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Santa Clara Stadium Authority

SANTA CLARA STADIUM AUTHORITY FINANCIAL STATUS REPORT

Quarter Ending September 30, 2018



December 11, 2018

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Introduction

This Santa Clara Stadium Authority (“Stadium Authority”) Financial Status Report provides information covering the first and second quarter of the Stadium Authority’s Fiscal Year 2018/19 which ended September 30, 2018. Comparative data from prior fiscal years is also included.

In addition to this report, the Stadium Authority produces annual financial statements within six months of fiscal year-end. These financial statements are audited by an external audit firm and were presented to the Stadium Authority’s Audit Committee on August 27, 2018 and the Stadium Authority Board (“Board”) on September 11, 2018. Once presented to the Board, the financial statements as well as this report are published on the Stadium Authority’s website.

The Stadium Authority also prepares a detailed budget prior to the beginning of the new fiscal year. The Board adopted the FY 2018/19 Stadium Authority budget on March 27, 2018.

Stadium Authority finances are structured so that the City of Santa Clara (“City”) is not liable for the debts or obligations of the Stadium Authority. All services provided by the City, including administrative and public safety, to ManCo or the Stadium Authority are fully reimbursed.

It is important to note that at the request of the Board, ManCo has transferred a set of supporting financial documents for Non-NFL Events to the Stadium Authority which are currently being analyzed for completeness and accuracy. Once this review is complete, staff will report out the findings and if there are any changes to prior year financial information they will be reported in the current year financial statements.

NFL Events

This section provides year to date and comparative data for NFL games categorized as pre-season and regular season games.

The San Francisco Forty-Niners (“49ers”) played a total of three NFL games (two pre-season games and one regular season game) at Levi’s® Stadium as of September 30, 2018. There were a total of 190,840 tickets sold to these NFL games, an average of 63,613 per game. This is up by 1,261 or 2% when compared to the same period in the prior fiscal year. The ticket sales resulted in \$1.7 million in NFL Ticket Surcharge revenue (10% of ticket sales) to the Stadium Authority. The average NFL Ticket Surcharge revenue was \$577,000 per game in the current year which is down by \$59,000 or 9.2% from the same period in the prior fiscal year. This decrease can be primarily attributed to dynamically priced tickets to each NFL game. However, since season ticket prices make up approximately 90% of all tickets, when the season ends, it is expected that the annual ticket surcharge will be very close to the prior year. A total of \$67,000 of Senior and Youth Program Fees, which is based on \$0.35 per NFL ticket sold, were collected through the end of the second quarter of the fiscal year. These fees were transferred to the City’s General Fund in support of such programs.

A total of 15,030 cars were parked in the permitted offsite parking lots generating \$85,000 in offsite parking fees. In addition, the Tasman lot parking fee generated \$6,000 for the General Fund this quarter. The overall number of cars parked in the permitted offsite lots and the Tasman lots went down by an average of 525 cars per game or 8.8% when compared to the prior fiscal year.

There was \$741,000 in NFL Event public safety costs in the current reporting period, or an average of \$247,000 per game. This is up slightly from the prior year average of \$244,000. Of the \$741,000 NFL event public safety costs, \$594,000 or 80.2% are direct City costs and \$147,000 or 19.8% are outside agency costs. Offsite parking fees covered \$85,000 of the cost and the remaining \$656,000 was invoiced to ManCo.

Statistics for the NFL Events held at Levi’s® Stadium in the first two quarters of FY 2018/19 are shown in Table 1, and comparative data from all five years of operations can be found in Table 2.

Table 1
Levi's® Stadium
2018/19 NFL Event Statistics
As of September 30, 2018

	Game 1 vs Cowboys 08/09/18	Game 2 vs Chargers 08/30/18	Game 3 vs Lions 09/16/18	2018/19 YTD Total
No. of Tickets Sold	63,679	60,106	67,055	190,840
NFL Ticket Surcharge	\$ 568,799	\$ 547,854	\$ 615,682	\$ 1,732,335
Senior/Youth Program Fees	\$ 22,288	\$ 21,037	\$ 23,469	\$ 66,794
Cars Parked at Offsite Lots	5,103	3,028	6,899	15,030
City Offsite Parking Fee	\$ 28,730	\$ 17,048	\$ 38,841	\$ 84,619
Cars Parked on Tasman Lots	456	346	442	1,244
City Tasman Lot Parking Fee	\$ 2,280	\$ 1,730	\$ 2,210	\$ 6,220
Stadium Public Safety Costs	\$ 259,939	\$ 225,864	\$ 255,280	\$ 741,083
Less: Offsite Parking Fee Credit	\$ (28,730)	\$ (17,048)	\$ (38,841)	\$ (84,619)
Reimbursable Stadium Public Safety Costs	\$ 231,209	\$ 208,816	\$ 216,439	\$ 656,464
Amount Reimbursed	\$ 237,035	\$ 208,306	\$ 215,801	\$ 661,141

Table 2
Levi's® Stadium
Historical NFL Event Statistics

	2014/15 Q2 Total	2015/16 Q2 Total	2016/17 Q2 Total	2017/18 Q2 Total	2018/19 Q2 Total
No. of NFL Events	4	3	3	4	3
No. of Tickets Sold	271,503	198,634	188,705	249,408	190,840
NFL Ticket Surcharge	\$ 2,911,416	\$ 1,851,550	\$ 2,343,474	\$ 2,544,721	\$ 1,732,335
Senior/Youth Program Fees	\$ 95,026	\$ 69,522	\$ 66,047	\$ 87,293	\$ 66,794
Cars Parked at Offsite Lots	37,884	16,986	18,295	21,442	15,030
City Offsite Parking Fee	\$ 186,389	\$ 86,289	\$ 95,866	\$ 116,216	\$ 84,619
Cars Parked on Tasman Lots	1,737	1,967	1,689	2,357	1,244
Cars Parked on Golf Course	11,378	7,353	-	-	-
City Tasman Lot and Golf Course Parking Fee	\$ 65,575	\$ 46,600	\$ 8,445	\$ 11,785	\$ 6,220
Stadium Public Safety Costs	\$ 914,005	\$ 673,723	\$ 740,565	\$ 975,574	\$ 741,083
Golf Course Public Safety Costs	\$ 111,690	\$ 25,242	\$ -	\$ -	\$ -
Subtotal Event Public Safety Costs	\$ 1,025,695	\$ 698,965	\$ 740,565	\$ 975,574	\$ 741,083
Less: Offsite Parking Fee Credit	\$ (186,389)	\$ (86,289)	\$ (95,866)	\$ (116,216)	\$ (84,619)
Reimbursable Stadium Public Safety Costs	\$ 839,306	\$ 612,676	\$ 644,700	\$ 859,359	\$ 656,464
Amount Reimbursed	\$ 839,306	\$ 612,676	\$ 644,700	\$ 859,359	\$ 661,141

Non-NFL Events

This section provides year to date and comparative data for Non-NFL events categorized as events ranging from high school and college football games, international soccer matches, concerts, wedding fairs, and non-ticketed events. During the current reporting period there were a total of 231,849 tickets sold for seven ticketed Non-NFL Events, resulting in \$927,000 in Non-NFL Event Ticket Surcharge revenue (\$4 per ticket). This is an increase in ticket surcharge revenue of \$87,000 or 10.3% over the same period for the same number of ticketed Non-NFL Events in the prior year. Therefore, the reason for the increase is due to holding larger ticketed Non-NFL Events in the current reporting period.

In correlation with the increase in the number of tickets sold, the number of cars parked at the permitted offsite parking lots also increased. There were a total of 22,338 cars parked at these lots, an increase of 14.8%. The City received \$124,000 in related offsite parking fees.

There were also 41 non-ticketed events held at Levi's® Stadium which is similar to the same period in the prior fiscal year of 42 events. However the attendance at these events went down from 23,726 in the prior year to 15,943 in the current year, a 32.8% decrease due to a number of these non-ticketed events being smaller in size. Examples of these non-ticketed events include corporate events of various sizes, weddings, holiday parties, high school dances, etc.

Total Non-NFL Event public safety costs were \$1.3 million, an increase of \$306,000 or 29.6% from the prior year. As noted previously an increase in larger Non-NFL Ticketed Events were held in the current reporting period when compared to the prior year resulting in higher public safety costs. Of these costs, \$124,000 was covered by the offsite parking fee and the remaining \$1.2 million was invoiced to ManCo.

Statistics for the seven ticketed Non-NFL Events and 41 non-ticketed events that were held in the current reporting period are shown in Table 3, and comparative data from all five years of operations are shown in Table 4.

Table 3
Levi's® Stadium
2018/19 Non-NFL Event Statistics
As of September 30, 2018

	Monster Jam 04/28/18	Taylor Swift Concert I 05/11/12	Taylor Swift Concert II 05/12/18	Earthquakes Soccer Match 07/22/18	Champions Cup Soccer Match 08/04/18	High School Football 09/21/18	OTR II Concert (Beyonce & Jay-Z) 09/29/18	2018/19 Q1-Q2 Special Events	2018/19 YTD Total
No. of Tickets Sold	35,302	29,333	50,503	22,281	43,393	3,802	47,235	-	231,849
Non-NFL Ticket Surcharge	\$ 141,208	\$ 117,332	\$ 202,012	\$ 89,124	\$ 173,572	\$ 15,208	\$ 188,940	\$ -	\$ 927,396
No. of Non-NFL Special Events	-	-	-	-	-	-	-	41	41
Non-NFL Special Event Attendees	-	-	-	-	-	-	-	15,943	15,943
Cars Parked at Offsite Lots	3,719	2,196	4,580	2,698	4,641	-	4,504	-	22,338
City Offsite Parking Fee	\$ 20,157	\$ 11,902	\$ 24,824	\$ 15,190	\$ 26,129	\$ -	\$ 25,358	\$ -	\$ 123,559
Stadium Public Safety Costs	\$ 209,965	\$ 239,028	\$ 234,710	\$ 184,611	\$ 201,868	\$ 8,007	\$ 231,496	\$ 31,602	\$ 1,341,286
Less: Offsite Parking Fee Credit	\$ (20,157)	\$ (11,902)	\$ (24,824)	\$ (15,190)	\$ (26,129)	\$ -	\$ (25,358)	\$ -	\$ (123,559)
Reimbursable Public Safety Costs	\$ 189,808	\$ 227,126	\$ 209,886	\$ 169,421	\$ 175,740	\$ 8,007	\$ 206,139	\$ 31,602	\$ 1,217,727
Amount Reimbursed	\$ 189,179	\$ 226,327	\$ 208,378	\$ 171,494	\$ 178,959	\$ 8,007	\$ 159,520	\$ 31,602	\$ 1,173,466

Table 4
Levi's® Stadium
Historical Non-NFL Event Statistics

	2014/15 Q2 Total	2015/16 Q2 Total	2016/17 Q2 Total	2017/18 Q2 Total	2018/19 Q2 Total
No. of non-NFL Ticketed Events	2	13	14	7	7
No. of Tickets Sold	106,699	542,390	518,542	210,157	231,849
Non-NFL Ticket Surcharge	\$ 426,796	\$ 2,130,628	\$ 2,074,168	\$ 840,628	\$ 927,396
No. of Non-NFL Special Events	43	100	53	42	41
Non-NFL Special Event Attendees	12,521	73,196	17,959	23,726	15,943
Cars Parked at Offsite Lots	10,748	51,669	55,731	19,466	22,338
City Offsite Parking Fee	\$ 52,880	\$ 258,252	\$ 286,531	\$ 104,077	\$ 123,559
Cars Parked on Golf Course	5,413	19,743	9,562	-	-
City Golf Course Parking Fee	\$ 27,065	\$ 98,715	\$ 47,810	\$ -	\$ -
Stadium Public Safety Costs	\$ 444,151	\$ 2,624,988	\$ 2,469,148	\$ 1,035,289	\$ 1,341,286
Golf Course Public Safety Costs	\$ 55,701	\$ 113,440	\$ 39,905	\$ -	\$ -
Subtotal Event Public Safety Costs	\$ 499,852	\$ 2,738,429	\$ 2,509,053	\$ 1,035,289	\$ 1,341,286
Less: Offsite Parking Fee Credit	\$ (52,880)	\$ (258,252)	\$ (286,531)	\$ (104,077)	\$ (123,559)
Reimbursable Public Safety Costs	\$ 446,972	\$ 2,480,177	\$ 2,222,522	\$ 931,212	\$ 1,217,727
Amount Reimbursed	\$ 446,972	\$ 2,480,177	\$ 2,222,522	\$ 931,212	\$ 1,165,459

Discretionary Fund

The Discretionary Fund is funded by revenue equal to 50% of the Non-NFL Event Ticket Surcharge of \$4 per event. The seven ticketed Non-NFL Events contributed \$464,000 to the Discretionary Fund in the current reporting period and \$48,000 was spent on consulting services. Table 5 shows the revenues and expenses in the Discretionary Fund since FY 2014/15 on an accrual basis. The current balance is \$1.7 million.

Table 5

Discretionary Fund - Accrual Basis				
Fiscal Year	Beginning Balance	Revenue	Expenses	Ending Balance
2014/15	\$ -	\$ 715,770	\$ 714,028	\$ 1,742
2015/16	1,742	1,238,542	699,129	541,155
2016/17	541,155	1,164,698	1,209,342	496,511
2017/18	496,511	768,564	-	1,265,075
2018/19	1,265,075	463,698	48,185	1,680,589

The Stadium Lease contains a provision under which NFL public safety costs are subsidized through revenue earned from Non-NFL Events. The mechanism by which this has occurred has been alternatively referred to as the public safety costs threshold or “cap”. For the first three years of Stadium operations, the cap was set at \$170,000 per NFL game, subject to a 4% annual increase. Any NFL public safety costs that exceed the annual cap have been funded by transfers from the Stadium Authority “Discretionary Fund”. Beginning in the fourth year of operation (FY 2017/18), there were no expenses paid related to the public safety threshold.

Under the Stadium Lease, the Stadium Authority invoked its right to hold good faith discussions relative to the issue of the threshold with the Forty Niners SC Stadium Company (“StadCo”). As of the date of this report the discussions have not concluded.

Stadium Builder Licenses

The total principal value of currently active Stadium Builder Licenses (“SBLs”) is \$531.3 million and, as of September 30, 2018, 80.1% of the total principal value of all SBLs sold (i.e., \$425.4 million) has been collected.

SBL holders that finance their purchase pay an annual interest rate of 8.5% and payments are due by March 1st each year. The majority of SBL holders make their payments on time. For those that do not pay on time, SBL service staff working for ManCo on the Stadium Authority’s behalf, contact the SBL holders and attempt to collect the full amounts owed. Ultimately, an SBL can be defaulted for non-payment. Once an SBL is defaulted, the SBL holder in default loses their right to buy season tickets as well as their priority rights to tickets to Non-NFL Events, and forfeits any money they had invested in the SBL. Defaulted SBLs are then available for resale. A total of \$20 million has been received life-to-date from SBL holders who defaulted.

There are a total of 60,175 currently active SBLs, or 91.3% of the 65,877 total sellable SBLs. This is down by 292 from the total active SBLs at the end of the prior fiscal year (March 31, 2018). The main reason for the reduction is due to defaulted SBLs. The defaulted SBLs were offset by (1) the net increase related to the customer seat relocation program and (2) the sale of new SBLs. The customer seat relocation program allows customers to trade in their SBLs in return for others in a different location as long as the total face value of the new seats is equal to or greater than the original seats.

During the current reporting period, 504 SBLs were sold for a total face value of \$3.2 million. The customer seat relocation program resulted in an increase of \$1.2 million to the SBL face value, while netting 206 more SBLs. There were also 1,001 SBLs defaulted during the same period with a total face value of \$6.1 million.

Additional details regarding currently active SBLs are noted in Table 6.

Table 6
Santa Clara Stadium Authority
Currently Active Stadium Builder License (SBL) Summary ⁽¹⁾

Through September 30, 2018											
Seat Value	SBL Seats Available	SBL Seats Sold as of 3/31/18	New SBL Sales	Net SBL Relocations	SBL Defaults	Other ⁽²⁾	SBL Seats Sold	SBL Value	SBL Collected	% SBL Principal Collected	
141,392	98	98	-	-	-	-	98	\$ 13,856,398	\$ 11,189,637	80.8%	
80,000	938	928	4	2	(6)	-	928	74,240,000	61,619,068	83.0%	
40,000	2	2	-	-	-	-	2	80,000	58,680	73.4%	
30,000	4,869	4,596	16	(13)	(37)	-	4,562	136,860,000	114,004,044	83.3%	
20,000	3,397	2,973	7	17	(34)	-	2,963	59,260,000	48,163,957	81.3%	
15,000	7	7	-	-	-	-	7	105,000	56,923	54.2%	
12,000	2,167	2,103	28	(4)	(16)	-	2,111	25,332,000	20,570,953	81.2%	
10,000	7	8	-	-	-	(1)	7	70,000	54,698	78.1%	
6,000	20,623	20,177	174	235	(306)	-	20,280	121,680,000	91,351,605	75.1%	
5,000	14,301	13,292	116	(62)	(188)	-	13,158	65,790,000	51,135,604	77.7%	
4,000	917	913	1	5	-	-	919	3,676,000	3,177,579	86.4%	
3,000	94	96	-	-	(2)	-	94	282,000	199,444	70.7%	
2,500	45	46	-	-	(1)	-	45	112,500	82,840	73.6%	
2,000	18,373	15,186	158	26	(408)	-	14,962	29,924,000	23,755,555	79.4%	
1,000	39	42	-	-	(3)	-	39	39,000	29,076	74.6%	
Total	65,877	60,467	504	206	(1,001)	(1)	60,175	\$ 531,306,898	\$ 425,449,663	80.1%	

Plus: Interest on financed SBLs 44,179,269
Total Principal & Interest \$ 469,628,932

⁽¹⁾ This table does not include \$20 million that has been collected life-to-date from defaulted SBL holders.

⁽²⁾ This change was the result of a SBL system reconciliation in the current year.

Santa Clara Stadium Authority Budget Status Reports

Operating Budget

With half of the fiscal year complete, total operating revenues for the first two quarters of the FY 2018/19 were \$26 million, a decrease of \$4.2 million when compared to the same time in the prior year, representing 20% of the overall budget for revenues. The reason for the drop in the year-over-year revenues is due to (1) the change from cash to accrual based budgeting and (2) Levi's® Strauss making its first annual naming rights payment earlier in the prior fiscal year. The primary reason that revenue is below 50% in the current fiscal year is because Non-NFL Event revenue, which makes up 47% of the total revenue budget, is recorded at the end of the fiscal year in accordance with Article 5 of the Stadium Management Agreement. Additionally, the majority of SBL proceeds are collected at the end of the fiscal year, since the annual due date for SBL holders that financed their SBL is March 1st.

Stadium rent earned from StadCo this quarter totals \$13.4 million which includes a \$1 million true-up payment related to the retroactive portion of the rent reset award. During the current reporting period, the Stadium Authority also collected \$9.1 million in SBL proceeds, an increase of \$1.3 million when compared to the prior year, or 35% of annual budget. All SBL proceeds are transferred to the debt service fund per applicable loan agreements. The NFL and Non-NFL Event Ticket Surcharges amounted to \$1.7 million and \$927,000, respectively.

Total operating expenses were \$19.8 million, or 15% of the annual budget. Similar to operating revenue, the primary reason that total expenses are below 50% is due to the fact that Non-NFL Event expenses are recorded at the end of the fiscal year (Article 5 of the Stadium Management Agreement). The shared stadium manager expenses were at 49% or \$5.5 million of the \$11.2 million budgeted, and SBL Sales & Service expenses were 51% of budget or \$1.2 million of \$2.3 million. Utility costs are 70% of the budget for the first two quarters, or \$1.1 million. The current reporting period covers 67% (four out of the six months) that the Stadium Authority is responsible for utility costs (February 1 through July 31); the Tenant (StadCo) pays from August 1st through January 31st (Tenant Season). Transfers-out amounted to \$10.9 million. Lastly, Stadium Authority General and Administrative (G&A) costs were \$706,000 or 42% of the budget.

Overall, the Stadium Authority operating fund ended the second quarter with a fund balance of \$28.9 million, an increase of \$6.2 million or 27%. Included in that amount is a \$10.9 million Operating Reserve and a \$1.7 million Discretionary Fund.

Additional details are shown in Table 7.

Table 7
Santa Clara Stadium Authority
Operating Budget Status Report
For the Period Ending September 30, 2018 and 2017

	Period Ending September 30, 2018						Period Ending September 30, 2017			
	Final Budget	Q1 Actuals	Q2 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Resources										
Revenues										
NFL Ticket Surcharge	\$ 8,031,000	\$ -	\$ 1,732,335	\$ 1,732,335	\$ 6,298,665	22%	\$ 8,258,000	\$ 2,544,721	\$ 5,713,279	31%
SBL Proceeds	26,156,000	7,395,026	1,699,686	9,094,712	17,061,288	35%	28,056,000	7,822,277	20,233,723	28%
Interest	794,000	165,737	220,492	386,229	407,771	49%	280,000	167,275	112,725	60%
Non-NFL Event Revenue	62,147,000	-	-	-	62,147,000	0%	-	-	-	N/A
Net Revenues from Non-NFL Events	-	-	-	-	-	N/A	5,305,000	5,316,894	(11,894)	100%
Naming Rights	6,558,000	-	-	-	6,558,000	0%	6,366,000	3,136,127	3,229,874	49%
Sponsorship Revenue (STR)	545,000	143,453	81,250	224,703	320,297	41%	406,000	176,290	229,710	43%
Rent	25,810,000	6,125,001	7,303,999	13,429,000	12,381,000	52%	24,500,000	10,125,000	14,375,000	41%
Senior & Youth Program Fees	230,000	-	66,794	66,794	163,206	29%	231,000	87,293	143,707	38%
Non-NFL Event Ticket Surcharge	1,800,000	460,552	466,844	927,396	872,604	52%	2,000,000	825,912	1,174,088	41%
Bay Area Host Committee Reimbursement	-	-	107,325	107,325	(107,325)	N/A	-	-	-	N/A
Other Revenue	-	-	1,686	1,686	(1,686)	N/A	-	-	-	N/A
Revenues Subtotal	\$ 132,071,000	\$ 14,289,768	\$ 11,680,411	\$ 25,970,179	\$ 106,100,821	20%	\$ 75,402,000	\$ 30,201,788	\$ 45,200,212	40%
Net Transfers	-	-	-	-	-	N/A	(54,817,000)	(11,080,387)	-	20%
Total Resources	\$ 132,071,000	\$ 14,289,768	\$ 11,680,411	\$ 25,970,179	\$ 106,100,821	20%	\$ 20,585,000	\$ 19,121,401	\$ 45,200,212	93%
Expenses										
Shared Stadium Manager Expenses										
Stadium Operations	\$ 3,721,000	\$ 930,294	\$ 933,201	\$ 1,863,495	\$ 1,857,505	50%	\$ 3,613,000	\$ 1,637,079	\$ 1,975,921	45%
Engineering	1,835,000	458,681	458,681	917,363	917,638	50%	1,636,000	916,484	719,516	56%
Guest Services	813,000	203,248	203,248	406,496	406,504	50%	848,000	276,663	571,337	33%
Groundskeeping	164,000	40,892	40,892	81,783	82,217	50%	246,000	118,313	127,687	48%
Security	1,543,000	385,778	385,778	771,555	771,445	50%	1,498,000	642,672	855,328	43%
Insurance	2,871,000	717,513	717,512	1,435,025	1,435,975	50%	2,787,000	2,554,784	232,216	92%
Stadium Management Fee	226,000	-	-	-	226,000	0%	219,000	620	218,380	0%
Shared Stadium Mngr Exps Subtotal	\$ 11,173,000	\$ 2,736,406	\$ 2,739,312	\$ 5,475,718	\$ 5,697,283	49%	\$ 10,847,000	\$ 6,146,615	\$ 4,700,385	57%
Other Operating Expenses										
SBL Sales and Service	\$ 2,324,000	\$ 581,000	\$ 594,912	\$ 1,175,912	\$ 1,148,088	51%	\$ 2,095,000	\$ 275,368	\$ 1,819,632	13%
Senior & Youth Fees (paid to City)	230,000	-	66,794	66,794	163,206	29%	231,000	64,708	166,292	28%
Non-NFL Event Expense	56,519,000	-	-	-	56,519,000	0%	-	-	-	N/A
Ground Rent (paid to City)	320,000	-	320,000	320,000	-	100%	285,000	285,000	-	100%
Performance Rent (paid to City)	2,654,000	-	-	-	2,654,000	0%	2,528,000	2,533,447	(5,447)	100%
Discretionary Fund Expense	990,000	8,486	39,699	48,185	941,815	5%	1,150,000	1,173,342	(23,342)	102%
Utilities	1,506,000	787,500	262,500	1,050,000	456,000	70%	1,434,000	890,012	543,988	62%
Use of StadCo Tenant Improvements	236,000	463	-	463	235,537	0%	245,000	(3,940)	248,940	-2%
Stadium Authority G&A	1,685,000	311,701	394,695	706,396	978,604	42%	2,370,000	1,264,194	1,105,806	53%
College Football Playoff Expense	-	-	107,325	107,325	(107,325)	N/A	-	-	-	N/A
Other Expenses	105,000	-	-	-	105,000	0%	76,000	(4,149)	80,149	-5%
Transfers Out	54,001,000	7,372,926	3,477,965	10,850,891	43,150,109	20%	-	-	-	N/A
Contribution to Operating Reserve	328,000	-	-	-	328,000	0%	-	-	-	N/A
Other Operating Expenses Subtotal	\$ 120,898,000	\$ 9,062,076	\$ 5,263,890	\$ 14,325,966	\$ 106,572,034	12%	\$ 10,414,000	\$ 6,477,982	\$ 3,936,018	62%
Total Expenses	\$ 132,071,000	\$ 11,798,481	\$ 8,003,202	\$ 19,801,684	\$ 112,269,316	15%	\$ 21,261,000	\$ 12,624,597	\$ 8,636,403	59%
Operating Reserve	\$ 11,255,088			\$ 10,927,270			\$ 10,927,270	\$ 10,609,000		
Discretionary Fund	\$ 1,086,407			\$ 1,680,589			\$ 624,677	\$ 945,467		

Debt Service Budget

The Stadium Authority's FY 2018/19 debt service revenue budget of \$3.6 million represents anticipated contributions from the Community Facilities District ("CFD"). During the first two quarters of the current fiscal year, \$1.9 million was contributed by the CFD. Transfers-in from the operating fund amounted to \$10.9 million or 21% of the budget. The transfers-in budget of \$50.6 million includes the approved amendment of \$1 million related to the rent reset award. As anticipated in the FY 2018/19 Budget, \$14.6 million was contributed from the fund balance to meet the debt service expenses.

Total Stadium Authority debt service expenses for the current reporting period were \$27.4 million, 47% of the budgeted amount. The debt service expenses for the CFD Advance, the Term A Loan, and the StadCo Subordinated Loan were \$1.9 million, \$19.3 million, and \$6.3 million, respectively.

The Stadium Authority debt service fund ended the current quarter with a fund balance of \$15.1 million which includes \$11.5 million in the debt service reserve account. The remaining \$3.5 million is reserved for future debt payments.

As of September 30, 2018, the total outstanding amount of Stadium Authority debt had declined to \$364.5 million. This is a reduction in principal of \$18.2 million from the March 31, 2018 outstanding debt amount of \$382.7 million.

Additional details are shown in Tables 8 and 9 and Chart 1.

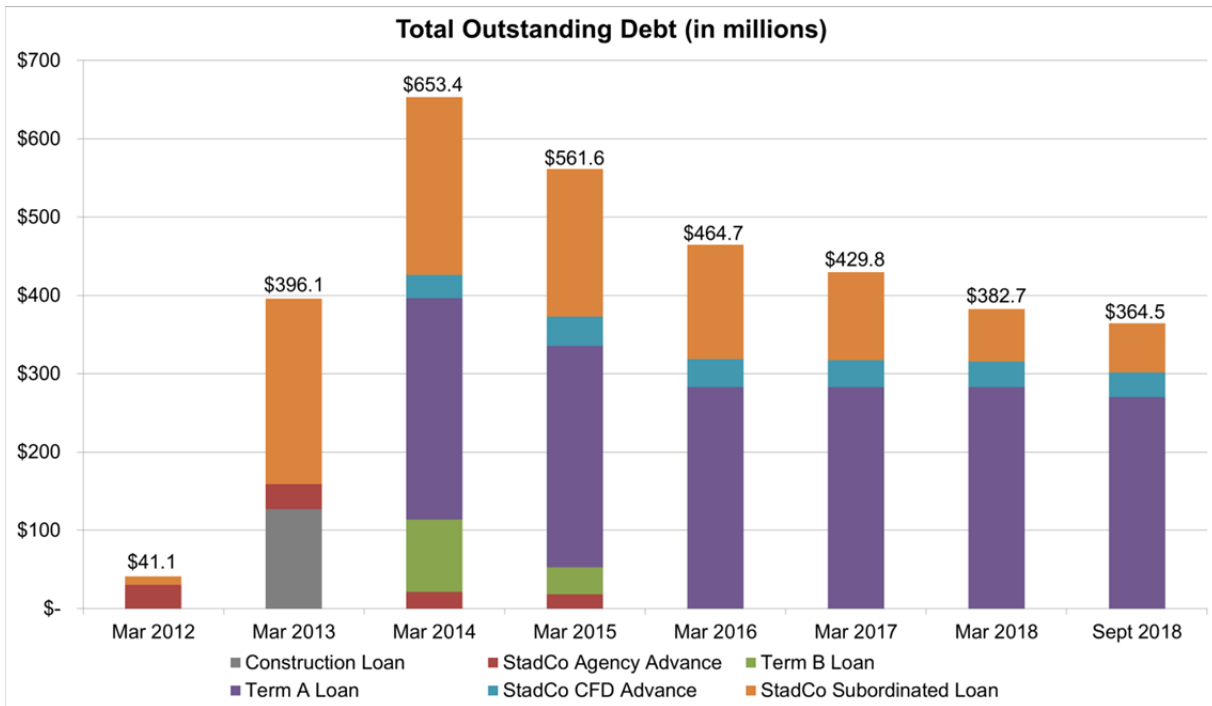
Table 8
Santa Clara Stadium Authority
Debt Service Budget Status Report
For the Period Ending September 30, 2018 and 2017

Period Ending September 30, 2018							Period Ending September 30, 2017			
	Final Budget	Q1 Actuals	Q2 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Resources										
Revenues										
Contribution from CFD	\$ 3,600,000	\$ 984,180	\$ 959,320	\$ 1,943,500	\$ 1,656,500	54%	\$ 3,600,000	\$ 1,764,105	\$ 1,835,895	49%
Revenues Subtotal	\$ 3,600,000	\$ 984,180	\$ 959,320	\$ 1,943,500	\$ 1,656,500	54%	\$ 3,600,000	\$ 1,764,105	\$ 1,835,895	49%
Transfers In from Operating	50,624,000	7,372,926	3,477,965	10,850,891	39,773,109	21%	51,539,000	11,080,387	40,458,613	21%
Contribution from Fund Balance	4,653,000	13,825,931	801,467	14,627,398	(9,974,398)	314%	-	23,680,663	(23,680,663)	N/A
Total Resources	\$ 58,877,000	\$ 22,183,036	\$ 5,238,753	\$ 27,421,789	\$ 41,429,609	47%	\$ 55,139,000	\$ 36,525,155	\$ 18,613,845	66%
Expenses										
CFD Advance	\$ 3,600,000	\$ 878,861	\$ 1,000,671	\$ 1,879,532	\$ 1,720,468	52%	\$ 3,600,000	\$ 1,764,105	\$ 1,835,895	49%
Term A Loan	25,644,000	15,908,172	3,378,330	19,286,502	6,357,498	75%	14,140,000	7,069,853	7,070,147	50%
StadCo Subordinated Loan	29,633,000	5,396,004	859,751	6,255,755	23,377,245	21%	30,469,340	27,691,198	2,778,142	91%
Total Expenses	\$ 58,877,000	\$ 22,183,036	\$ 5,238,753	\$ 27,421,789	\$ 31,455,211	47%	\$ 48,209,340	\$ 36,525,155	\$ 11,684,185	76%
Debt Service Reserve	\$ 11,536,235			\$ 11,536,235			\$ 11,536,235	\$ 11,536,235		

Table 9
Santa Clara Stadium Authority
Debt Summary Report
For the Period Ending September 30, 2018

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2018	Net Change	Outstanding as of September 30, 2018
Stadium Funding Trust Loan:				
Term A Loan	5.00%	\$ 282,794,108	\$ (12,527,696)	\$ 270,266,412
StadCo CFD Advance	5.73%	32,834,885	(1,178,451)	31,656,434
StadCo Subordinated Loan	5.50%	67,032,627	(4,505,279)	62,527,348
Total		\$ 382,661,620	\$ (18,211,426)	\$ 364,450,194

Chart 1



Capital Improvement Project Budget

As part of the Capital Expense (“CapEx”) Plan the following projects have been completed as of the current reporting period:

- Flag Poles
- Concrete Masonry Unit (CMU) Wall Build

The CapEx projects that are currently underway are the following:

- Fire Sprinkler System
- Lymtal Floor Coating
- Terrazzo Floor Restoration
- Service Tunnel Epoxy Coating
- Public Safety Equipment
- Stadium Field Conduits
- Hot Water Additions for Sump Pump
- Security Access Control System
- Water Bottle Refilling Stations

A total of \$969,000 has been spent in the first two quarters of FY 2018/19 which amounts to 12% of the budget. This is lower than 50% due to the limited work being done on warranty related items, which makes up 20% of the Capital Improvement Project (CIP) budget. Additionally, one of the completed projects came in under budget and ManCo has informed staff that some of the CapEx projects that are currently in progress will likewise be under budget. Work is expected to ramp up in the latter part of the fiscal year on some of the projects that have not been started yet.

Additional details are shown below in Table 10.

Table 10
Santa Clara Stadium Authority
CIP Budget Status Report
For the Period Ending September 30, 2018 and 2017

	Period Ending September 30, 2018						Period Ending September 30, 2017			
	Final Budget	Q1 Actuals	Q2 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Beginning Balances	\$ 12,358,833	\$ 12,718,700	\$ 12,371,543	\$ 12,718,700			\$ 8,528,701	\$ 8,887,218		
Resources										
Transfers In from Operating Budget	3,377,000	-	-	-	3,377,000	0%	3,278,000	-	3,278,000	0%
Transfers from Stadium Development	-	-	-	-	-	N/A	1,851,000	1,851,000	-	100%
Total Resources	\$ 15,735,833	\$ 12,718,700	\$ 12,371,543	\$ 12,718,700	\$ 3,377,000	81%	\$ 13,657,701	\$ 10,738,218	\$ 3,278,000	79%
	Final Budget	Q1 Actuals	Q2 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
	Final Budget	Q1 Actuals	Q2 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
Expenses										
Construction	4,875,415	278,907	570,062	848,970	4,026,445	17%	1,766,517	488,132	1,278,385	28%
Equipment	1,210,000	65,000	17,700	82,700	1,127,300	7%	1,022,000	-	1,022,000	0%
Contingency	296,546	3,250	-	3,250	293,296	1%	122,000	-	122,000	0%
Stadium Warranty Related Construction	1,600,971	-	33,769	33,769	1,567,202	2%	1,851,000	197,729	1,653,271	11%
Total Expenses	\$ 7,982,932	\$ 347,157	\$ 621,531	\$ 968,689	\$ 7,014,243	12%	\$ 4,761,517	\$ 685,861	\$ 4,075,656	14%
Ending Balances	\$ 7,752,901	\$ 12,371,543	\$ 11,750,011	\$ 11,750,011			\$ 8,896,184	\$ 10,052,357		

City of Santa Clara Net General Fund Impact

During the current reporting period a total of \$393,000 was contributed to the General Fund as shown in Table 11. This section of the report also provides information on General Fund revenue and expenditure impacts resulting from the stadium.

Table 11

City of Santa Clara Net General Fund Impact

For Stadium Authority Quarter Ending September 30, 2018

Ground Rent	\$ 320,000
Performance Rent	-
Senior and Youth Fee	66,794
Tasman Lots Parking Fee	6,220

Total Net General Fund Impact	\$ 393,014
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Public Safety and Administrative Cost Reimbursement

As described in earlier sections of this report, public safety costs incurred by the City on NFL and Non-NFL Events are tracked and billed to ManCo. Reimbursement is monitored and included in this report. Public safety costs incurred in support of NFL and Non-NFL Events totaled \$741,000 and \$1.3 million, respectively. Reimbursements of the NFL and Non-NFL public safety costs amounted to \$746,000 and \$1.3 million, respectively. These reimbursements came from a combination of payments from ManCo, and the offsite parking fees that were collected. The difference between the public safety costs and reimbursements is related to late invoices/credits from outside agencies as well as retro-active internal payroll adjustments related to negotiated Memorandum of Understanding (MOU) agreements. These have been invoiced to ManCo and are within the payment terms.

The City has also incurred costs in planning and preparing for the CFP Championship which will be held at Levi's® Stadium on January 7, 2019. As of September 30th, these costs have amounted to \$100,000 which have all been reimbursed to the Stadium Authority by BAHG and to the City by the Stadium Authority.

In addition to public safety costs, overall City administrative costs are also tracked and billed to the Stadium Authority. These include the cost of providing overall stadium management, financial, human resource, legal, and other services to the Stadium Authority. In the first two quarters of the FY 2018/19 a total of \$266,000 of administrative costs were incurred by the General Fund, which have been reimbursed to the City.

Rents and Senior and Youth Fee

As noted above the City's General Fund collected ground rent (\$320,000) from the Stadium Authority. Additionally, the Senior and Youth Fee generated \$67,000 which was forwarded to the City in support of senior and youth programs. Lastly, the Tasman Lot Parking Fee generated \$6,000 for the City. See the Glossary for more information on these revenues and how they are calculated.

Other Revenue Impacts

General Fund sales tax, property tax, and transient occupancy tax ("TOT") collections have benefited from the direct and indirect economic activity related to stadium events.

Food and beverage concession sales and merchandise sales at Levi's® Stadium are taxable resulting in sales tax revenue for the City. The last four quarters of sales tax collections from Levi's® Stadium transactions generated \$479,000 for the City's General Fund. In addition to the direct sellers at the stadium, other businesses in Santa Clara are benefiting from the influx of people coming into town to attend one or more events at Levi's® Stadium, resulting in potentially more sales tax collections for the General Fund.

In accordance with State Law, StadCo must pay possessory interest property tax based on their lease of Levi's® Stadium from the Stadium Authority. This revenue is collected by the county and placed into the Redevelopment Property Tax Trust Fund ("RPTTF"). Amounts remaining in the RPTTF after paying any enforceable obligations of the Successor Agency are distributed to taxing entities in the same proportion as secured property taxes. The City's proportion is approximately 10%.

Many stadium events bring travelers into the region resulting in hotel stays which generate TOT collections for the City's General Fund. Although it is impossible to say exactly what portion of the City's TOT collections is due to the stadium, hotels both inside and outside the City have benefited, resulting in increases in TOT tax collections in Santa Clara and in our neighboring cities.

Glossary

This section of the report provides details behind key terms that are used in the body of this report.

Discretionary Fund – The Amended and Restated Stadium Lease Agreement describes the non-NFL event ticket surcharge which is imposed by the Stadium Authority. All promoters or sponsors of ticketed non-NFL events are required to collect a non-NFL ticket surcharge of \$4 per ticket on behalf of the Stadium Authority. One-half of these proceeds are used to cover Stadium Authority operating and maintenance costs. The other one-half of the proceeds are deposited in the Stadium Authority's discretionary fund. If at any time the discretionary fund balance exceeds \$1 million, then in consultation with ManCo, the Stadium Authority will determine if provision has been made for replacement and improvement of capital improvements contemplated under the public safety plan. If not, then funds will be reserved in the discretionary fund for such purposes. If adequate provision has been made for these items and the balance of the discretionary fund still exceeds \$1 million, then up to half of the amount over \$1 million can be transferred to the General Fund, in which event an equal amount will also be transferred from the discretionary fund to the Stadium Authority operating fund and will be included as revenue available to pay Stadium Authority expenses.

Ground Lease – The Ground Lease Agreement has an initial term of 40 years commencing on the date of substantial completion which was July 31, 2014. The amount of annual base ground rent that is payable by the Stadium Authority to the City is noted in the chart below.

Lease Year	Fiscal Year	Annual Fixed Ground Rent
1	2014/15	\$ 180,000
2	2015/16	\$ 215,000
3	2016/17	\$ 250,000
4	2017/18	\$ 285,000
5	2018/19	\$ 320,000
6	2019/20	\$ 355,000
7	2020/21	\$ 390,000
8	2021/22	\$ 425,000
9	2022/23	\$ 460,000
10	2023/24	\$ 495,000
11-15	2024/25 - 2028/29	\$ 1,000,000
16-20	2029/30 - 2033/34	\$ 1,100,000
21-25	2034/35 - 2038/39	\$ 1,200,000
26-30	2039/40 - 2043/44	\$ 1,300,000
31-35	2044/45 - 2048/49	\$ 1,400,000
36-40	2049/50 - 2053/54	\$ 1,500,000

Net non-NFL Event Revenue – Net non-NFL event revenue is remitted by ManCo to the Stadium Authority on a yearly basis. This is done annually because the final reconciliation of the non-NFL event revenues and expenses does not occur until after the conclusion of each fiscal year.

In FY 2018/19 the Stadium Authority budgeted the non-NFL event activity at gross, budgeting for revenue and expenses separately. In the prior fiscal years that activity was budgeted as a net amount.

NFL Event Public Safety Costs Threshold – The Amended and Restated Stadium Lease Agreement (Lease Agreement) describes the public safety costs threshold for the first three years of the Lease term. The public safety costs threshold was set at \$170,000 per NFL game in the first year of stadium operations (FY 2014/15). The threshold increased by 4% each year. At the time of drafting this report, discussions are ongoing with StadCo regarding good faith on the public safety cost threshold.

NFL Ticket Surcharge – The Amended and Restated Non-Relocation Agreement states that the Team will collect a 10% NFL ticket surcharge on the price of admission to all NFL games on behalf of Stadium Authority.

Non-NFL Event Ticket Surcharge – The Stadium Lease Agreement requires that the promoter or sponsor of any non-NFL event collect a non-NFL event ticket surcharge of \$4 per ticket. The Lease Agreement sets aside one-half of the non-NFL ticket surcharge for stadium operating and maintenance costs and one-half for discretionary expenses of the Stadium Authority.

Offsite Parking Fees – Parking lot operators who wish to operate a parking lot for sports or entertainment venues are required to go through the City's permitting process. If approved, per the City's Municipal Fee Schedule, these operators remit an offsite parking fee for each car that is parked for sports or entertainment events. This fee is designed to recover the public safety costs associated with these permitted offsite parking lots. Therefore, when invoicing for NFL or non-NFL public safety costs for a particular event held at Levi's® Stadium, the offsite parking fee that is collected for said event partly offsets the total public safety costs owed for that event. In the City's FY 2017/18 (July 1, 2017 through June 30, 2018) the offsite parking fee was \$5.42 and it increased to \$5.63 in the City's FY 2018/19.

Performance-Based Rent - The Amended and Restated Stadium Lease Agreement and the Ground Lease Agreement both describe the performance-based rent that is due to the City. (It is calculated as 50% of the net income from non-NFL events less performance-based rent credits. The performance-based rent credits include 50% of the fixed ground rent for the current lease year.)

Public Safety Costs – For each NFL and non-NFL event held at Levi's® Stadium, a public safety plan is developed and implemented. Costs associated with public safety include staffing, materials, and supplies in the Police, Fire, and Public Works Departments. The services are provided through a combination of City General Fund staff and outside contracts that the Police Department has with other agencies including the California Highway Patrol, County Sheriff's Office, and City of Sunnyvale.

The Amended and Restated Stadium Lease Agreement section 7.5 states that the tenant is responsible for reimbursing the City for the public safety costs attributed to NFL events at Levi's® Stadium. Additionally, Article 5 of the Stadium Management Agreement notes that ManCo is responsible for paying non-NFL event expenses on behalf of the Stadium Authority. Therefore the cost of providing public safety services are tracked through the City's financial system and invoices are sent to ManCo. All of these costs are reimbursed to the City of Santa Clara.

Senior and Youth Program Fees – The Amended and Restated Stadium Lease Agreement between the Stadium Authority and StadCo require that StadCo collect a Senior and Youth Program Fee of \$0.35 per NFL ticket sold on behalf of the Stadium Authority. The Stadium Authority then remits this fee to the City as additional rent to support senior and youth programs in the City per section 8.2 of the Ground Lease Agreement between the City and the Stadium Authority.

Stadium Management Fee – ManCo receives an annual base management fee to manage Levi's® Stadium. The fee was \$400,000 in the first lease year and increases by 3% annually as detailed in the table below. This annual base management fee is split 50/50 between StadCo and the Stadium Authority since ManCo manages the stadium year-round for both entities. In addition to the base management fee, ManCo also receives a stadium marketing and booking fee (incentive fee) which is based on a percentage of the amount that the net income from non-NFL events exceeds the marketing and booking fee benchmark. The marketing and booking fee benchmark was \$5 million in the first lease year and also increases by 3% annually as detailed in the table below. The annual stadium management fee for each of the first ten lease years are noted in the chart below.

Fiscal Year	Lease Year	Annual Base Stadium Management Fee (SCSA Share)	Stadium Marketing and Booking Fee Benchmark	Net Income from Non-NFL Events	Additional Stadium Marketing and Booking Fee	Total Stadium Management Fee
2014/15	1	\$ 200,000	\$ 5,000,000	\$5,207,553	\$ 10,378	\$ 210,378
2015/16	2	206,000	5,150,000	6,079,016	46,451	252,451
2016/17	3	212,180	5,304,500	5,316,894	620	212,800
2017/18	4	218,545	5,463,635	5,163,329	-	218,545
2018/19	5	225,102	5,627,544	To be determined		
2019/20	6	231,855	5,796,370			
2020/21	7	238,810	5,970,261			
2021/22	8	245,975	6,149,369			
2022/23	9	253,354	6,333,850			
2023/24	10	260,955	6,523,866			

Tasman Lots Parking Fees – The City collects a fee of \$5 per space for all cars that are parked on the Tasman surface lots during NFL events.