

SCSA

Santa Clara Stadium Authority

November 9, 2018

Mr. Jim Mercurio, Stadium Manager
San Francisco Forty Niners Management Company
4900 Marie P. DeBartolo Way
Santa Clara, CA 95054

**RE: Compliance with Management Agreement, Section 2.1 and Muni Code,
Section 17.30.120**

Dear Mr. Mercurio:

The purpose of this letter is to respond to recent letters from you regarding stadium procurement and your request of my approval. Per Section 2.1 of the First Amendment to the Stadium Management Agreement ("First Amendment"),

The Stadium Manager shall provide the Stadium Authority with information, including the contracting party and the contract amount, regarding all Stadium Procurement Contracts entered into with contract amounts greater than \$100,000 within thirty (30) days of entering into any such contract.

While Section 17.30.120 of the City's Municipal Code ("Code") authorizes the Stadium Manager, as the Executive Director's designee, to execute contracts for services on behalf of the Stadium Authority in contract amounts up to and including two hundred fifty thousand dollars (\$250,000) it in no way releases you of the duty to comply with the requirements outlined in the First Amendment.

As of the week of October 29, 2018, I have only begun receiving information for agreements entered into that exceed \$100,000 within the last month. You are required to comply with the terms of the Management Agreement and to timely submit this important information. Additionally, San Francisco Forty Niners Management Company's (ManCo) compliance with this term is required retroactively for past procurement actions and I request this information for the past fiscal years, including activity for FY 2018/19, by December 1, 2018. The terms of the Management Agreement and audit recommendations in the Measure J Compliance Audit have been known to ManCo for quite some time, there should be no further delay in ManCo's compliance with these terms and findings.

Additionally, in review of the SCSA Project Notification from ManCo on October 30, 2018, I call to ManCo's attention another potential violation of the below referenced Muni Code, Section 17.30.120. ManCo's SCSA Project Notification letter requests my approval to execute a contract with Nex Systems in the amount of \$495,000. The amount of the contract exceeds the approval authority as outlined in the referenced Muni Code and requires SCSA Board action, in advance of executing the

contract. Execution of a contract, on ManCo's part, with Nex Systems in an amount of \$495,000 would violate the terms of Section 17.30.120 of the Code which states:

The Executive Director, or designee, is authorized to purchase professional, nonprofessional and personal services required by the Stadium Authority and to execute contracts for such services on behalf of the Stadium Authority in contract amounts up to and including **two hundred fifty thousand dollars (\$250,000) per contract**, subject to approved budgetary amount, so long as such persons are specially trained and experienced and competent to perform the special services required. **Contracts with a contract amount above this dollar limit shall be referred to the Stadium Authority Board for approval.**

To maintain compliance with the Code and Management Agreement, you are required to seek approval from the Stadium Authority Board. Please work with SCSA staff to add this item to an upcoming Stadium Authority Board agenda for consideration and action at the earliest date possible and self-report any other procurements that may have violated either the Management Agreement and/or Muni Code by December 1, 2018 so that a corrective action plan can be reported to the Stadium Authority Board and implemented.

Your compliance with the Management Agreement and Code are required. Please call if there are any issues to discuss.

Sincerely,



Deanna J. Santana
Executive Director

cc: Ms. Hannah Gordon, CAO and Counsel
Walter C. Rossmann, Chief Operating Officer
Brian Doyle, Stadium Authority Counsel
Angela Kraetsch, Stadium Authority Treasurer
Linh Lam, Stadium Authority Auditor