

From: Deanna Santana
Sent: Thursday, January 3, 2019 8:12 AM
To: Jim Mercurio
Cc: Walter Rossmann; Catlin Ivanetich; Brian Doyle
Subject: FW: Taylor Swift - Confidential

Good Morning Jim,

To respond to the below email, this matter will be addressed at our Compliance Plan meeting. Separately, the below summary regarding confidentiality is incomplete and misstates the discussion at our last meeting. I am sure that this topic will be revisited, so there is no need to respond point by point in this response...considering that this email stream may not be deemed confidential under the law, just because it is labeled as such.

Deanna

From: MacNeil, Larry
Sent: Thursday, December 27, 2018 10:52 AM
To: Deanna Santana; Walter Rossmann; Ruth Shikada; Catlin Ivanetich; Angela Kraetsch
Cc: Mercurio, Jim; Sabatino, Scott
Subject: Taylor Swift - Confidential

Deanna –

I am following up on your question at our 12/20/18 meeting regarding the Taylor Swift show.

Before answering your question, I want to restate what I said in that meeting. Your public discussion on the economics of individual Non-NFL Events has a material adverse impact on Manco's ability to book Non-NFL Events. Divulging artists' confidential business information, combined with the SCSA's weeknight music ban, impairs Manco's ability to perform its duties.

In the meeting, you said that you have already heard this admonition from our staff many, many times, but I wanted to remind you that your discussion of this particular issue on the Taylor Swift show should remain confidential.

You responded by saying you didn't know if you would or would not keep this confidential, and "that is not Manco's concern".

That is wrong. The SCSA undermining our efforts is Manco's concern.

The SCSA has stated in the past that it is able to maintain the confidentiality of the economics of individual events, but this matter was discussed in an open City Council/SCSA meeting on 12/11/18. Mayor Gillmor asked about free tickets and you said it was the first time you heard about it and you would look into it. If you were not aware of the complimentary tickets for that show, it is only because you neglected to review the report previously submitted to you by Manco. The Taylor Swift 45-day flash report that was provided to your office more than a month ago clearly shows tickets distributed of 101,876 and tickets sold of 79,836. The report already provided to you also breaks these numbers down by individual show.

As I explained, “papering the house” is a common practice for entertainment events. The promoters and the artists want to have a full house, so if a promoter or an act is unable to sell out an event, for whatever reason, as the event date approaches and they know how many seats will go empty, they will quietly distribute tickets in order to fill the venue. The reasons for this practice are obvious. It makes for a more vibrant experience, supports future demand, and increases ancillary revenues through concessions and parking. Again – the acts and promoters do this quietly. They don’t want to talk publicly about a particular act that does not sell out a performance, or about complimentary tickets.

This practice is particularly common when a big act sells out one pre-scheduled show, and then later decides to add a second show to – hopefully – sell out again. And that is what happened with the Taylor Swift show. The challenge was that the second show (on Friday) did not sell as well as the first, and there were a significant number of tickets that the promoter needed to get distributed to paper the house.

The fact that you did not read about this in the media means that the promoter was successful in papering the house. The promoters and acts do not want to have this practice discussed publicly, and they select groups for ticket distribution that are not going to bring attention to the practice.

You asked specifically about the \$4.00 surcharge on the distributed comp tickets. There is no surcharge collected for those tickets, since that would not be “complimentary”. It would make no sense to ask someone to attend an event at no charge, and then ask them for a \$4.00 surcharge. This is consistent with the language in the lease regarding the \$4.00 surcharge:

12.1 Non-NFL Event Ticket Surcharge. The Stadium Authority (or, if the Stadium Authority exercises the Stadium Authority Put Right as provided in Paragraph 5.1, then, effective as of the Tenant Season Expansion Date, Tenant) will impose, and will require the promoter or sponsor of any Non-NFL Events to collect on its behalf, a surcharge of Four Dollars (\$4) per Ticket to all Non-NFL Events for which Tickets are sold or otherwise offered to the general public (the “**Non-NFL Ticket Surcharge**”). Except as expressly provided below in this

These tickets were neither sold nor distributed to the “general public”. They were distributed to specific targeted groups in order to paper the house. You can imagine the negative impacts of offering free tickets to a Taylor Swift show to the “general public”.

Indeed, comp tickets are distributed for nearly every event that happens at Levi’s Stadium and every other entertainment venue in the country. The counts of tickets “scanned” versus tickets “sold” are clearly reported on the reports already provided to you.

Larry MacNeil
408.416.1639