



March 22, 2019

Mr. Al Guido, President
San Francisco Forty Niners Management Company
4900 Marie P. De Bartolo Way
Santa Clara, California 95054

Sent via Certified Mail, Return Receipt Requested
(Corrected to reflect: April 12, 2019)

SUBJECT: Audit of Stadium Manager Delegated Procurement Authority

Dear Mr. Guido:

The purpose of this letter is to advise the Forty Niners Stadium Management Company, LLC (Stadium Manager) **that I will be accelerating an audit of all contracts issued by the Stadium Manager, as the Stadium Authority's agent**, to determine compliance with all applicable legal requirements, including but not limited to California Prevailing Wage statutes (See California Labor Code Sections 1720 and 1771) and regulations of the California Department of Industrial Relations.

In a telephone conversation with Stadium Manager Jim Mercurio this morning to discuss concerns related with compliance of the legal requirements for delegated procurement authority, it surfaced that the Stadium Manager had not complied with state law in procuring the Stadium Authority's contract with Designers Surfaces, LLC, a California limited liability company d/b/a NEX Systems Surfaces in the amount of \$643,568. I advised Mr. Mercurio during the call that based on the documentation produced, the Stadium Manager has not been able to demonstrate compliance with proper bidding and adherence to California Prevailing Wage statutes. I expressed my concern and offered to meet in short order with the Stadium Manager to review the requirements for this delegated authority.

Given the unknown magnitude of potential non-compliance with the issuance of public contracts with public funds as the Stadium Authority's agent, **you must produce copies of all Stadium Authority contracts issued by the Stadium Manager no later than April 12, 2019** and demonstrate how you have adhered to all legal requirements with respect to the procurement of the contracts for the Stadium Authority. Your timely compliance will allow me to provide the Board with an update of this matter and comply with the annual report required under City Code Section 17.30.

MR. AL GUIDO, PRESIDENT

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You also need to provide the year-to-date expenditures for each contract so that the Stadium Authority Auditor can determine compliance with the established monetary thresholds relative to signature authority.

Thank you for your immediate attention to this very serious matter.

Sincerely,



Deanna J. Santana
Executive Director

CC: Stadium Authority Board
Linh Lam, Stadium Authority Auditor
Walter C. Rossmann, Chief Operating Officer
Brian Doyle, Stadium Authority Counsel