

4/30/19

Item #3

Santa Clara Stadium Authority

Financial Status Reports

April 30, 2019



Financial Status Report for the Quarter Ending December 31, 2018



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Financial Status Report

- NFL Events
- Non-NFL Events
- Operating Budget Status
 - Stadium Builder Licenses (SBLs)
 - Discretionary Fund
- Debt Schedules
- Capital Improvement Program
- Budget Amendments

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NFL Events

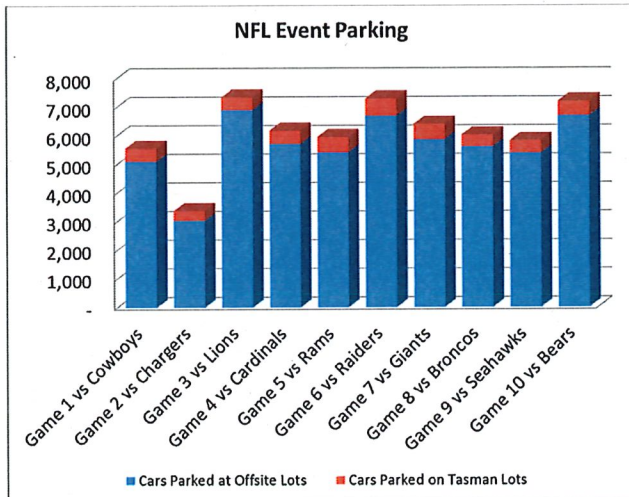
- Ten NFL events were held in FY 2018/19 as of December 31, 2018
- A total of 651,237 tickets were sold
 - Stadium Authority received \$8.1 million in NFL ticket surcharge revenue based on 10% of ticket sales to NFL events
 - City of Santa Clara received \$228,000 in Senior & Youth Fees based on \$0.35/ticket to NFL events

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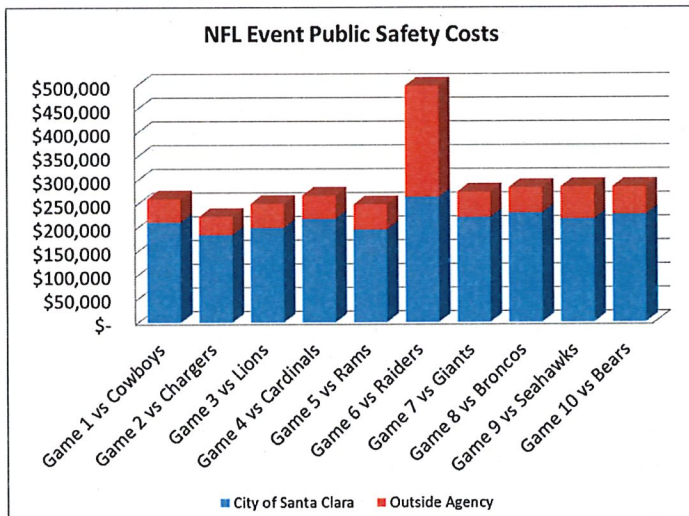
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NFL Events - Parking



- A total of 56,390 cars were parked in offsite parking lots generating \$317,000 in offsite parking fees
- A total of 4,729 cars were parked in the Tasman Lots generating \$24,000 in parking fees for the General Fund

NFL Events – Public Safety Costs



Public safety costs amounted to \$2.9 million:

- \$2.2 million (75.4%) are direct City costs
- \$707,000 (24.6%) are outside agency costs
- \$317,000 were covered by the offsite parking fee

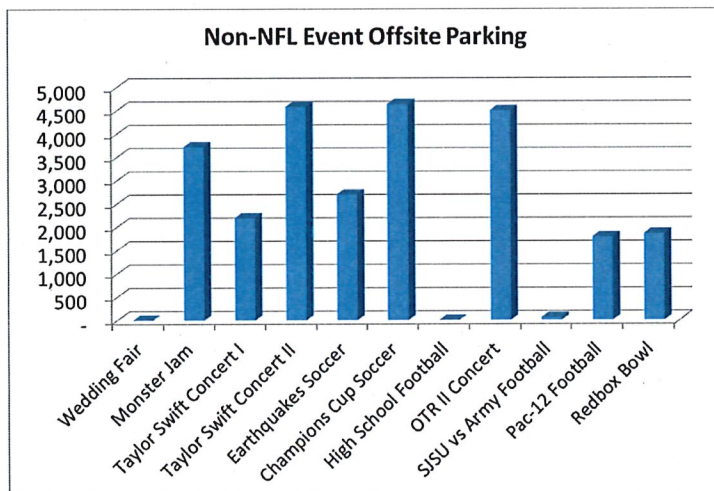
Non-NFL Events

- Eleven ticketed Non-NFL events
- A total of 290,341 tickets were sold
 - Stadium Authority received \$1.2 million in Non-NFL ticket surcharge revenue based on \$4 per ticket sold to all non-NFL events (one-half for stadium operations and one-half for Stadium Authority Discretionary Fund)
- Total of 87 non-ticketed events with 32,593 attendees



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Non-NFL Events - Parking

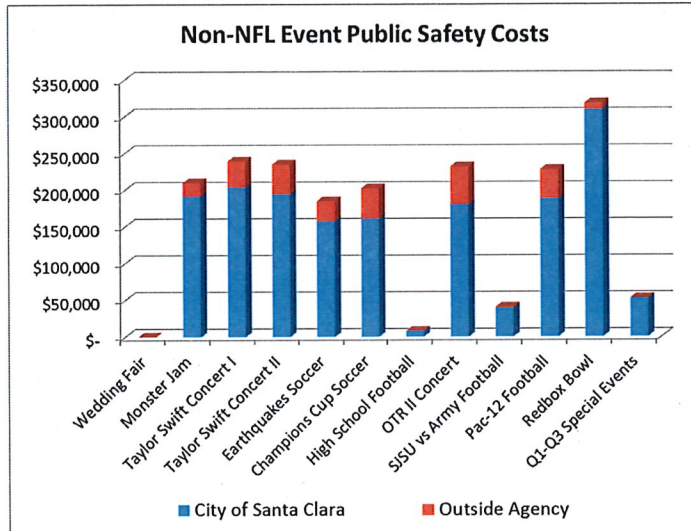


- A total of 26,041 cars were parked in offsite parking lots generating \$144,000 in offsite parking fees



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Non-NFL Events – Public Safety Costs



- Public safety costs amounted to \$1.9 million:

- \$1.6 million (86.4%) are direct City costs
- \$264,000 (13.6%) are outside agency costs
- \$144,000 were covered by the offsite parking fee

Operating Budget Status

- Total Operating Revenues of \$42.8 million or 32% of annual budget
- Total Operating Expenses of \$33 million or 25% of annual budget
 - ManagementCo provided an estimate for FY2018/19 Net Non-NFL Event revenue of \$750,000 without supporting documentation
 - Revenues and expenses are below 75% because the non-NFL event activity is not recorded until the end in accordance with Article 5 of the Stadium Management Agreement

Stadium Builder Licenses (SBLs)

- Value of currently active SBLs is \$531.5 million (60,177 or 91.3% of 65,877 sellable SBLs)
- A total of 80.1% of principal value has been collected as of 12/31/18 (\$425.8 million)
- 545 new SBLs were sold with total face value of \$3.6 million



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Stadium Builder Licenses (SBLs) (cont.)

- SBL relocations netted 206 more SBLs
 - Increase of \$1.2 million in SBL face value
- Defaulted SBLs amounted to 1,040 with value of \$6.3 million
 - Defaulted SBLs have either been resold or are available for resale at full price
 - \$20.1 million life-to-date has been collected from defaulted SBL holders



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Discretionary Fund

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	580,682	89,402	1,756,355

- Current balance is \$1.8 million
- Expenses in FY 2018/19 were for consulting services
- Discretionary fund previously used to pay NFL public safety costs above the public safety threshold



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Debt Schedule

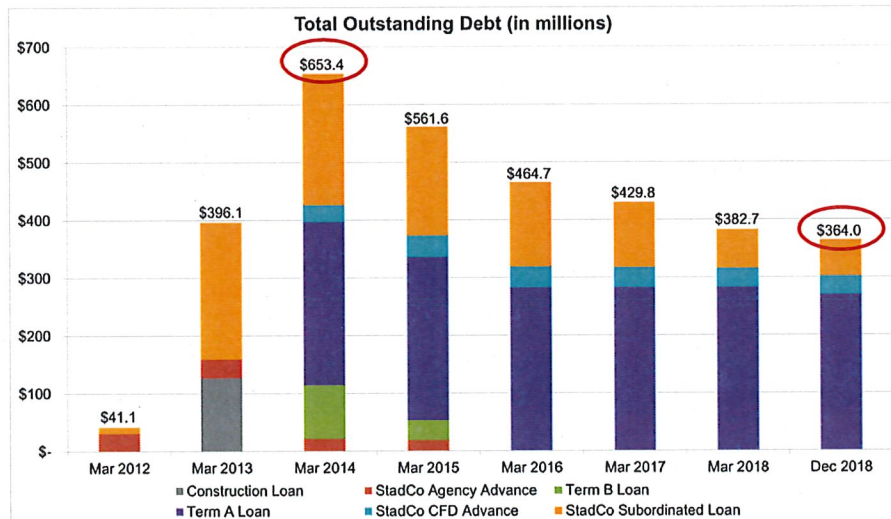
Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2018	Net Change	Outstanding as of December 31, 2018
Stadium Funding Trust Loan:				
Term A Loan	5.00%	\$ 282,794,108	\$ (12,527,696)	\$ 270,266,412
StadCo CFD Advance	5.73%	32,834,885	(1,608,093)	31,226,792
StadCo Subordinated Loan	5.50%	67,032,627	(4,505,279)	62,527,348
Total		\$ 382,661,620	\$ (18,641,068)	\$ 364,020,552

- Total outstanding debt as of 12/31/18 was \$364 million
- Reduction of \$18.6 million from March 2018



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History of Debt Schedule



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Capital Improvement Program (CIP)

- Total CIP Budget of \$8 million
- \$6.4 million is appropriated for Stadium CIP costs
 - \$1.2 million was spent on various projects such as floor restorations, stadium field conduits for special events, fire sprinkler system, flag poles, and public safety equipment
- \$1.6 million is budgeted for work required to address items covered by warranty
 - \$73,000 was spent on the expansion joint waterproofing and sliding glass door warranty items

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2018/19 Stadium Authority Budget Amendments

- Final Rent Reset Arbitration Award included the reimbursement of \$2.3 million in attorney's fees
 - This added revenue is in excess of expenses, and will therefore be used to prepay the StadCo Subordinated Loan (Stadium Lease)
- ManagementCo projected SBL proceeds to be \$1.1 million higher than budget
 - Additional SBL proceeds will be offered as a prepayment of Term A debt (Credit Agreement & Deposit and Disbursement Agreement)



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2018/19 Stadium Authority Budget Amendments (cont.)

- Total projected costs for College Football Playoff National Championship (CFP) are \$1.4 million
 - Net zero budget adjustment to account for CFP expenses and corresponding reimbursements from the Bay Area Host Committee (BAHC) (Assignment and Assumption Agreement)
- Projection of \$200,000 in additional Contributions from the Community Facilities District (CFD)
 - CFD collections are trending higher than budgeted, and will be used to pay down the CFD Advance (CFD Reimbursement Agreement)



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Recommendation

- Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter Ending December 30, 2018
- Approve Budget Amendments to the FY 2018/19 Santa Clara Stadium Authority Budget



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Santa Clara Stadium Authority

4/30/19

Item #3

Angela Kraetsch

From: Angela Kraetsch
Sent: Monday, April 29, 2019 4:23 PM
To: Sabatino, Scott; Compliance Manager
Cc: Deanna Santana; Walter Rossmann; Brian Doyle; Catlin Ivanetich
Subject: FW: Additional Budget Adjustments

Hi Scott,

Please see my responses in red. The budget adjustments shown below have been included in the 3rd Quarter report that will be presented to the Board tomorrow night. If ManCo is still in disagreement with these adjustments, you are welcome to attend the meeting to address the Board. There is no amendment needed to our 3rd Quarter report, but we will share your email with the Board tomorrow so that they are aware of your response to the 3rd Quarter report.

These are the FY2018/19 budget adjustments that are being brought before the board for approval on April 30, 2019.

- Reimbursement of \$2.3 million in attorney's fees related to the Final Rent Reset Arbitration Award. This is considered additional revenue to the Stadium Authority that is in excess of expenses. In accordance with Article 14 of the Amended and Restated Stadium Lease Agreement, excess revenue is transferred out to debt service to prepay the Forty-Niners SC Stadium Co, LLC ("StadCo") Subordinated Loan.
- Projected increase of \$1.1 million in Stadium Builder License ("SBL") proceeds. According to the Amended and Restated Deposit and Disbursement Agreement, SBL proceeds can only be used for debt service, therefore these funds will also be transferred out to debt service and offered to prepay Term A debt.
- Estimated expenses and offsetting reimbursement of \$1.4 million related to the College Football Playoff ("CFP") National Championship that was held at Levi's® Stadium on January 7, 2019. In accordance with the Assignment and Assumption Agreement that was executed on October 5, 2018 between Bay Area Host Committee ("BAHC") and ManagementCo subject to the approval of the Stadium Authority, BAHC remits payment to the Stadium Authority for all City expenses related to the CFP National Championship Game. Due to the terms of this Agreement, there is zero net impact to the Stadium Authority for the CFP National Championship.
- Projected increase of \$200,000 in contributions from the Community Facilities District ("CFD") based on the special hotel taxes that have been collected through the first three quarters of the Fiscal Year. All contributions from the CFD are used to pay the CFD Advance according to the CFD Stadium Authority Reimbursement Agreement.

Thanks,
Angie

Angela Kraetsch | Director of Finance
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D: 408.615.2342 | www.santaclaraca.gov |    

POST MEETING MATERIAL



From: Sabatino, Scott [<mailto:scott.sabatino@49ers.com>]
Sent: Sunday, April 28, 2019 6:52 PM
To: Angela Kraetsch
Cc: Compliance Manager; Fong, Jeff; Khanzada, Hasan
Subject: Additional Budget Adjustments

Hi Angie. Thanks for sending this but no, we are not in agreement with the budget adjustments:

The line items in your budget for Non NFL Events, both revenues and expenses, are materially inaccurate. Please refer to prior correspondence on that topic. **This has nothing to do with the proposed budget adjustments that are being submitted to the Board for approval. Furthermore, ManCo has refused to provide any Non-NFL Event revenue and expense projections (at gross) so until the Stadium Authority staff has received updated data on the performance of the Non-NFL Events, these lines cannot be adjusted.**

We cannot reconcile the \$27.214M SBL number. There appears to be a reconciling item of around \$450K. **This projection was provided to Stadium Authority Staff by ManCo through the budget process and we included this amount in the third quarter report before we received the actual numbers. It is correct that the actuals came in at \$26.751M, approximately \$463K lower than the projection. However the original projection that was provided by ManCo was used because it was the best info that Stadium Authority staff had at the time that the third quarter report was being drafted. Additionally, it is more conservative to budget the SBL revenue high since it has a direct impact on debt service expense and the Stadium Authority staff needs to ensure that it has enough appropriation authority.**

FY2019 Annual Stadium Authority Draft Budget

	Budget	Proj Actuals		Draft Budget
	FY18 B	FY18	BvA	FY19 B
<i>\$ in 000s</i>				
REVENUE				
Facility Rent *	24,500	25,810	1,310	24,762
Ticket Surcharge @10%	8,031	8,304	273	8,393
SBL Receivables	26,156	27,214	1,058	24,884
STR Marketplace	545	474	(70)	345
Non-NFL events (Net)	5,464	5,163	(300)	750
Non-NFL Ticket Surcharge	1,800	1,319	(481)	1,232
Naming Rights	6,557	6,557	0	6,754
Senior / Youth Fee	230	228	(2)	230
Interest Income	794	721	(73)	938
Total Revenue	74,077	75,792	1,715	68,288

We are waiting for a response on the overbillings from the City for the CFP event. Please refer to our email dated 4.17.19 on that topic. We can't determine if the overbillings have been corrected in your budget update. **The CFP invoices were adjusted and sent to BAHC on 4/17/19. Staff provided additional responses to BAHC questions earlier today (4/29/19). The \$1.4M budget adjustment was based on, (1) internal CSC staff through January, (2) a projection of outside agency expenses and, (3) internal CSC staff to close out the event. It does appear that actuals will fall below the proposed \$1.4M budget adjustment, but again the conservative approach from the Stadium Authority's viewpoint is to ensure that there is enough appropriation authority. Additionally, this adjustment has a net zero impact on the Stadium Authority; no matter what the actual expenses come out to be, there will be an equivalent amount of reimbursement receivables.**

It appears that there were overbillings from the City for the Redbox Bowl. Please refer to our email dated 4.22.19 on that topic. We cannot quantify the overbilling until we receive the requested supporting documentation. **This has nothing to do with the budget adjustments being submitted to the Board and a budget adjustment would not be needed for this event since it is combined with all events. It is unknown if the Non-NFL revenue and expense numbers will need to be amended until ManCo provides us with the final numbers, which has not occurred.**

There is no provision in the budget for the SCSA to reimburse StadCo for the Public Safety Costs it paid in excess of the Public Safety Cost Threshold, which is required under the Lease. **This has nothing to do with the budget adjustments being submitted to the Board and as you are aware, SCSA staff disagrees with this statement.**

Let me know if you have any questions on any of the above adjustments.

Thank you.

Scott

SCOTT SABATINO
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FAITHFUL THEN, FAITHFUL NOW
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