

SCSA

Santa Clara Stadium Authority

SANTA CLARA STADIUM AUTHORITY FINANCIAL STATUS REPORT

Quarter Ending September 30, 2019



March 24, 2020

Table of Contents

Introduction.....	2
NFL Events.....	3
Non-NFL Events.....	5
Discretionary Fund.....	10
Stadium Builder Licenses	11
Santa Clara Stadium Authority Budget Status Reports.....	13
<i>Operating Budget</i>	13
<i>Debt Service Budget</i>	16
<i>Capital Improvement Project Budget</i>	19
City of Santa Clara Net General Fund Impact.....	21
<i>Public Safety and Administrative Cost Reimbursement</i>	21
<i>Rents and Senior and Youth Fee</i>	21
<i>Other Revenue Impacts</i>	22
Glossary.....	23

Introduction

This Santa Clara Stadium Authority (“Stadium Authority”) Financial Status Report provides information covering the second quarter of the Stadium Authority’s 2019/20 fiscal year (FY) which ended on September 30, 2019. Comparative data from prior fiscal years is also included.

In addition to these quarterly reports, the Stadium Authority produces annual financial statements. The FY 2018/19 financial statements were audited by an external audit firm and presented to the Stadium Authority’s Audit Committee on September 10, 2019 and the Stadium Authority Board (“Board”) on September 17, 2019. Once presented to the Stadium Authority 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 each fiscal year. The FY 2019/20 budget was considered at a study session on March 19, 2019 and adopted by the Board on March 27, 2019.

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 the Forty Niners Stadium Management Company, LLC (“ManagementCo”) or the Stadium Authority are fully reimbursed.

Methodology

Information provided in this report was based in part on documentation submitted by ManagementCo. Specifically, NFL and non-NFL event statistics and financial information relating to Stadium Manager expenses are provided by ManagementCo. Stadium Authority staff conducts a review of selected financial information submitted by ManagementCo, including some source documentation for non-NFL events with attendance greater than 25,000. For all other financial information, a detailed review and/or audit of source documentation has not been conducted by the Stadium Authority for this report. In addition, information provided by ManagementCo is considered draft and subject to change at any time. Non-financial statistical information was also provided by ManagementCo and, similarly, a detailed review and/or audit of source documentation to verify this information is not conducted by the Stadium Authority. The Stadium Authority has contracted with JS Held (formerly Hagen, Streiff, Newton, & Oshiro), a forensic accounting firm, to review and evaluate non-NFL event financial information from prior years, including source documentation. This report is expected in Spring 2020. The information provided reflects the best known and available at the time of the writing of this report.

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, 2019. There was a total of 184,769 tickets sold to these NFL games, an average of 61,590 per game. This is down by 2,023 or 3.2% when compared to the same period in the prior fiscal year. The ticket sales resulted in \$2.4 million in NFL ticket surcharge revenue (10% of ticket sales) to the Stadium Authority. The average NFL ticket surcharge revenue was \$805,000 per game in the current year which is up by \$228,000 or 39.5% from the same period in the prior fiscal year. This increase can be attributed to dynamically priced tickets to each NFL game. A total of \$65,000 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 16,580 cars were parked in the permitted offsite parking lots generating \$97,000 in offsite parking fees. The Tasman lot parking fee generated \$7,400 for the General Fund through the end of the fiscal year. The overall number of cars parked in the permitted offsite lots and the Tasman lots rose by an average of 600 cars per game or 11% when compared to the prior fiscal year.

There was \$1.2 million of NFL event public safety costs in the current reporting period which is an average of \$386,000 per game. This is up from the prior year average of \$255,000. Of the \$1.2 million NFL event public safety costs, \$802,000 or 69.3% are direct City costs and \$356,000 or 30.7% are outside agency costs. \$97,000 of the total NFL event public safety costs were covered by the offsite parking fees that were collected and the remaining was invoiced to ManagementCo. ManagementCo has reimbursed \$741,000 of the public safety costs as of the end of February 2020.

Statistics for the NFL games held at Levi’s Stadium in the first two quarters of the 2019/20 fiscal year are shown in Table 1 and comparative data from all six years of operations can be found in Table 2.

Table 1
Levi's® Stadium
2019/20 NFL Event Statistics
As of September 30, 2019

	Game 1 vs Cowboys 08/10/19	Game 2 vs Chargers 08/29/19	Game 3 vs Steelers 09/22/19	2019/20 YTD Total
No. of Tickets Sold	62,160	58,048	64,561	184,769
NFL Ticket Surcharge	\$ 608,325	\$ 578,533	\$ 1,229,529	\$ 2,416,387
Senior/Youth Program Fees	\$ 21,756	\$ 20,317	\$ 22,596	\$ 64,669
Cars Parked at Offsite Lots	5,076	4,239	7,263	16,578
City Offsite Parking Fee	\$ 29,695	\$ 24,798	\$ 42,489	\$ 96,981
Cars Parked on Tasman Lots	444	463	578	1,485
City Tasman Lot Parking Fee	\$ 2,220	\$ 2,315	\$ 2,890	\$ 7,425
Stadium Public Safety Costs	\$ 384,859	\$ 370,906	\$ 401,871	\$ 1,157,636
Less: Offsite Parking Fee Credit	\$ (29,695)	\$ (24,798)	\$ (42,489)	\$ (96,981)
Reimbursable Stadium Public Safety Costs	\$ 355,164	\$ 346,108	\$ 359,383	\$ 1,060,654
Amount Reimbursed	\$ 254,988	\$ 244,909	\$ 241,498	\$ 741,395

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	2019/20 Q2 Total
No. of NFL Events	4	3	3	4	3	3
No. of Tickets Sold	271,503	198,634	188,705	249,408	190,840	184,769
NFL Ticket Surcharge	\$ 2,911,416	\$ 1,851,550	\$ 2,343,474	\$ 2,544,721	\$ 1,732,335	\$ 2,416,387
Senior/Youth Program Fees	\$ 95,026	\$ 69,522	\$ 66,047	\$ 87,293	\$ 66,794	\$ 64,669
Cars Parked at Offsite Lots	37,884	16,986	18,295	21,442	15,030	16,578
City Offsite Parking Fee	\$ 186,389	\$ 86,289	\$ 95,866	\$ 116,216	\$ 84,619	\$ 96,981
Cars Parked on Tasman Lots	1,737	1,967	1,689	2,357	1,244	1,485
Cars Parked on Golf Course	11,378	7,353	-	-	-	-
City Tasman Lot and Golf Course Parking	\$ 65,575	\$ 46,600	\$ 8,445	\$ 11,785	\$ 6,220	\$ 7,425
Stadium Public Safety Costs	\$ 914,005	\$ 673,723	\$ 740,565	\$ 975,574	\$ 764,421	\$ 1,157,636
Golf Course Public Safety Costs	\$ 111,690	\$ 25,242	\$ -	\$ -	\$ -	\$ -
Subtotal Event Public Safety Costs	\$ 1,025,695	\$ 698,965	\$ 740,565	\$ 975,574	\$ 764,421	\$ 1,157,636
Less: Offsite Parking Fee Credit	\$ (186,389)	\$ (86,289)	\$ (95,866)	\$ (116,216)	\$ (84,619)	\$ (96,981)
Reimbursable Stadium Public Safety Costs	\$ 839,306	\$ 612,676	\$ 644,700	\$ 859,359	\$ 679,802	\$ 1,060,654
Amount Reimbursed	\$ 839,306	\$ 612,676	\$ 644,700	\$ 859,359	\$ 679,802	\$ 741,395

Non-NFL Events

This section provides annual 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 special events. During the current reporting period there were a total of 125,587 tickets sold for the six ticketed Non-NFL Events with 128,588 total attendees. One factor that explains the difference between tickets sold and total attendees is the practice of providing free tickets through the non-NFL event agreement terms. The ticket surcharge is received for tickets sold; there is no surcharge revenue on free tickets. This resulted in \$502,000 Non-NFL Event ticket surcharge revenue (\$4 per ticket sold). This is a decrease in ticket surcharge revenue of \$425,000 or 45.8% less when compared to the same period in the prior year. The reason for the decrease is lower volume of ticket sales to the Non-NFL Events in the current period. In the prior fiscal year, there were seven ticketed events, five of which were large events, compared to six ticketed events this reporting period of which only three were large events.

The ManagementCo reports that there were also 28 smaller special events held at Levi's® Stadium which is down by 13 or 31.7% when compared to the same period in the prior fiscal year. However, they report that the attendance at these events went down from 15,943 in the prior year to 7,752 in the current year, a 51.4% decrease. The attendance figures and number of events are provided by the ManagementCo and cannot be independently confirmed by City staff. Examples of these special events include corporate events of various sizes, weddings, holiday parties, high school dances, etc.

In correlation with the decrease in total tickets sold, the number of cars parked at the permitted offsite parking lots saw a decrease when compared to the prior year. There were 13,130 cars parked at the offsite lots, a 41.2% decrease from the previous year. The City received \$75,000 in related offsite parking fees.

Total Non-NFL Event public safety costs were \$1 million, a decrease of \$375,000 or 27% from the prior year. As mentioned previously, this decrease in cost is due to the decrease in events being held in the current reporting period when compared to the prior year. The offsite parking fee of \$75,000 offset these costs and the remaining \$929,000 was invoiced to ManagementCo, of which \$791,000 has been reimbursed.

Statistics for the six Non-NFL ticketed events and 28 special events are shown in Table 3 and comparative data from all six years of operations are shown in Table 4.

Table 3
Levi's® Stadium
FY2019/20 Non-NFL Event Statistics
As of September 30, 2019

	Monster Jam 04/13/19	Wedding Fair 04/28/19	USWNT Soccer Game 05/12/19	ICC Soccer 07/20/19	Rolling Stones 08/18/19	High School Football Series 09/06/19	2019/20 Q1-Q2 Special Events	2019/20 YTD Total
No. of Scanned Attendees	39,701	781	20,464	15,575	47,442	4,625	-	128,588
No. of Tickets Sold	37,235	381	19,728	14,945	48,544	4,754	-	125,587
Non-NFL Ticket Surcharge	\$ 148,940	\$ 1,524	\$ 78,912	\$ 59,780	\$ 194,176	\$ 19,016	\$ -	\$ 502,348
No. of Non-NFL Special Events							28	28
Non-NFL Special Event Attendees							7,752	7,752
Cars Parked at Offsite Lots	2,997	-	2,254	2,232	5,647	-		13,130
City Offsite Parking Fee	\$ 16,873	\$ -	\$ 12,690	\$ 12,566	\$ 33,035	\$ -		\$ 75,164
Stadium Public Safety Costs	\$ 208,375	\$ -	\$ 111,967	\$ 311,290	\$ 315,497	\$ 14,250	\$ 42,620	\$ 1,004,000
Less: Offsite Parking Fee Credit	\$ (16,873)	\$ -	\$ (12,690)	\$ (12,566)	\$ (33,035)	\$ -	\$ -	\$ (75,164)
Reimbursable Public Safety Costs	\$ 191,502	\$ -	\$ 99,277	\$ 298,724	\$ 282,462	\$ 14,250	\$ 42,620	\$ 928,836
Amount Reimbursed	\$ 191,502	\$ -	\$ 99,277	\$ 217,079	\$ 226,297	\$ 14,250	\$ 42,620	\$ 791,025

Table 4
Levi's® Stadium
Historical Non-NFL Event Statistics⁽¹⁾

	2014/15 Q2 Total	2015/16 Q2 Total	2016/17 Q2 Total	2017/18 Q2 Total	2018/19 Q2 Total	2019/20 Q2 Total
No. of non-NFL Ticketed Events	2	13	14	7	7	6
No. of Tickets Sold	106,699	542,390	518,542	210,157	231,849	125,587
Non-NFL Ticket Surcharge	\$ 426,796	\$ 2,130,628	\$ 2,074,168	\$ 840,628	\$ 927,396	\$ 502,348
No. of Non-NFL Special Events	43	100	53	42	41	28
Non-NFL Special Event Attendees	12,521	73,196	17,959	23,726	15,943	7,752
Cars Parked at Offsite Lots	10,748	51,669	55,731	19,466	22,338	13,130
City Offsite Parking Fee	\$ 52,880	\$ 258,252	\$ 286,531	\$ 104,077	\$ 123,559	\$ 75,164
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	\$ 1,378,966	\$ 1,004,000
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	\$ 1,378,966	\$ 1,004,000
Less: Offsite Parking Fee Credit	\$ (52,880)	\$ (258,252)	\$ (286,531)	\$ (104,077)	\$ (123,559)	\$ (75,164)
Reimbursable Public Safety Costs	\$ 446,972	\$ 2,480,177	\$ 2,222,522	\$ 931,212	\$ 1,255,407	\$ 928,836
Amount Reimbursed	\$ 446,972	\$ 2,480,177	\$ 2,222,522	\$ 931,212	\$ 1,255,407	\$ 791,025

⁽¹⁾ Includes non-NFL special events.

Table 5 summarizes ticketed Non-NFL Event revenue and expenditures by event. This table shows that two of the three events operated at a loss or did not make any money. Table 6 and 7 show Non-NFL net revenue by event type and event revenue and expenses by category. The inclusion of this information is to provide a greater level of transparency and provide the overall financial results of the Non-NFL events.

NOTE: THE FINANCIAL INFORMATION PROVIDED IN THESE TABLES IS DRAFT AND SUBJECT TO CHANGE AS ADDITIONAL REVENUE AND/OR EXPENDITURES ARE RECORDED.

Table 5
Levi's® Stadium
Ticketed Non-NFL Events Revenue and Expenditure Summary
FY 2019/20 Quarter 2

In Millions \$

Ticketed Event	Revenue	Expense	Net
Monster Jam	\$ 1.6	\$ 2.0	\$ (0.4)
Bay Area Wedding Fair	0.0	0.0	0.0
USWNT vs South Africa	0.3	0.1	0.2
ICC: Chivas vs Benfica	1.2	1.4	(0.2)
Rolling Stones: No Filter Tour	11.3	10.5	0.8
High School Football Series	0.1	0.1	0.0
Total Ticketed Non-NFL Net Revenue to date	\$ 14.6	\$ 14.1	\$ 0.4

*Numbers may vary due to rounding

There were six ticketed Non-NFL events held in the first two quarters of FY 2019/20 with an average net gain to the Stadium Authority of about \$70,000 per event. Out of a total of six ticketed Non-NFL events, four Non-NFL ticketed events (67%) were money losing events or generated no revenue for the Stadium Authority. Based on the analysis shown in the following tables, the concert followed by Special Events (such as weddings, corporate events, birthday parties, etc.) generate the largest revenue for the Stadium Authority.

The revenue and expenses in the tables below are created using information provided by ManagementCo. Based on the information provided, it appears that the Food and Beverage portion of the business is not generating revenue. It is difficult to determine by the provided information if this is actually the case or if there is additional Food and Beverage revenue or cost reimbursements that are grouped with other revenue line items and not called out on the face of the provided Event Flash Reports. The Stadium Authority looks to work with ManagementCo on greater transparency for future reports.

Table 6
Levi's® Stadium
Net Revenue for Non-NFL Events
by Event Type
FY 2019/20 Quarter 2

Event Type	No. of Events	Net Revenue
Ticketed Events		
Concerts	1	\$ 871,777
Sporting Events		
Football (Non-NFL)	1	30,938
Soccer	2	83,456
Miscellaneous Events	2	(404,883)
Subtotal Ticketed Events	6	\$ 581,288
Subtotal Non-Ticketed Non-NFL Events (weddings, corporate events, etc)	28	\$ 362,074
Total Non-NFL Event Net Revenue	34	\$ 943,362
Total Estimated Performance Rent paid to the General Fund⁽¹⁾		\$ 294,181

⁽¹⁾ Performance Rent is calculated as 50% of the net revenue from Non-NFL events less performance-based credit of 50% of fixed ground rent

Table 7
Levi's® Stadium
Non-NFL Event Results by Category
FY 2019/20 Quarter 2

	2019/20 YTD Total
REVENUE:	
Seating Bowl	\$ 12,156,577
Ticket Master Fees	651,322
Suites	243,967
Food & Beverage	906,283
Parking	652,866
Miscellaneous ⁽¹⁾	1,233,855
Total Revenue	\$ 15,844,870
EXPENSE:	
Public Safety/Security	\$ 1,544,049
Utilities/Solid Waste	74,033
Parking	567,665
Food & Beverage - Ticketed Events	242,716
Food & Beverage - Special Events	663,423
Operations/Janitorial/Maintenance	1,942,322
Miscellaneous ⁽²⁾	9,867,299
Total Expense	\$ 14,901,508
Total Non-NFL Net Revenue	\$ 943,362

⁽¹⁾Includes special event revenue such as corporate events, weddings, holiday parties, etc.

⁽²⁾Includes rentals, fees & commissions, transportation, marketing, and other expenses

Discretionary Fund

The Discretionary Fund is funded by revenue equal to 50% of the Non-NFL Ticket Surcharge of \$4 per ticket. The six ticketed Non-NFL Events contributed \$251,000 to the Discretionary Fund in the reporting period. Table 8 shows the revenues and expenses in the Discretionary Fund since FY2014/15. The balance at the end of this reporting period was \$2.2 million.

Table 8

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	796,294	101,267	1,960,102
2019/20	1,960,102	251,174		2,211,276

Stadium Builder Licenses

The total principal value of currently active Stadium Builder Licenses (“SBLs”) is \$524.5 million and, as of September 30, 2019, 84.0% of the total principal value of all SBLs sold (i.e., \$440.4 million) had 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 ManagementCo 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.

There is a total of 58,957 currently active SBLs, or 89% of the 65,879 total sellable SBL seats. This is down by 1,302 from the total active SBLs at the end of the prior fiscal year (March 31, 2019). The main reason for the reduction is due to defaulted SBLs. The defaulted SBLs were offset by (1) the sale of new SBLs and (2) the net increase related to the customer seat relocation program. 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, 234 SBLs were sold for a total face value of \$1.5 million. The customer seat relocation program resulted in an increase of \$721,000 to the SBL face value, while netting 29 more SBLs. There were also 1,565 SBLs defaulted during the year with a total face value of \$10.1 million. The number of defaults and associated value is in line with the two-year historical average.

Additional details regarding currently active SBLs are noted in Table 9.

Table 9
Santa Clara Stadium Authority
Currently Active Stadium Builder License (SBL) Summary⁽¹⁾

Through September 30, 2019										
Seat Value	SBL Seats Available	SBL Seats Sold as of 3/31/19	New SBL Sales	Net SBL Relocations	SBL Defaults	SBL Seats Sold	SBL Value	SBL Collected	% SBL Principal Collected	
141,392	100	100	-	-	-	100	\$ 14,082,625	\$ 11,966,318	85.0%	
80,000	938	930	-	7	(13)	924	73,920,000	63,952,301	86.5%	
40,000	2	2	-	-	-	2	80,000	61,976	77.5%	
30,000	4,869	4,554	6	3	(57)	4,506	135,180,000	117,010,112	86.6%	
20,000	3,395	2,965	12	(22)	(68)	2,887	57,740,000	49,065,304	85.0%	
15,000	7	7	-	-	(1)	6	90,000	59,499	66.1%	
12,000	2,167	2,118	7	12	(28)	2,109	25,308,000	21,438,998	84.7%	
10,000	9	7	-	-	-	7	70,000	57,422	82.0%	
6,000	20,623	20,441	86	60	(483)	20,104	120,624,000	96,192,406	79.7%	
5,000	14,301	13,164	63	20	(297)	12,950	64,750,000	53,041,175	81.9%	
4,000	917	913	3	4	(4)	916	3,664,000	3,254,731	88.8%	
3,000	94	94	-	-	(4)	90	270,000	206,822	76.6%	
2,500	45	45	-	-	(1)	44	110,000	87,211	79.3%	
2,000	18,373	14,881	57	(54)	(607)	14,277	28,554,000	23,999,107	84.0%	
1,000	39	38	-	(1)	(2)	35	35,000	28,469	81.3%	
Total	65,879	60,259	234	29	(1,565)	58,957	\$ 524,477,625	\$ 440,421,849	84.0%	
								Plus: Interest on financed SBLs	50,559,791	
								Total Principal & Interest	\$ 490,981,640	

⁽¹⁾ This table does not include \$26.6 million that has been collected life-to-date from defaulted SBL holders.

Santa Clara Stadium Authority Budget Status Reports

Operating Budget

With 50% of the fiscal year complete, total operating revenues for the second quarter of the FY 2019/20 were \$28.7 million representing 39% of the overall budget for revenues. The two primary reasons that revenue is below 50% is because non-NFL event revenue is recorded at the end of the fiscal year in accordance with Article 5 of the Stadium Management Agreement, and the Naming Rights revenue is collected twice a year in October and February. Stadium rent earned from StadCo totaled \$12.4 million. During the current reporting period, the Stadium Authority also collected \$9.4 million in SBL proceeds or 37% of what was budgeted. All SBL proceeds are to be transferred to the debt service fund per applicable loan agreements. The non-NFL event ticket surcharge amounted to \$483,000 or 39% of the budget.

Total operating expenses were \$18.3 million, or 25% of the annual budget. The primary reasons that total expenses are below 50% are that the Non-NFL event expenses are recorded at the end of the fiscal year and the decision to withhold payment on shared stadium manager expenses until sufficient support is received for the expenses. Operating expenses payments were withheld based on Board direction for the partial suspension of payments at the March 27, 2019 Stadium Authority Board meeting, arising from the ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests. At that meeting, the Board directed the Executive Director to only release public funds to the Forty Niners Management Company (ManCo) if all supporting documents have been submitted and adhere to our agreements and State and local laws. As part of that suspension of payment, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. However, rather than provide the Stadium Authority with complete documentation to substantiate proper procurement and/or the absence of self-dealing/conflicts of interests, ManagementCo opted to take out loans and continue to pay itself public funds without demonstrating compliance with State and local laws. Total estimated revolving credit loans total \$6.5 million and the Stadium Authority maintains its position that it should not use public funds for violations of public procurement violations, prevailing wage violations, and/or self-dealing/conflicts of interests. Shared Stadium Manager expenses were at 25% or \$3 million of the \$11.9 million budgeted amount and SBL Sales & Service expenses were 91% of the budget, or \$2 million. The Stadium Authority pays for all utility costs from February 1st through July 31st and the tenant (StadCo) pays for utility costs from August 1st through January 31st (Tenant Season). Therefore, utility costs are 68% of the budget for the second quarter, or \$1 million. The current reporting period covers 67% (four out of the six months) that the Stadium Authority is responsible for utility costs. Transfers out for debt service amounted to \$10.9 million and, lastly, Stadium Authority G&A costs were \$781,000 or 31% of the budget.

Overall, the Stadium Authority operating fund ended the second quarter with a fund balance of \$33 million, an increase of \$10.4 million or 45.7%. Included in that amount is an \$11.3 million operating reserve and a \$2.2 million discretionary fund.

Additional details are shown in Table 10.

Table 10
Santa Clara Stadium Authority
Operating Budget Status Report
For the Period Ending September 30, 2019 and 2018

Period Ending September 30, 2019								Period Ending September 30, 2018			
	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	\$ 8,142,000	\$ -	\$ 2,416,387	\$ 2,416,387	\$ 5,725,613	30%		\$ 8,031,000	\$ 1,732,335	\$ 6,298,665	22%
SBL Proceeds	25,416,000	8,525,454	827,998	9,353,451	16,062,549	37%		27,214,000	9,094,712	18,119,288	33%
Interest	938,000	234,203	247,406	481,610	456,390	51%		794,000	386,229	407,771	49%
Non-NFL Event Revenue	-	-	-	-	-	NA		62,147,000	-	62,147,000	N/A
Net Revenues from Non-NFL Events	5,796,000	-	-	-	5,796,000	0%		-	-	-	NA
Naming Rights	6,754,000	-	3,327,117	3,327,117	3,426,884	49%		6,558,000	-	6,558,000	0%
Sponsorship Revenue (STR)	345,000	81,250	81,250	162,500	182,500	47%		545,000	224,703	320,297	41%
Rent	24,762,000	6,190,500	6,190,500	12,381,000	12,381,000	50%		25,810,000	13,429,000	12,381,000	52%
Senior & Youth Program Fees	230,000	-	64,669	64,669	165,331	28%		230,000	66,794	163,206	29%
Non-NFL Event Ticket Surcharge	1,232,000	229,376	253,956	483,332	748,668	39%		1,800,000	927,396	872,604	52%
Bay Area Host Committee Reimbursement	-	3,715	927	4,642	(4,642)	NA		1,400,000	107,325	1,292,675	N/A
Other Revenue	-	-	-	-	-	NA		2,281,000	1,686	2,279,314	N/A
Revenues Subtotal	\$ 73,615,000	\$ 15,264,498	\$ 13,410,210	\$ 28,674,708	\$ 44,940,292	39%		\$ 136,810,000	\$ 25,970,179	\$ 110,839,821	19%
Net Transfers	-	-	-	-	-	N/A		-	-	-	NA
Total Resources	\$ 73,615,000	\$ 15,264,498	\$ 13,410,210	\$ 28,674,708	\$ 44,940,292	39%		\$ 136,810,000	\$ 25,970,179	\$ 110,839,821	19%
	Final Budget	Q1 Actuals	Q2 Actuals	YTD Actuals	Budget to Actual Difference	% Used		Final Budget	YTD Actuals	Budget to Actual Difference	% Used
Expenses											
Shared Stadium Manager Expenses											
Stadium Operations	\$ 4,004,000	\$ 653,401		\$ 653,401	\$ 3,350,599	16%		\$ 3,721,000	\$ 1,863,495	\$ 1,857,505	50%
Engineering	2,054,000	328,481		328,481	1,725,519	16%		1,835,000	917,363	917,638	50%
Guest Services	825,000	137,782		137,782	687,218	17%		813,000	406,496	406,504	50%
Groundskeeping	177,000	29,039		29,039	147,961	16%		164,000	81,783	82,217	50%
Security	1,656,000	270,450		270,450	1,385,550	16%		1,543,000	771,555	771,445	50%
Insurance	2,956,000	739,038	870,038	1,609,076	1,346,924	54%		2,871,000	1,435,025	1,435,975	50%
Stadium Management Fee	232,000	-		-	232,000	0%		226,000	-	226,000	0%
Shared Stadium Mngr Exps Subtotal	\$ 11,904,000	\$ 2,158,191	\$ 870,038	\$ 3,028,229	\$ 8,875,771	25%		\$ 11,173,000	\$ 5,475,718	\$ 5,697,283	49%
Other Expenses											
SBL Sales and Service	\$ 2,221,000	\$ 589,477	\$ 1,440,000	\$ 2,029,477	\$ 191,523	91%		\$ 2,324,000	\$ 1,175,912	\$ 1,148,088	51%
Senior & Youth Fees (paid to City)	230,000	-	42,073	42,073	187,927	18%		230,000	66,794	163,206	29%
Non-NFL Event Expense	-	-	-	-	-	NA		56,519,000	-	56,519,000	0%
Ground Rent (paid to City)	355,000	-	355,000	355,000	-	100%		320,000	320,000	-	100%
Performance Rent (paid to City)	2,721,000	-	-	-	2,721,000	0%		2,654,000	-	2,654,000	0%
Discretionary Fund Expense	250,000	-	-	-	250,000	0%		990,000	48,185	941,815	5%
Utilities	1,551,000	791,625	258,000	1,049,625	501,375	68%		1,506,000	1,050,000	456,000	70%
Use of StadCo Tenant Improvements	182,000	-	-	-	182,000	0%		236,000	463	235,537	0%
Stadium Authority G&A	2,480,000	295,995	484,664	780,659	1,699,341	31%		1,685,000	706,396	978,604	42%
College Football Playoff Expense	-	3,715	927	4,642	(4,642)	NA		1,400,000	107,325	1,292,675	NA
Other Expenses	110,000	109,915	-	109,915	85	100%		105,000	-	105,000	0%
Transfers Out - Debt Service	51,273,000	-	10,894,241	10,894,241	40,378,759	21%		57,340,000	10,850,891	46,489,109	19%
Contribution to Operating Reserve	338,000	-	-	-	338,000	0%		328,000	-	328,000	0%
Other Expenses Subtotal	\$ 61,711,000	\$ 1,790,726	\$ 13,474,905	\$ 15,265,631	\$ 46,445,369	25%		\$ 125,637,000	\$ 14,325,966	\$ 111,311,034	11%
Total Expenses	\$ 73,615,000	\$ 3,948,918	\$ 14,344,943	\$ 18,293,860	\$ 55,321,140	25%		\$ 136,810,000	\$ 19,801,684	\$ 117,008,316	14%
Operating Reserve	\$ 11,593,270			\$ 11,255,088				\$ 11,255,088	\$ 10,927,270		
Discretionary Fund	\$ 2,302,075			\$ 2,201,768				\$ 1,086,407	\$ 1,680,589		

Debt Service Budget

The Stadium Authority's FY 2019/20 debt service revenue budget of \$3.8 million represents anticipated contributions from the Community Facilities District (CFD). During the first two quarters of the current fiscal year, \$1.8 million was contributed by the CFD. Transfers in from the operating fund amounted to \$10.9 million or 23% of the budget.

Total Stadium Authority debt service expenses for the current reporting period were \$21.8 million, 42% of the budgeted amount. The debt service expenses for the CFD Advance, the Term A Loan, and the StadCo Subordinated Loan were \$1.4 million, \$19.2 million, and \$1.2 million, respectively.

The Stadium Authority debt service fund ended the current quarter with a fund balance of \$16.5 million which includes \$11.5 million in the debt service reserve account. The remaining \$5 million is reserved for future debt payments.

As of September 30, 2019, the total outstanding amount of Stadium Authority debt had declined to \$326.8 million. This is a reduction in principal of \$13.4 million from the March 31, 2019 outstanding debt amount of \$340.2 million.

Additional details are shown in Tables 11 and 12 and Chart 1.

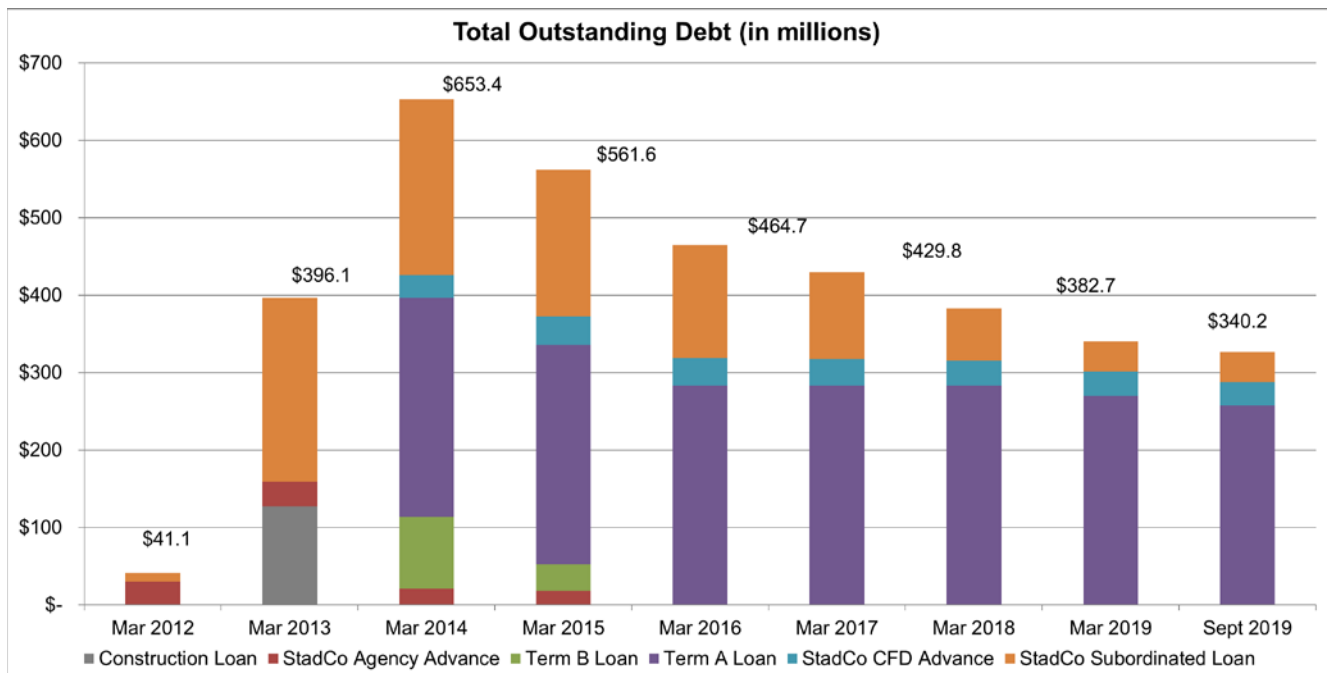
Table 11
Santa Clara Stadium Authority
Debt Service Budget Status Report
For the Period Ending September 30, 2019 and 2018

	Period Ending September 30, 2019						Period Ending September 30, 2018			
	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	\$ 3,872,000	\$ 951,360	\$ 892,307	\$ 1,843,667	\$ 2,028,333	48%	\$ 3,800,000	\$ 1,943,500	\$ 1,856,500	51%
Revenues Subtotal	\$ 3,872,000	\$ 951,360	\$ 892,307	\$ 1,843,667	\$ 2,028,333	48%	\$ 3,800,000	\$ 1,943,500	\$ 1,856,500	51%
Transfers In from Operating	47,795,000	-	10,894,241	10,894,241	36,900,759	23%	53,963,000	10,850,891	43,112,109	20%
Contribution from Fund Balance	-	16,665,922	(7,593,965)	9,071,957	(9,071,957)	NA	4,653,000	14,627,398	(9,974,398)	314%
Total Resources	\$ 51,667,000	\$ 17,617,282	\$ 4,192,583	\$ 21,809,865	\$ 38,929,092	42%	\$ 62,416,000	\$ 27,421,789	\$ 34,994,211	44%
Expenses										
CFD Advance	\$ 3,844,000	\$ 1,002,705	\$ 438,541	\$ 1,441,246	\$ 2,402,755	37%	\$ 3,800,000	\$ 1,879,532	\$ 1,920,468	49%
Term A Loan	26,383,000	15,971,276	3,218,928	19,190,204	7,192,796	73%	26,702,000	19,286,502	7,415,498	72%
StadCo Subordinated Loan	21,440,000	643,301	535,114	1,178,415	20,261,585	5%	31,914,000	6,255,755	25,658,245	20%
Total Expenses	\$ 51,667,000	\$ 17,617,282	\$ 4,192,583	\$ 21,809,865	\$ 29,857,135	42%	\$ 62,416,000	\$ 27,421,789	\$ 34,994,211	44%
Debt Service Reserve	\$ 11,536,235			\$ 11,536,235			\$ 11,536,235	\$ 11,536,235		

Table 12
Santa Clara Stadium Authority
Debt Summary Report
For the Period Ending September 30, 2019

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2019	Net Change	Outstanding as of September 30, 2019
Stadium Funding Trust Loan:				
Term A Loan	5.00%	\$ 270,266,412	\$ (12,752,172)	\$ 257,514,240
StadCo CFD Advance	5.73%	30,925,978	(561,874)	30,364,104
StadCo Subordinated Loan	5.50%	39,024,833	(107,449)	38,917,384
Total		\$ 340,217,223	\$ (13,421,495)	\$ 326,795,728

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:

- Kawasaki Mule Purchase
- Two Auto Pulse Automated Compressor Purchases
- ALS Lifepack Monitor Purchase

The following CapEx projects are currently in progress and expected to be completed by the end of the fiscal year:

- Diesel Particulate Filter
- Mobile Radio
- Chemical Warfare Detector
- Staff Scheduling Software
- Upfit Kawasaki Mules

A total of \$61,000 has been spent in FY 2019/20, which amounts to <1% of the budget. The main reasons that this is below budget are (1) there has been little activity on warranty work which makes up 11% of the CIP Budget, and (2) a number of projects are behind schedule due to the ManagementCo not following State procurement and prevailing wage laws so projects had to be halted. Given the fact that almost no capital projects were completed by ManagementCo, there is serious concern where ManagementCo is unable to complete the projects included in this budget. We will continue to raise this issue with ManagementCo to ensure the Stadium Authority asset is maintained in a sufficient manner; however, there is valid concern that ManagementCo is unable to complete these duties given the record to date. During this reporting period, the ManagementCo has not demonstrated its ability to award contracts in compliance with state laws.

Additional details are shown below in Table 13.

Table 13
Santa Clara Stadium Authority
CIP Budget Status Report
For the Period Ending September 30, 2019 and 2018

	Period Ending September 30, 2019						Period Ending September 30, 2018			
	Final Budget	Q1 Actuals	Q2 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Beginning Balances	\$ 14,532,870	\$ 14,516,225	\$ 14,455,221	\$ 14,516,225	\$ 16,645		\$ 12,358,833	\$ 12,718,700		
Resources										
Transfers In from Operating Budget	3,478,000	-	-	-	3,478,000	0.00%	3,377,000	-	3,377,000	0%
Transfers In from Stadium Manager	-	-	308,568	308,568	(308,568)	N/A	-	-	-	
Total Resources	\$ 18,010,870	\$ 14,516,225	\$ 14,763,788	\$ 14,824,793	\$ 3,186,077	82%	\$ 15,735,833	\$ 12,718,700	\$ 3,377,000	81%
	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	4,956,922	(4,845)	-	(4,845)	4,961,767	0%	4,875,415	848,970	4,026,445	17%
Equipment	7,070,988	65,038	-	65,038	7,005,950	1%	1,210,000	82,700	1,127,300	7%
Contingency	657,397	812	-	812	656,585	0%	296,546	3,250	293,296	1%
Stadium Warranty Related Construction	1,528,202	-	-	-	1,528,202	0%	1,600,971	33,769	1,567,202	2%
Total Expenses	\$ 14,213,509	\$ 61,005	\$ -	\$ 61,005	\$ 14,152,504	0%	\$ 7,982,932	\$ 968,689	\$ 7,014,243	12%
Ending Balances	\$ 3,797,361	\$ 14,455,221	\$ 14,763,788	\$ 14,763,788			\$ 7,752,901	\$ 11,750,011		

City of Santa Clara Net General Fund Impact

During the current reporting period there was a total of \$807,000 that was contributed to the General Fund as shown in Table 14. This section of the report also provides information on General Fund revenue and expenditure impacts resulting from the stadium.

Table 14

City of Santa Clara Net General Fund Impact

For Stadium Authority Fiscal Year to Date Ending September 30, 2019

Ground Rent	\$	355,000
Performance Rent		-
Senior and Youth Fee		42,073
Tasman Lots Parking Fee		7,425
Sales Tax		402,388
<hr/>		
Total Net General Fund Impact	\$	806,886

Public Safety and Administrative Cost Reimbursement

As described in earlier sections of this report, costs incurred by the City on NFL and non-NFL Events are tracked and billed to the Stadium Manager. Reimbursement is monitored and included in this report. Public safety costs incurred in support of NFL and non-NFL events totaled \$1.2 million and \$1 million, respectively. Reimbursements of the non-NFL public safety costs amounted to \$791,000, and \$741,000 has been received for the NFL public safety costs as of the end of February 2020. These reimbursements came from a combination of payments from the Stadium Manager, and the offsite parking fees that were collected.

In addition to public safety costs, 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 FY 2019/20, a total of \$436,000 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 (\$355,000) from the Stadium Authority. Additionally, the Senior and Youth Fee generated \$65,000, of which \$42,000 was forwarded to the City year-to-date in support of senior and youth programs fees, and the remaining to be transferred in the following quarter. Lastly, the Tasman Lot Parking Fee generated \$7,400 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 two quarters of sales tax collections from Levi's® Stadium transactions generated \$402,000 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 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 to 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, it is clear that hotels both inside and outside the City have benefited, resulting in increases in TOT collections in Santa Clara and 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 the Stadium Manager, 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 ManagmentCo 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.

Beginning with 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 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 2019/20 (July 1, 2019 through June 30, 2020) the offsite parking fee is \$5.63.

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. Multiple City departments provide staffing, materials, and supplies to support the public safety plan. Services are provided through a combination of City staff, contracts with other agencies (California Highway Patrol, County Sheriff's Office, and City of Sunnyvale) and some vendor provided services.

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 the Stadium Manager 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 the Stadium Manager. All of these costs are reimbursed to the City of Santa Clara.

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

Stadium Management Fee – The Stadium Manager 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 the Stadium Manager manages the stadium year-round for both entities. In addition to the base management fee, the Stadium Manager 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	18,591	-	225,102
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.