

Santa Clara Stadium Authority

Status of Harvey M. Rose Audit Recommendations

November 27, 2018



Agenda

- Benefits of the Audit
- Summary of Audit Recommendations
- Outstanding Audit Recommendations
- Net Revenue from Non-NFL Events
- Possession of Documents-Audit Update
- Review of Audit Matrix

ITEM 8

1-S-18

POST MEETING MATERIAL

Benefits of the Audit

- **Provided Greater Transparency:**
 - ✓ Non-NFL events
 - ✓ Revenues and Losses
 - ✓ Budget Document
 - ✓ Agreements
- **Better Oversight over Stadium Operations:**
 - ✓ Monthly meetings with ManCo
 - ✓ SCSA staff participation in Concessionaire Contract
 - ✓ SCSA assisted with Parking and Concession audit
 - ✓ CFP agreement protecting the Stadium Authority
 - ✓ Transparent Budget and Marketing Plan

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Summary of Audit Recommendations

Status	Progress of Audit Recommendations as of March 2018	Progress of Audit Recommendations as of October 2018	% Change	
Complete	18	25	39%	↑
Partially Complete	14	12	14%	↓
Not Implemented	5	-	100%	↑
TOTAL	37	37		

- 68% of audit recommendations are complete
- 40% increase in completed recommendations since March

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Outstanding Audit Recommendations

- 12 audit recommendations are partially complete
- Some are difficult to implement as they require cooperation, collaboration, and/or consent from ManCo and/or StadCo
- Staff will return to the Committee in March/April of 2019 to provide an update on the status of the remaining audit recommendations

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Net Revenue for Non-NFL Events

EVENT TYPE	2014/15		2015/16		2016/17		2017/18	
	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue
Ticketed Events								
Concerts	0	\$ -	7	\$ 3,791,985	4	\$ 2,424,572	2	\$ 1,819,099
Sporting events:								
Football (non-NFL)	5	(3,007,907)	4	(2,316,903)	4	(2,946,165)	4	(3,601,827)
Soccer	2	3,948,144	2	891,300	5	2,414,209	3	3,228,754
Miscellaneous events	2	2,504,912	4	(149,392)	5	(159,175)	4	76,379
Subtotal Ticketed Events	9	\$ 3,445,149	17	\$ 2,216,989	18	\$ 1,733,441	13	\$ 1,522,405
Special Events (weddings, corporate events, etc.)	186	\$ 1,762,404	204	\$ 3,862,027	127	\$ 3,583,453	113	\$ 3,640,924
Total Non-NFL Net Revenue	195	\$ 5,207,553	221	\$ 6,079,016	145	\$ 5,316,894	126	\$ 5,163,329
Total Performance Rent paid to the General Fund*		\$ 2,513,777		\$ 2,932,008		\$ 2,533,447		\$ 2,439,164
Average General Fund Revenue per Ticketed Event		\$ 184,782		\$ 62,899		\$ 45,887		\$ 55,322

*Performance Rent is calculated at 50% of the net revenue for Non-NFL events less performance-based credit of 50% of fixed Ground Rent

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Net Revenue for Non-NFL Events

- Concerts, Soccer, and Special Events (weddings, corporate events, birthday parties) are positive revenue generators
- Non-NFL Football events (college and high school) have generated substantial losses all four years
- Aligns with the Board's action to establish a separate agreement for the College Football Playoff (CFP) which saved the Stadium Authority from carrying an estimated \$12 million plus loss

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Possession of Documents

Audit Update



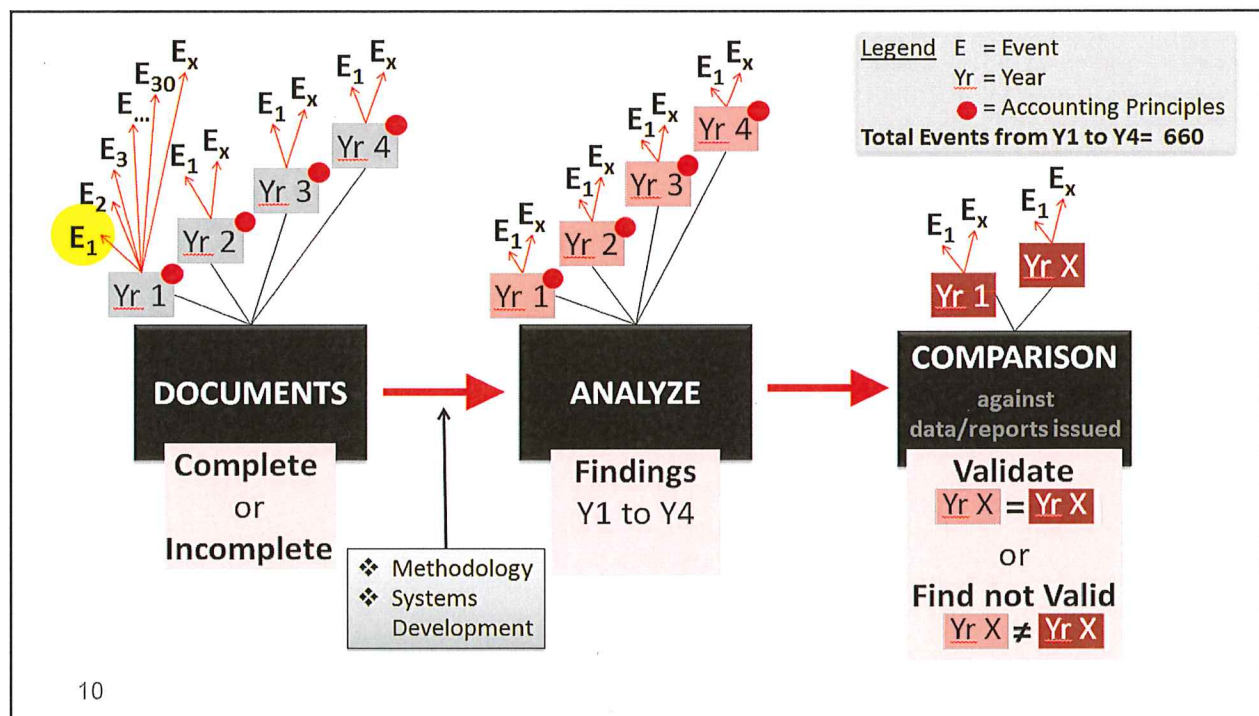
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Status and Observations

- Independent Review of Documentation
- Current review of Non-NFL event documentation has revealed some discrepancies:
 - ManCo is in the process of providing additional information to explain the differences
- The position of Stadium Auditor is now filled
 - Provides in-house Audit expertise
 - Review of SCSA processes is currently underway
 - Establishing audit procedures to be used by SCSA staff for review of documents

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Questions



