stadium Authority a list of jobs for that are shared with the Stadium Manager, so they can use that or put something together to show how it will tie to the budget. Mr. Fong said that they can review everything with Stadium Authority staff virtually or as a small group in a large conference room with everyone wearing a mask so that staff can test whoever they wanted to test. He noted that there are 45 full time employees and that those are the options that they would be open to.

Executive Director stated that Stadium Authority staff has tried the virtual review in the past but it didn't work. Stadium Authority Counsel Doyle asked Mr. Lee if Mr. Fong had answered his question. Mr. Lee responded that with respect to COVID, he wants to respect the COVID rules in place. He stated that it would be helpful to have information in a very similar way of how the Stadium Authority shares a spreadsheet with that information with the Stadium manager. He said for example, Mr. Fong's position would be broken down by areas. The Stadium Authority's spreadsheet shows salaries, overhead, benefits. Mr. Lee said that with that information broken down into that detail, he would be able to vouch that that information ties back to the budget. He noted that was just one example of the details he was looking for but a spreadsheet showing Shared Expenses, G&A, SBL sales and services, and any other allocation that the Stadium Manager is charging to Non-NFL, NFL or vaccine. He said that the spreadsheet can add up the allocations and show that a position adds up to 100%. Mr. Lee also said a spreadsheet would be a lot more helpful than going down to look at the records and asked Mr. Fong if that information is helpful in terms of demonstrating what he was trying to figure out. Mr. Fong confirmed that what Mr. Lee said made sense. He said the split is fine so you can tie out the total. He bought up that certain positions have the same title so some people can be easily identified. Mr. Lee asked if position numbers would address that issue, for example listing them out like Position 1, Accountant, etc.

Mr. Doyle stated that on the topic of confidentiality, it is normal to see consultants' pay and that the idea that as a consultant, the Stadium Manager gets to hide how much they get paid by public funds doesn't make sense. ManCo's Vice President, Deputy General Counsel Jihad Beauchman responded that the Stadium Manager disagreed with making that information public. He noted that there are various vendors being used by the City, and other public entities. Mr. Doyle said the Stadium Authority was not trying to know their salaries and that the Stadium Authority just wants to know how much Stadium Authority was paying for the time that they were working on Stadium Authority's behalf. He provided the example of Sam Singer [a City and Stadium Authority consultant], which the Stadium Manager requests public records for. Mr.

Doyle noted that the invoices only show the rate of what the consultant is being paid but not his overall salary.

Mr. Beauchman stated that some of that information is there and sometimes it's not. He said that the Stadium Manager doesn't have an issue of showing the Stadium Authority salary information, but they don't want that information becoming public information. He asked if there can be some system to provide indemnity for that information. Mr. Doyle responded that as we have said before, the Stadium Authority believes that records of public funds spent on the Stadium Manager are public records. He noted that it was not up to the Stadium Manager to decide whether something is a disclosable public record, just like the Stadium Authority/City couldn't hide their public salaries. He referenced a Supreme Court case that requires that disclosure of public information. Mr. Doyle said that we heard that you'd like to keep it confidential, but we can't promise that we won't disclose that information if someone requested it.

Mr. Beauchman responded that that is why the Stadium Manager doesn't want to disclose that information. He referenced back to the Stadium Manager employees and said that the staff are split 50/50. He said that we don't understand the idea of double billing for these positions since this is the general operation of the stadium. He said these are not employees who charge their time to different events. Mr. Beauchman stated these are 50/50 employee who are splitting their time with the Stadium Authority because there isn't any time allocation.

Ms. Santana said it is known what is needed from the Stadium Manager based on the Board's discussions and actions. She noted that staff have already shown the Stadium Manager's charges and the lack of documentation publicly to the Board and public. She said it is the Stadium Authority's position that until those charges are reviewed, we cannot reimburse the charges, and that the Stadium Authority has been clear about what is needed in terms of transparent and easy to trace information. She also stated that the responses to the December 1 letter are unclear so if the Stadium Manager changes that information to something that would be easy for staff to verify, then we could release the public funds for payment. She restated that no one wants to not pay workers.

Mr. Beauchman clarified that the documentation that Stadium Authority staff shared was Non-NFL expenses, not shared expenses. Ms. Santana responded that all staff has is a document with a bunch of numbers and that we needed supporting documentation that is easy to trace to make sure that staff that is being charged for shared expenses is not double billing to non-NFL events: which, at this point, based on documentation is not easy to confirm.

Mr. Beauchman provided a specific example of one of their Stadium Operations staff whose time is 50/50 [split between Stadium Authority and Stadium Manager] and makes \$100,000 salary. Mr. Beauchman clarified that his time is not allocated to a specific event and that it would truly be a 50/50 split between the two parties. Mr. Beauchman stated that we're willing to show their employee numbers and other benefits information, which will give you an idea of what they will be paid.

Ms. Santana said that she wants to make sure that based on his tracking information it's easy to show that he's not going to show up as numerical numbers (that don't make sense) in the non-NFL expenses. She stated that staff has to be able to trace the expenditures so that they could validate the numbers in both shared expenses and Non-NFL expenses. Mr. Beauchman noted that these individuals don't track their time. He said they are shared [between the Stadium Manager and Stadium Authority] and split 50/50.

Mr. Doyle stated that you have a universe of people who are split 50/50 and others who would show up similar to the in the lump sum \$156,000 of expenses in the example of the Redbox Bowl documentation provided by Mr. Lee last week, show that universe of people who are split 50/50 in the spreadsheet and show people who charge their time to other allocations. Mr. Lee added that based on Mr. Beauchman's example, the exercise should be easy. He said, in a spreadsheet, show employees who work on G&A, shared expense, SBL sales and marketing and obviously if a position does not show up in other areas there is no double billing. Mr. Lee said, it would be great if the Stadium Authority can check this information on regular basis. He further stated, if we can validate how those people get charged then we can vouch for these expenses and get this paid. He noted that all he was looking for was a spreadsheet that would have information that ties back to the budget, which would be more efficient.

Mr. Beauchman asked if the Stadium Manager was able to produce this spreadsheet to be reviewed on site, would the Authority be able to do that. Mr. Lee confirmed that the Stadium Authority could do that on the regular basis, which would allow staff to validate the positions and expenses. He also said that it would be helpful if the information is all compiled so that it can help speed things up. He reiterated that it would be helpful to review the information on a regular basis, whether that is monthly or something else, that the information is all prepped and ready for review. Mr. Lee noted that this was his suggested process given the Board's direction.

Mr. Beauchman stated that he didn't think we were too far apart. He asked if Stadium Authority staff had seen any examples of double billings and to provide an example because he was unaware of any. Mr. Lee answered that it's more of what the Stadium Authority doesn't have so we are unable to confirm their expenses. Ms. Santana added that the best example is the bunch of numbers on the document that we showed to the Board that included a handwritten amount of \$156,000 (Redbox Bowl example provided by Mr. Lee last week). She said the information might be clear to the Stadium Manager but not to the Stadium Authority so we are looking for a way to validate those expenses.

Ms. Santana also inquired about the status of the Stadium Manager's response to the December 1 letter that the Stadium Authority sent regarding questions for the supporting documentation that was submitted. Mr. Beauchman answered that there will be a response to the December 1 documentation. He noted that their fear was that there was a specific example of people double billing, but it appears that it was speculation because of what the Stadium Authority doesn't know. Ms. Santana clarified that the Stadium Authority was worried that it was being double billed. She noted that neither Mr. Lee or her could release public funds without supporting documentation and that the Stadium Authority's fears are valid based on what has recently happened. She also said that it has been nearly four months since the December 1 letter was sent and the documents that were submitted were woefully insufficient.

Mr. Beauchman said the shared expense payroll is very easy to tie out to show the 50/50 split. He noted that they have enough information to go back to their team and have Kenn go to the Stadium to review, starting with the shared stadium staff who are split 50/50 and 70/30 split and not allocating time to events.

Mr. Lee brought up the G&A chart that Mr. Fong showed during his budget presentation, which lumped departments together. He noted, when we talk about cost allocation, it's helpful to know where they are. He provided some examples and said when it comes to budget and actuals, it's very clear where things are charged. Mr. Lee restated that we could move on once we have that

information and are able to validate it. He said he hoped the Stadium Authority and Stadium Manager could get there based on this conversation.

Mr. Fong said he appreciated the feedback and that they would take it back and see if they could come up with something that meets the Stadium Authority's needs and still keeps the Stadium Manager's confidentiality. Mr. Lee responded that if they can provide position names, position numbers, and other information then he could make correlate the information. He restated that the information that he's looking for is position number, job titles, no names, and the allocations of the positions so he can validate their actuals and where they're budgeted. Mr. Lee said that Rachel from his team provides that information to Darren Wong (from ManCo) as part of the budget process. He stated that what he's asking for is a very similar process that can be in a spreadsheet or packet that would help make the review process efficient. Mr. Fong said they would take Mr. Lee's feedback and clarification and come up with something that can work for everybody.

CONFIDENTIAL DISCUSSION ABOUT LEVI'S SIGNAGE.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Mr. Lee said the third and last item for discussion was G&A costs. Mr. Beauchman said he didn't think that we touched on the pie chart of G&A costs, which was made up of payroll and contracts that were approved. He stated that the Stadium Manager was trying to find areas where there is agreement. Their understanding is that there are areas agreement, e.g., ABM, which was a Shared Stadium Expense that was brought to the Board and approved by the Board. He asked why Stadium Authority needed to review something that was previously approved by the Board. Mr. Lee answered that in a very similar way, there is a need to validate

their expenses to ensure that state and regulations were followed. He said it would be helpful to see the contracts and see how they were procured. He noted that by having that detail, all he needed was just a spreadsheet of contracts, their dollar amounts and supporting documents including contracts and how they were procured. Mr. Lee said that he felt that the Board's direction to him was very clear and he hoped that the Stadium Authority could review those documents expeditiously and get those bills paid.

Mr. Beauchman said that they see that pie chart of additional expenses and it seemed that the concerns were in terms of expenses that needed some level of public works procurement, some level of state law compliance, bidding requirements and prevailing wage. He suggested carving out the expenses related to public works/prevailing wage and where there is dispute between the parties. Mr. Beauchman said it seems as if there should be a way to budget the other non-public works related items. He said there are items that concern prevailing wages, procurement requirements, public bidding, compliance with state laws, and that you don't have an issue with. He asked if the Stadium Manager could segment funds on those things that the Stadium Authority are concerned about and include the things that there are no concerns about, e.g., people attending conference, as part of the budget. He envisioned those to be day to day expenses.

Ms. Santana said part of what we've been talking about in the last couple weeks is that there are opportunities to advance Purchase Orders and travel expenses and bundled authority. She provided an example that the Stadium Manager could send a contract for uniforms and get that ready for Board approval and when they have expenditures for that item, they would send the appropriate documents to Kenn to get paid. She also provided an example of how to advance the release funds for payment for travel expenditures. Ms. Santana noted that the Stadium Manager could submit a list of all the conferences that they were planning to attend for the year and to ask for approval to send their staff to those conferences, without further Board action.

Mr. Beauchman said the Board's concern was about public works and prevailing wage. Ms. Santana clarified that there is a concern about how the Stadium Manager was procuring things, in general. She reminded him that when Stadium Authority was looking at prevailing wage, staff found that there were no bidding or legal contracts in place. She also reminded him that at one point the Stadium Authority discovered that the Stadium Manager was manufacturing documents to create the illusion of compliance. Mr. Beauchman said that they are trying to segment things that are about the disputes but that there was a difference between setting the budget and getting things approved.

Mr. Beauchman said there are no concerns in certain areas so it doesn't make sense to not set a budget. He stated that the budget is the budget and when you want to utilize it, you get approval for it. He noted that the current set up where they're put in a litigation reserve is a departure from regular practice. Mr. Beauchman said they're trying to see if there's an ability to set the budget and they'll still do the things that they're required to do, but that he just wanted to get them in a position where there are all these disputed areas in the budget when it's not a dispute.

Mr. Lee said that the budget was submitted at a very high level and the Stadium Authority has asked for more detail. He said when the Stadium Manager talks about segmenting areas for approval, none of those details were submitted with the budget. He noted that if there are areas that are not related to public works procurements, the Stadium Authority would need to see an itemized list of vendors. Mr. Beauchman said if you look at some of the other line items, there

are things that don't touch public works at all. He started referring different line items that would or wouldn't have public works.

Ms. Santana clarified that the Board's action was focused on removing contract authority for Executive Director because it wasn't just about prevailing wage, it was also about contracts and their legal practices overall. She asked Mr. Beauchman to bring their contracts forward to get them approved. She noted that the Stadium Manager can look at the contract reports that SVP has done to bring 5-6 contracts at a time to get Council approved, noting that this was an efficient approach.

Mr. Beauchman said he agreed but noted that the Board action was about contract authority so they're wondering why it is tied into the budget. He stated the contract authority is separate from budget. Ms. Santana responded that we don't know about the legal compliance of the contracts. Mr. Beauchman clarified that there are ones that are not for public works. He said you have things like ABM which is still a valid contract process. He said this is the budgeting process and asked why things were being carved out.

Ms. Santana asked if that was part of the Stadium Manager's budget responses. She told him that he had today to respond because everything goes public on Thursday. Ms. Santana said that she was open to hearing proposals about the general types of services that the Board can approve but noted that the Stadium Manager would have to do the carve out and show the Stadium Authority the contracts.

Mr. Beauchman said there is a line item on outside service. He pointed out for that segment, they are planning to carve out ABM and budget for that item. but everything outside of that line item, has the ability to be public works related. He asked that the Stadium Authority set the budget for those non-public works items so there is some sort of direction on those items. Mr. Beauchman confirmed that everything related to the signing authority would still apply but at least the Stadium Manager would have direction from Board on those items.

Ms. Santana asked if he submitted something for the Stadium Authority to review. Mr. Lee also clarified that when Mr. Beauchman said look at outside services, there is equipment that might have public works components. Mr. Beauchman said purchase of equipment would not be public works-related but services may. Mr. Lee and Mr. Beauchman discussed possibilities of what could or couldn't be carved out due to their nature of being potentially public works related. Ms. Santana clarified that sometimes combining services and equipment can be more cost efficient. She asked Mr. Beauchman that if he had some information by way of proposal because it feels like the Thursday deadline won't be met. She noted that the Stadium Authority can form some sort of recommendation that we will work through these items and come back to the Board for action.

Mr. Beauchman stated that he would just recommend that the Stadium Authority would carve out what is clearly not public works, e.g. uniforms, travel and expense. He asked Mr. Lee to look at things to carve out. Ms. Santana asked Mr. Beauchman to submit those requested carve outs so that Mr. Lee doesn't have to guess what those items are.

On a separate topic, Ms. Santana followed up with Mr. Beauchman regarding questions that Assistant to the Executive Director Christine Jung sent about the electrical repairs. She told him that the agenda reports are close to being finalized and that the plan was to include the Stadium Manager's responses to the agenda report. Mr. Beauchman confirmed that he received the email but had not reviewed the questions yet. There was agreement to move the electrical

repairs service agreements to the April 6 meeting if the Stadium Manager didn't meet the March 17 deadline to submit their responses.

Ms. Santana requested Mr. Beauchman to send Mr. Lee what they needed. She reiterated the importance of having the Stadium Manager respond to the December 1 letter. Mr. Beauchman answered that he didn't have a timeline, but he would bring that information back to the team.

Mr. Lee redirected the conversation to G&A costs. He said the Stadium Authority submitted a G&A budget of \$5.1M to the Board, while the Stadium Manager proposed to lower that amount to \$3.1M. Mr. Lee stated that Measure J does not allow City to subsidize the Stadium Authority's costs and that the Stadium Authority's position is that the \$5.1M is needed to provide oversight as needed and to perform the work required. He noted that the Board has discretion has over its own budget.

Ms. Santana shared that the Board directed some additional work items to staff as part of the study session. She noted that in addition to the financial management system, new referrals, Stadium Builder Licenses, there is a lot of work and that new resources are needed. Mr. Beauchman said they understood Measure J and Stadium Authority requirement to cover its cost. He stated that one of their responsibilities is to make sure that the Stadium Authority is being responsible. He said, you saw our comparison where your G&A costs are up 67%. Mr. Beauchman said that he was going to keep the legal costs completely separate from the numbers he is talking about. He said that the Stadium Manager is seeing that staffing costs go up close to 80% during pandemic.

Mr. Doyle responded that the costs are going up because of ManCo's mismanagement and lawsuits. He said if you want to cut those lawsuits and we can cut the costs drastically. Mr. Beauchman stated that they were discussing that internally and are taking it back to see what that looks like. He asked Mr. Doyle to have the same conversation with the Board.

Mr. Beauchman asked what proposal or settlement Mr. Doyle would suggest. Mr. Doyle stated that the Stadium Authority asked that there would be a disinterested manager to manage Non-NFL Events, who did not have self-dealing, and that abided by state laws. Mr. Beauchman responded that the proposal can't be what you're asking for. He noted that was what the Stadium Authority was looking to achieve, but what they're trying to do is see if there is reasonable negotiation about settling the continuing legal disputes.

Ms. Santana said that she thought that the presentation went back and forth. She clarified that the Stadium Authority has not hired a Deputy City Manager and Management Analyst to purposely keep costs down. She acknowledged that the Stadium Authority cut those major positions and with the more initiatives that the Board has assigned, the workload has increased, and the Stadium Authority has artificially kept vacancies to keep the costs low and absorbed the workload with existing staff.

Mr. Beauchman said that the Stadium Manager doesn't have that information yet. He said from their perspective they see that a year when there were no events, why would we see an increase in staffing? Ms. Santana provided an example that Stadium Authority was still spending significant resources to review FY 19/20 documents this fiscal year due to the Stadium Manager's late submittal and incomplete documentation. Ms. Santana told Mr. Beauchman that the Stadium Authority would discuss additional initiatives during Thursday's meeting. There was agreement that both parties were open to what that looks like and that it may take an additional meeting. Ms. Santana clarified that Stadium Authority staff are receiving documents later from

the Stadium Manager so they are reviewing them in a different fiscal year. She said Stadium Authority can explain that as part of its March 23 report to demonstrate where the expenditures are spent.

Melissa Meslo

From: Simrat Dhadli
Sent: Tuesday, March 23, 2021 11:49 PM
To: Melissa Meslo
Subject: FW: Sent on behalf of Larry MacNeil
Attachments: Shared Stadium Expenses-Worker's Wages 3.23.21.pdf

PMM Item 5

From: Mayor and Council <MAYORANDCOUNCIL@SantaClaraCA.gov>
Sent: Tuesday, March 23, 2021 4:06 PM
To: Mayor and Council <MAYORANDCOUNCIL@SantaClaraCA.gov>
Cc: Simrat Dhadli <SDhadli@SantaClaraCA.gov>; Nora Pimentel <NPimentel@SantaClaraCA.gov>; Deanna Santana <DSantana@SantaClaraCA.gov>; Genevieve Yip <GYip@SantaClaraCA.gov>; Kathleen McGraw <KMcGraw@SantaClaraCA.gov>; Nadine Nader <nnader@SantaClaraCA.gov>; Robyn Sahid <RSahid@SantaClaraCA.gov>
Subject: FW: Sent on behalf of Larry MacNeil

Dear Mayor and Council,

For your review and consideration, we received the following email regarding item 5. 21-46 Action on the Proposed Santa Clara Stadium Authority Fiscal Year 2021/22 Budget, Stadium Operation and Maintenance Plan, and 2021 Marketing Plan (Not to be heard prior to 6:00 PM). Please note this correspondence is considered post meeting material and will form part of the public record for the March 23, 2021 Stadium Authority and Special Council and Authorities Concurrent meeting.

Best regards,

Julie Minot, SPHR | Executive Assistant, Mayor and City Council
Mayor & Council Offices | City of Santa Clara
1500 Warburton Avenue, Santa Clara, CA 95050
Tel: 408-615-2252 | www.santaclaraca.gov



From: Ly, Vinette <Vinette.Ly@49ers.com>
Sent: Tuesday, March 23, 2021 2:00 PM
To: Mayor and Council <MAYORANDCOUNCIL@SantaClaraCA.gov>
Cc: Deanna Santana <DSantana@SantaClaraCA.gov>; Brian Doyle <BDoyle@SantaClaraCA.gov>; Kenn Lee <KLee@SantaClaraCA.gov>
Subject: Sent on behalf of Larry MacNeil

Hi Stadium Authority Board,

Please see the attached correspondence.

Thank you,
Vinette

POST MEETING MATERIAL

VINETTE LY

Executive Assistant to the CFO

San Francisco 49ers

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FORTY NINERS STADIUM MANAGEMENT COMPANY

March 23, 2021

VIA EMAIL - MayorAndCouncil@santaclaraca.gov

Santa Clara Stadium Authority
1500 Warburton Avenue
Santa Clara, CA 95050

Re: Shared Stadium Expenses: Worker's Wages

Dear Stadium Authority Board:

I write to unwind some of the confusion created by Messrs. Doyle and Lee at the recent Board meeting with respect to the City Staff's refusal to fund Stadium operating expenses.

Specifically, City Staff raised (for the first time) a concern that Stadium Manager could be double billing staff charges to the SCSA, and then leveraged this concern to rationalize their refusal to pay any wages for the workers at the Stadium.

In the past, City Staff has stated that their refusal to pay the SCSA share of operating costs (including wages) was based on concerns over procurement procedures; however, as Mr. Fong indicated in the meeting, there are no "procurement concerns" with respect to stadium workers, and the \$4.2M in wages and benefits for those workers comprise more than half of the costs that City Staff refuses to fund.

No longer able to hide behind their procurement concerns, it appears City Staff concocted this new "double billing" fantasy to support its refusal to fund the workers' wages. There is no basis to this new farce, as we will explain here, and the Board should reject it.

Stadium Worker's Wages are 50/50 pursuant to the Lease

Section 8.1 of the Stadium Lease defines Shared Stadium Expense ("SSE") and lists the wages of Stadium Manager's employees as one component of SSE:

8.1 Definition of Shared Stadium Expenses. As used in this Lease, "Shared Stadium Expenses" shall mean only the following costs paid by the Stadium Authority in operating, managing and Maintaining the Premises and the Appurtenant Improvements. Shared Stadium Expenses shall not include Tenant Event Expenses, Stadium Authority Event Expenses, Stadium Authority Discretionary Expenses, the day to day expenses of operating and Maintaining either Party's Exclusive Facilities or the expenses enumerated in Paragraph 8.2 below. Shared Stadium Expenses shall be more particularly described in the

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Stadium Operation and Maintenance Plan, Annual Shared Stadium Expense Budget, and Public Safety Plan, and shall include the following:

8.1.1 Day-To-Day Expenses. Day-to-day expenses of operating and Maintaining the Premises (excluding Tenant's Exclusive Facilities and the Stadium Authority Exclusive Facilities) and the Appurtenant Improvements, including the costs of cleaning, sweeping, repairs, painting, removing garbage, landscaping and security, as well as salaries and other compensation paid to the Stadium Manager's employees engaged in providing or supervising any of the foregoing services.

Section 8.3 of the Stadium Lease states that SSE, including the wages of Stadium Manager's employees, are divided 50/50 between the SCSA and StadCo.

8.3 Payment of Shared Stadium Expenses.

8.3.1 Proportionate Shares. For each Lease Year, as part of the Rent payable under this Lease, Tenant will reimburse the Stadium Authority for Tenant's Proportionate Share of the Shared Stadium Expenses applicable to such Lease Year. Landlord shall have no right to bill Tenant for any Shared Stadium Expenses attributable to a Lease Year after the date that is twenty-four (24) months after the end of such Lease Year. As used in this Lease, "Tenant's Proportionate Share" shall equal fifty percent (50%) and the "Stadium Authority's Proportionate Share" shall equal fifty percent (50%), except as follows: (a) with respect to Stadium Insurance Expenses, the Stadium Authority shall pay the Stadium Authority Insurance Share (as defined below) applicable to the particular Lease Year, and Tenant shall pay the remaining portion of Stadium Insurance Expenses applicable to such Lease Year; (b) with respect to Groundskeeping Services, Tenant's Proportionate Share shall equal seventy percent (70%) and the Stadium Authority's Proportionate Share shall equal thirty percent (30%);...

In our meeting with City Staff on 3.17.21, we asked where this idea of double-billing has come from. City Staff acknowledged that, despite having spent hundreds of thousands of dollars on "audits", they couldn't point to even a single time this double billing occurred.

The full time employees that are included in Shared Stadium Expense in the FY21 budget are charged 50/50 or 70/30 as required under Section 8.3.1 (above). The other employees in the FY21 budget (such as G&A or event staff) record their time using payroll software, which requires a specific charge code. There is no overlap between the two.

Mr. Lee's Red Box Red Herring

In support of this double billing theory, Mr. Lee presented a slide showing an allocation of one single Stadium Manager employee to a 2019 Non-NFL Event. That is a red herring.

The former employee identified in Mr. Lee's slide, Mr. Oppelt, was hired for the sole purpose of managing college football Non-NFL Events with a primary focus on the RedBox Bowl. Mr. Oppelt's salary was never charged to 50/50 Shared Stadium Expenses.

There have been thousands of employees who have worked on Non-NFL Events since the Stadium opened in 2014, including the single employee that Mr. Lee displayed in his presentation, but the cost of those employees are separate and distinct from Shared Stadium Expenses under the Stadium Lease. This has been explained to City Staff (the current regime and their predecessors) on multiple occasions.

With thousands of workers at the Stadium, there is obviously some chance that workers made minor mistakes in their timecards. Certainly, the City's staff has made mistakes in their own time records¹. If errors are identified, they are corrected; however, the suggestion by City Staff that they are not going to pay any wages until they complete an "audit" of all the wages is unreasonable and in direct violation of the SCSA's contractual obligation.

SCSA is Required to Fund its Expenses in Advance

The issue before the SCSA Board is the FY21 Budget, not prior year wages.

Even assuming for a moment that Mr. Lee's purported double billing had occurred in some prior year (which it hasn't), that issue is properly handled in the year-end true up process. It is not a reasonable basis for the SCSA to disregard its contractual obligation to fund Stadium worker wages in advance for FY21.

This is one of the many fundamental misunderstandings of the City Staff with respect to the Stadium contracts. In his comments on 3.9.21, Mr. Doyle said: "We're supposed to reimburse Manco for their time, for their activity, which is fairly allocated to our efforts".

That statement is incorrect for two reasons. First of all the "fair allocation" referenced by Mr. Doyle was already agreed to be 50/50 in the Stadium Lease (Section 8.3.1 above). Secondly, the SCSA's contractual obligation is not to "reimburse" the Stadium Manager, the Management Agreement requires the SCSA to fund its share of budgeted

¹ For example, in November 2020 Stadium Manager requested support for a small sample of time entries on invoices received from the City. Mr. Lee responded "there were discrepancies noted between the timecards and hours billed for two employees". He said a credit would be issued. It was a minor mistake, and we understand those happen. We certainly didn't accuse City Staff of wrongdoing, nor did we refuse to pay the entire invoice because of two minor errors.

Stadium Operating Expenses in advance. This is clear in a number of different sections of the various contracts, including here in section 5.5 of the Management Agreement.

5.5 No Obligation of the Stadium Manager to Advance Funds. ... To the extent responsible therefor under the Stadium Operations Budget and the Stadium Lease, each of StadCo and the Stadium Authority shall be solely responsible for and shall promptly pay, or provide funds (including through any use of funds held by a depository bank or collateral agent as referenced in Section 5.4 above) to the Stadium Manager to enable the Stadium Manager to pay Manager Operating Expenses and Capital Expenditures on its behalf, in each case in accordance with applicable Budgets, and to pay Emergency Expenditures on its behalf. Except with regard to Transitional Period Expenses detailed in the Transitional Budget agreed by Stadium Manager or otherwise agreed to by the Parties and amounts drawn under the Revolving Credit Agreement, the Stadium Manager shall not be obligated to make any advance of its own funds to or for the account of either StadCo or the Stadium Authority or to pay any sums incurred for the performance of services or goods delivered to the Stadium, nor shall the Stadium Manager be obligated to incur any liability or obligation for the account of either StadCo or the Stadium Authority. 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. Each of StadCo and the Stadium Authority covenants and agrees to pay all Transitional Period Expenses and Manager Operating Expenses attributable to the services performed by Stadium Manager on its behalf and to provide funds to allow for the payment of all Manager Operating Expenses or Capital Expenditures incurred by the Stadium Manager under any contract or agreement executed or entered into by the Stadium Manager in accordance with this Agreement. Each of StadCo and the Stadium Authority shall at all times be responsible for and, to the fullest extent permitted by California law, shall, hold the Stadium Manager harmless from and against any operating loss incurred by the Stadium Manager in performing services on their respective behalf in any Fiscal Year in accordance with the terms of this Agreement.

The SCSA Board Should End this Farce

The wages and benefits for Shared Stadium Expense workers at the Stadium have totaled more than \$14M since 2019. The SCSA share of those costs is approximately \$7M. City Staff has refused to pay any of them, and they have been incurring unnecessary interest expense on those costs.

The latest request by City Staff asks the Board to allow City Staff to determine when the SCSA will begin funding its expenses. That is a waste of time. City Staff has already shown their hand. If the Board allows the City Staff to make this decision, the Board can be confident that there will be more letters, more emails, more long-winded reports to the Board, more interest cost and no change in direction.

In the past, the Stadium Manager has advanced funds to cover the SCSA's portion of the Shared Stadium Expenses using the Revolving Line of Credit, which carries interest at 3.25%. However, commencing on April 1, 2021, if these costs are not paid in advance in accordance with the Management Agreement, they will bear interest at the lesser of 12% or the maximum non-usurious rate, as provided for in Section 11.2 of the Management Agreement:

11.2 Interest on Delinquent Payments. Interest shall accrue on any sums not paid when due from the date on which a default notice is given until paid at an annual rate equal to the lesser of twelve percent (12%) per annum or the maximum non-usurious rate of interest permitted by Applicable Law.

We urge the SCSA Board to disregard the latest "legal theory" concocted by City Staff, and direct them to pay the SCSA's share of expenses in advance, in accordance with the agreements.

Sincerely,

V.L. on behalf of

Larry MacNeil
Compliance Manager

CC: Deanna Santana, Executive Director
Brian Doyle, Stadium Authority Counsel
Kenn Lee, Treasurer

Melissa Meslo

From: Simrat Dhadli
Sent: Tuesday, March 23, 2021 11:50 PM
To: Melissa Meslo
Subject: FW: Sent on behalf of Larry MacNeil
Attachments: LM ltr to Board on Staff Comments 3.23.21.pdf

PMM Item 5

From: Mayor and Council <MAYORANDCOUNCIL@SantaClaraCA.gov>
Sent: Tuesday, March 23, 2021 4:05 PM
To: Mayor and Council <MAYORANDCOUNCIL@SantaClaraCA.gov>
Cc: Simrat Dhadli <SDhadli@SantaClaraCA.gov>; Nora Pimentel <NPimentel@SantaClaraCA.gov>; Deanna Santana <DSantana@SantaClaraCA.gov>; Genevieve Yip <GYip@SantaClaraCA.gov>; Kathleen McGraw <KMcGraw@SantaClaraCA.gov>; Nadine Nader <nnader@SantaClaraCA.gov>; Robyn Sahid <RSahid@SantaClaraCA.gov>
Subject: FW: Sent on behalf of Larry MacNeil

Dear Mayor and Council,

For your review and consideration, we received the following email regarding item 5. 21-46 Action on the Proposed Santa Clara Stadium Authority Fiscal Year 2021/22 Budget, Stadium Operation and Maintenance Plan, and 2021 Marketing Plan (Not to be heard prior to 6:00 PM). Please note this correspondence is considered post meeting material and will form part of the public record for the March 23, 2021 Stadium Authority and Special Council and Authorities Concurrent meeting.

Best regards,

Julie Minot, SPHR | Executive Assistant, Mayor and City Council
 Mayor & Council Offices | City of Santa Clara
 1500 Warburton Avenue, Santa Clara, CA 95050
 Tel: 408-615-2252 | www.santaclaraca.gov



From: Ly, Vinette <Vinette.Ly@49ers.com>
Sent: Tuesday, March 23, 2021 2:05 PM
To: Mayor and Council <MAYORANDCOUNCIL@SantaClaraCA.gov>
Cc: Deanna Santana <DSantana@SantaClaraCA.gov>; Brian Doyle <BDoyle@SantaClaraCA.gov>; Kenn Lee <KLee@SantaClaraCA.gov>
Subject: Sent on behalf of Larry MacNeil

Hi Stadium Authority Board,

Please see the attached correspondence.

Thank you,
 Vinette

POST MEETING MATERIAL

VINETTE LY

Executive Assistant to the CFO

San Francisco 49ers

T 408.673.2034 | M 408.315.9736

SAP Performance Facility

4949 Marie P. DeBartolo Way

Santa Clara, CA 95054

FAITHFUL
to
THE BAY

#FTTB

49ers.com



FORTY NINERS STADIUM MANAGEMENT COMPANY

March 23, 2021

VIA EMAIL - MayorAndCouncil@santaclaraca.gov

Santa Clara Stadium Authority
1500 Warburton Avenue
Santa Clara, CA 95050

Dear Stadium Authority Board,

The purpose of this letter is to correct the record with respect to various comments made by City Staff to the SCSA Board in the past few weeks.

1. **Manager Santana lies about the 49ers making money from the Naming Rights Signage.**

Statement by City Manager Santana:

“What is important, Vice Mayor, is that the 49ers do have a separate sponsorship agreement similar to what the Stadium Authority has. And they also generate revenue through the signage agreement. And we went back, and we looked at our records. We know at minimum it's \$66 million. So the question has to be evaluated against whether it's a gift of public funds when evaluating the provisions of our naming rights agreement. *And also, what are the expectations in the 49ers agreement when they're making revenue off of the same sign.* And they also have responsibilities with respect to maintenance and replacement.”

Stadium Manager's Response:

Santana's assertion that the 49ers and the SCSA are making money from the same sign is simply false. There are two separate sponsorship contracts, one for the SCSA and one for the 49ers. The SCSA contract includes the four large signs at the Stadium, and the SCSA is responsible for maintaining those signs. The 49ers contract includes LED boards and offsite freeway signage, and the 49ers are responsible for maintaining those signs. In other words, the two contracts have entirely different signs.

All of this was explained to the City Staff in 2013 when both contracts were executed. This is another example of the lack of continuity at City Hall. The massive turnover in City Staff since Santana's arrival means that there is no one left at City Hall who actually understands the contracts.

2. **Staff believes the annual review of SSE is “inefficient.”**

Statement by City Staff:

“Shared Expenses Review Process - The current process of reviewing information in person months after the end of the fiscal year is inefficient. The Stadium Manager provided no response. As noted above, as part of the Meet and Confer meeting with the Stadium Manager, the Treasurer provided a suggestion regarding the review of information on a monthly basis. The Stadium Manager responded that they would discuss this further internally and get back to the Stadium Authority.”

Stadium Manager’s Response:

We agree that the current process is inefficient, but we disagree with the Treasurer’s suggested solution. We believe that the monthly review of Shared Stadium Expenses (“SSE”) would be significantly more inefficient, increasing the inefficiency by a factor of twelve.

Section 8.4.2 of the Lease provides for an audit of SSE after the end of each fiscal year by a qualified, independent, third party Certified Public Accountant. StadCo and Stadium Manager have, over the years, agreed to allow an endless stream of City Staff accountants, litigation consultants (HSNO), political consultants (Harvey Rose), to pore over various financial records. The results of all that has just been more political noise from City Hall, and mountains of paperwork. It’s a waste of time.

In an attempt to satisfy the “concerns” from the latest regime of City Staff, we proposed a new accounting system more than two years ago. City Staff has delayed that process for political reasons.

Now, City Staff is requesting monthly audits to rationalize their refusal to pay the budgeted SSE for FY21, including the wages of all the workers at the Stadium. Again, monthly audits are not required under any of the Stadium contracts.

In attempt to break the logjam, Stadium Manager has a very simple proposal: Your internal auditors can come to the Stadium and review a list of current Stadium Manager employees, along with their position, name and annual salary, in order to confirm that the FY21 budget of \$4.2M is reasonable. You can select a sample from that list and we will show you adequate documentation to support their current salaries. This entire process should take you less than four hours and can be completed next week.

If the Board is interested in creating an SSE review process that goes beyond the annual audit contemplated under the Stadium contracts, StadCo and the Stadium

Manager are willing to listen to that proposal. We would expect that this will require additional Stadium Manager accounting staff, and, in accordance with Section 2.6.21 of the Management Agreement, the Stadium Manager would submit a cost estimate and management fee adjustment for this additional work for consideration by the SCSA Board.

Again, we believe this would be a waste of time and money. There is already an audit mechanism provided for under the Stadium contracts and after years of review the SCSA Staff have been unable to identify even a single instance of the “double-billing” they now claim is a concern.

3. **Lee insinuates existence of improper charges to SCSA.**

Statement by Treasurer Lee:

“With regards to appropriateness of some of the documentation, so this is a sample of documentation with regards to the Rolling Stones concert where football helmets were purchased, an expense to that Non-NFL event.”

Stadium Manager’s Response:

Mr. Lee’s comments on Non-NFL documentation for 2019 events is irrelevant to the issue before the Board, which is approval of the FY21 Budget and payment of the wages for Stadium workers. This is a common theme with City Staff presentations at Board meetings. They attempt to mislead the Board by airing grievances from years gone by instead of addressing the issues at hand.

By showing this particular invoice for football helmets to the Board, Mr. Lee is implying that the 49ers purchased football helmets for their own use, and improperly charged that cost to the SCSA. That is false.

The promoter of this particular concert ordered these football helmets to be used in marketing the concert to the public. The promoter paid for 100% of the cost of the helmets. There was no cost to the SCSA.

4. **Mayor Gillmor tries to blame the Music Ban on a previous mayor.**

Statement by Mayor Gillmor:

“So who was the mayor in 2010? It wasn't me. It was Patricia Mahan. So I guess that's who started the mayor's music ban because it was a condition of approval and it was never changed. So that is very deceptive to continue to say these kinds of things that are completely not true.”

Stadium Manager’s Response:

Mayor Gillmor's attempt to distance herself from the Music Ban imposed by the Board in 2017 is a good political idea, because the ban has resulted in millions of dollars in lost revenue for the SCSA. But the ban was, in fact, imposed after Gillmor became Mayor in 2016. Prior to Gillmor's ban, the Stadium hosted several weeknight concerts that generated millions in revenue for the SCSA.

The Condition of Approval with respect to the curfew was approved by the Board in 2010, and it is true that Patricia Mahan was the Mayor at that time. But the critical piece of information that Gillmor ignores is that the original Condition of Approval made clear that the City Manager had the authority to waive the 10PM curfew in her own discretion without any approval required from the Board.

That was rescinded in early 2017 when Gillmor and her Board removed the City Manager's authority to grant curfew exceptions. It was this action by Mayor Gillmor that created the ban, not the original Condition of Approval. Since Gillmor put the Board in charge of curfew exemptions, the Board has not approved one single exemption.

5. **Staff misinterprets budget data.**

Statement by City Staff:

“Shared Expenses Forecast for FY 2020/21 - Stadium Authority questioned the difference in projections by category provided to Finance staff compared to what was submitted in the Stadium Manager proposed budget. Stadium Authority staff believe that the Stadium Manager projections in the budget reflect the latest savings. SCSA staff continue to be concerned about receiving conflicting data for information provided from the Stadium Manager. As part of the year-end process, staff will review actual Shared Expenses charged by category.”

Stadium Manager's Response:

There is no conflicting data. City Staff is confusing the Lender Budget with the SCSA Budget. The Lender Budget is a vehicle to ensure the SCSA has enough cash to pay its bills and updated forecasts/adjustments are made at a high level or spread evenly by department as the main focus is the bottom line number. The forecast that Stadium Manager provided in February of 2021 was at a far more detailed and granular level than the Lender Budget.

This has already been explained to Mr. Lee in the lengthy written exchanges we have had on the FY21 budget.

More importantly, Mr. Lee's confusion on this topic will be handled in the FY20 true up process – it is irrelevant to the FY21 Budget approval, which is the matter before the Board.

6. Staff refuses to work collaboratively on procurement

Statement by City Staff:

“Procurement Compliance - The Stadium Authority has requested multiple times the plan for compliance for procurement, including prevailing wage requirements. The Stadium Authority has provided templates, sample contracts, sample RFPs, procurement resources, and met several times on procurement. The Stadium Manager acknowledges the need to comply, however, has not provided any detailed plan or timeline that would inform the Stadium Authority regarding resources that would be necessary to support this effort.”

Stadium Manager's Response:

As we have attempted on multiple occasions, we would be delighted to revise the procurement procedures to satisfy the Board's reasonable requests, but the interaction with City Staff on this topic has been entirely unproductive.

For example, we sent a draft RFP for on-call repairs to City Staff for their review in September 2020, and the City Staff declined the opportunity to collaborate on this, saying they didn't have enough room in their overhead budget to commit to this work.

That was false. The SCSA had an overhead budget of \$4.6M for FY20 and is on track to spend approximately \$2.7M. So they actually had \$1.9M available in their overhead budget to cover this work. The total cost for their staff to review the RFP in advance would have been less than \$5,000.

7. Staff complains when the 49ers pay costs for the vaccination initiative

Statement by City Staff:

“Vaccine Response - The Stadium Authority is concerned regarding the validation of these additional costs and ensuring they are correctly allocated. We have received in writing from the Stadium Manager that these costs will be funded by the NFL. We will review these Shared Expenses as part of the annual year-end process to make sure that no costs were assigned to the SCSA.”

Stadium Manager's Response:

We have answered this on multiple occasions. Event costs are handled in accordance with the Stadium Lease. While Manager Santana focuses on playing

politics, our focus will remain on protecting this community and saving lives through equitable and efficient vaccine distribution.

8. Staff is confused by Lease explanation of Insurance expenses.

Statement by City Staff:

“Insurance Expenses - The Stadium Authority is concerned that the insurance costs billed by the Stadium Manager may be higher than actual costs. In previous meetings, Stadium Manager stated that over time the SCSA would receive the benefit of overpayment if insurances costs increased. However, SCSA has never received a reconciliation from the Stadium Manager to understand amount of overpayment and on reserve to cover years when insurance costs are greater than the amount paid by the SCSA. Accordingly, the Stadium Authority has recently requested a reconciliation from the Stadium Manager. but this has not been provided.”

Stadium Manager’s Response:

The SCSA insurance cost is a fixed amount as set forth in Section 8.3.1 of the Lease, which was in accordance with the request of a previous City Staff regime. The SCSA has received all of the insurance documents required under the Lease. City Staff’s latest request for “reconciliations” are not required under the Lease or Management Agreement. This is yet another example of City Staff attempting to manufacture an issue where none exists. City Staff continue to dedicate resources to creating conflicts with Stadium Manager rather than working towards the shared goal of a successful return of events to Levi’s Stadium. The Board should direct City Staff to stop wasting time on this issue.

9. City Staff’s FY20 Budget Amendments were not Coordinated with Stadium Manager.

Statement by City Staff:

In its 3.23.21 report to the Board for Item 4. (Action on the SCSA Financial Status Report for QE 12.31.2020 and Related Budget Amendments), City staff states: “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.”

Stadium Manager’s Response:

The budget amendments proposed by City Staff have not been “coordinated” with Stadium Manager. Please note that these amendments, if approved by the Board, will be subject to approval by the Stadium Manager pursuant to the Management Agreement.

Sincerely,

V.L. on behalf of

Larry MacNeil
Compliance Manager

CC: Deanna Santana, Executive Director
Brian Doyle, Stadium Authority Counsel
Kenn Lee, Treasurer