



City of Santa Clara

The Center of What's Possible

AD HOC STADIUM AUDIT COMMITTEE

Central Park Library-Redwood Room
1500 Homestead Road
Santa Clara, CA 95050

DRAFT - Meeting Minutes November 27, 2017 5:00 p.m.

Committee Members

Chairperson Lisa M. Gillmor, Chair
Member Teresa O'Neill
Member Patrick Kolstad

Staff

Executive Director, Deanna Santana
Chief Operating Officer, Walter Rossmann
Interim Stadium Authority Counsel, Brian Doyle
Acting Treasurer, Angela Kraetsch

1. Call to Order

Chairperson Gillmor called the meeting to order at 5:03 p.m.

2. Approval of Minutes

It was moved by Member Kolstad, seconded by Member O'Neill, and unanimously carried, that the Committee approve the minutes of February 23, 2017.

3. Public Presentations

No public presentations

4. New Business

5. Public Comment

A. Status of Harvey M. Rose Associates' Measure J Compliance Audit Recommendations

The Executive Director reported that a Request for Proposal (RFP) would be initiated to hire an independent auditor for the Stadium Authority.

Member Kolstad asked for clarification of the auditor function, and he requested that the City Manager's Directive (CMD) 136 be considered by the auditor. The Executive Director confirmed that the auditor function would be compliance and performance, separate from that of KPMG, the auditors for the finance function for the stadium. It was further stated that the auditor will work with the Stadium Authority Board to develop a work plan.

The Interim Stadium Authority Counsel noted that the Grand Jury report recommended that the finance function and the auditor function be separated, which was done in June 2017, and the Joint Powers Agreement (JPA) was amended to reflect this change. He also stated that more work needs to be done to clarify what is billed and how it is billed for Stadium related work, and it will need to be monitored.

The Chairperson reiterated that there is a need to clarify what is billed, and how work is billed.

Executive Director noted that the Harvey Rose Associates' Audit Report included 37 recommendations, which are listed in the attachment to the staff report for agenda item 4.A.(attached); 10 complete, 14 partially complete and 13 not implemented. The urgent items to address were noted as Budget Development, Marketing Plan and additional Due Diligence to complete the outstanding audit work not completed in the first audit by Harvey M. Rose Associates.

The Chairperson stated the need to determine the true costs for Public Safety and other Stadium related expenses for 2014-15 and 2015-16. She noted that the budget needs to be restated.

The Interim Stadium Authority Counsel stated that StadCo has been working directly with the Police Department to facilitate bringing the cost down for stadium Public Safety and after an analysis is completed on actual costs, StadCo will be held responsible for paying the actual cost for stadium public safety for NFL games.

The Acting Treasurer commented that the cost for stadium public safety has been averaging \$225,000 per game, which is actually a decrease from what was previously being charged, which brings the annual cost to about \$350,000 over the 1.9 million threshold.

The Executive Director stated that there will be a closed session in December for the Stadium Authority Board to discuss policy level public safety actions and the key elements to put into an operational plan. She also stated that this information would be integrated into the March budget.

The Chairperson commented while there are ways to trim the public safety costs, her main concern is not the reduction to the cost of the stadium public safety, as she wants to maintain safety at the stadium, but rather, her main concern is to see a public safety budget with true costs.

A discussion was had regarding invoices for stadium insurance being disclosed for the shared stadium expenses budget. The Acting Treasurer stated that these documents would be available at the end of the year and would be reflected in the year-end financial statement, which would also show prior years invoices for comparison.

It was discussed that ManCo provide quarterly financial status reports, which intuitively reflects sufficient information for staff and the Board to determine that Stadium Lease requirements are being adhered to.

It was confirmed by the Acting Treasurer that plans, reports and budget documents required to be provided by ManCo will be monitored by the department responsible for each report, as a way to ensure that the Stadium Authority Board receives all documents, as agreed to by existing agreements.

The Executive Director reported that a plan is underway with ManCo and the city, to establish a way to report out non-NFL event revenue and expenses, so as to not compromise confidentiality, but that would allow the Board and the public to monitor the performance of non-NFL events, and how these events are managed by ManCo. The Chairperson confirmed that this information is key to being able to see how revenue and expenses occur for non-NFL events.

The Chairperson asked for further clarification for Debt Service Fund transactions. The Executive Director suggested the document with this information be brought back to the January meeting for further review and discussion.

It was confirmed that an ongoing project is the need for an amendment to the Management Agreement, establishing binding policies increases in authorized expenditures.

The Chairperson and Member O'Neill requested clarification the status of the Stadium Construction Budget. The Executive Director suggested that this be brought back for an update at the January meeting. The Chairperson stated that the Board has also never seen a Cost Allocation Study and would like to see one.

Interim Stadium Authority Counsel confirmed that the Golf Course parking revenue is a City, not Stadium Authority, agreement, and is being handled separately from the Stadium Audit discussion.

The Executive Director reported that Harvey Rose Associates would not be available to work on the second part of the Stadium Audit until late June, 2018, and that perhaps in an effort to expedite this, it could be built into the work plan as one of the first items, once the auditor function procurement process is complete.

The Executive Director confirmed that staff will bring back the following items for discussion in January:

- The financial documents to discuss formatting changes and to seek a better level of clarity on how to report that out.
- Update on the reconciliation for discussion.
- Review of the Marketing Plan, after having a discussion with ManCo, to achieve a higher level of agreement

The Chairperson requested a list of the documents provided by ManCo to the City be provided in January.

Deborah Bress requested that actual costs for public safety be paid, not an amount with a cap. Ms. Bress had general comments regarding the Fast Track program for stadium public safety, the billing process for public safety, a closed session discussion of the JPA and a Measure J Compliance audit. She also requested that the following information be provided: a process for detailed accounting for stadium events; a Cost Allocation Study; an accounting of the stadium construction fund; the magnetometers along the San Tomas Creek Trail; what ManCo can deem proprietary; the documentation of meetings with Stadium Authority staff and ManCo; and a report on whether city staff receives tickets to stadium events and the city's process for this.

Kirk Vartan requested an update for the second part of the stadium audit. He inquired into whether stadium fines should be included in the stadium budget, as a line item. Mr. Vartan also suggested that the actual stadium costs, not budgeted costs, be paid by ManCo. He requested that a cost and revenue report be available for all non-NFL events. Mr. Vartan noted that there were no representatives from the Forty Niners, or ManCo, present at the meeting, and he suggested that it might be more productive if a representative from the Forty Niners or ManCo were present at the meetings.

6. Adjournment

The Chairperson adjourned the meeting at 5:55 p.m.