

**MINUTES FROM
STADIUM AUTHORITY/STADIUM MANAGER
QUARTERLY STATUS MEETING
September 17, 2020 | 9:00 – 10:00 a.m.
Zoom Meeting**

Stadium Manager/ManCo Staff Present:

Executive Vice President & General Manager, Jim Mercurio
Vice President, Deputy General Counsel, Jihad Beauchman
Senior Manager, Public Affairs & Strategic Communications, Jas Sajjan

Stadium Authority Staff Present:

Executive Director, Deanna J. Santana
Stadium Authority Counsel, Brian Doyle
Treasurer, Kenn Lee
Assistant City Manager, Ruth Mizobe Shikada
Assistant City Manager, Manuel Pineda
Assistant to the Executive Director, Christine Jung
Senior Management Analyst, Rachel Copes

Executive Director Santana reminded everyone that minutes will be taken for the meeting. Jihad asked if ManCo would receive a draft copy before the minutes are published. Executive Director Santana explained that the Stadium Authority was not planning to, which is the normal practice for a public agency preparing meeting minutes. ManCo staff were informed by Santana that if they had any issues with the published minutes that they could issue comments directly to the Board. ManCo staff confirmed that they understood.

A G E N D A

I. COVID Update from Stadium Manager

a. Updates on Attendance at Upcoming Games

ManCo's Executive Vice President & General Manager Mercurio provided a brief update on their September 13 game, which had no fans in attendance. He shared that some teams are hosting fans, but only about 25% capacity so that might be the next step when fans are allowed. He noted that the game went well and that they reminded fans through social media to respect the County order. They will continue pushing that information out since it seems to be working. They only heard of one service call, which was about a tent at the park, but it was quickly resolved.

CONFIDENTIAL discussion about Stadium security. [REDACTED]

b. Status of Requested Transportation Management and Operations Plan (TMOP) and Parking Plans Addendums for No or Limited Audience

ManCo's Executive Vice President & General Manager Mercurio didn't expect there to be much changes to the documents that they submitted earlier in the year. The 49ers have operations meetings the week before each game and will share any changes with City/Stadium Authority staff if they come up then, especially Police's traffic staff.

c. Status of Annual Parking Permits

Item was addressed/discussed as part of the traffic/parking documents above.

II. Updates from Stadium Manager: Quarterly Status Meeting (First Amendment to Stadium Management Agreement)

a. Financial performance of past Non-NFL Events

i. Non-NFL Events P&L for current year

ManCo's Vice President, Deputy General Counsel Beauchman shared that the report, if it hasn't already, will be placed in the Stadium Authority's Administrative Office. ManCo's Executive Vice President & General Manager Mercurio confirmed that the USB was placed in the office yesterday and that the Stadium Authority can coordinate Stadium access for Stadium Authority staff by emailing him.

b. Status of future Non-NFL Events

i. Booked Events

ii. Pipeline Events

CONFIDENTIAL discussion about Stadium Non-NFL Events. [REDACTED]

[REDACTED]

c. Private Parking Agreements

i. Executed private parking agreements

ii. Ongoing negotiations for private parking agreements

III. Stadium Builder Licenses

a. SBL Paper Copy Project Update—Transfer of SBLs (paper and digital copies) to SCSA for proper archiving

ManCo's Vice President, Deputy General Counsel Beauchman shared that the hard copy SBLs are all boxed. There are 75-100 boxes, which probably won't all fit in the Stadium Authority's Stadium Office. He asked how Stadium Authority staff wanted the boxes. Executive Director Santana asked how the boxes were organized for purpose of easy tracking or retrieval if the Stadium Manager required an SBL agreement (i.e., alphabetically or by SBL types). Vice President, Deputy General Counsel Beauchman responded that he was not sure. He said he would find out and let Stadium Authority staff know. Executive Director Santana asked him to let staff know via email when he finds out [REDACTED]

[REDACTED] ManCo's Vice President, Deputy General Counsel Beauchman also provided an update on the digital SBL files, which totaled about 80 gigabits. ManCo is determining the best process to transfer those records.

b. Owner's Club Amendment

CONFIDENTIAL discussion about potential litigation. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

c. SBL Defaults

CONFIDENTIAL discussion about potential litigation.

[REDACTED]

IV. Emergency Repairs at Stadium

There are two emergency repairs that are being worked on at the Stadium. ManCo staff noted that they sent the documents that the Stadium Authority requested. Executive Director Santana confirmed that staff was reviewing the documents and will let ManCo know if there are any questions.

V. ADA Improvements on Red Lot

ManCo's Vice President, Deputy General Counsel Beauchman provided an update on the progress that they were making on the ADA improvements. Once ManCo signs off on the settlement, they will need to amend the Design Building Agreement (DBA), which will go to the Board for approval. Under the proposed DBA amendment, no public funds will be used.

CONFIDENTIAL discussion about the funding of the improvements.

[REDACTED]

VI. Planned/Budgeted Capital Improvements (procurement schedule)

ManCo's Executive Vice President & General Manager Mercurio shared that not much has changed but the City has put a hold on building and fire permits because of Stadium Manager's fire code violations. He is trying to resolve those issues so that ManCo can move forward on projects, including Levi's Stadium signage, tunnel safety improvements, etc. The projects were all included as part of the approved 2019 and 2020 budgets. He noted that ManCo will not open any new projects until they get permits.

CONFIDENTIAL discussion about Stadium Improvements.

[REDACTED]

VII. Full Rental Payment

There are extensive notes on this topic due to its sensitive nature.

ManCo's Vice President, Deputy General Counsel Beauchman and Stadium Authority Counsel Doyle discussed the conversation that took place regarding Stadium rent payment during the August meeting. ManCo's Vice President, Deputy General Counsel Beauchman stated he had hoped to have a collaborative conversation with Stadium Authority Counsel Doyle to walk through the steps before the Stadium Authority Board took action to initiate arbitration. He stated that he hopes in the future that he and Stadium Authority Counsel could discuss these things before resources were unnecessarily expended.

Stadium Authority Counsel noted that Vice President, Deputy General Counsel Beauchman could have just told him that ManCo was planning to pay the rent in full at the August meeting or at anytime thereafter, but instead was told at the last meeting that ManCo's position was that the rent should be reduced due to the cancellation of the games. Additionally, Stadium Authority Doyle had requested Vice President, Deputy General Counsel Beauchman to provide documentation of ManCo's justification for the reduction when the topic was discussed at the last meeting, which did not happen.

Executive Director Santana added that his efforts of a "collaborative" process or comments did not make sense, nor were his actions over the past months consisted with his comments today. Stadium Counsel Doyle noted that while Deputy General Counsel Beauchman discussed the cancellation of the pre-season games in several telephone conversations, he never mentioned any intention to rely on the cancellations to reduce rent. Executive Director Santana stated that instead Scott Sabatino issued a letter of Stadium Manager's intent to reduce rental payments by 10% for each canceled game, noting a 20% intended rental payment reduction. Executive Director Santana noted that she sent a letter rejecting the basis for reducing rent and disagreeing with their claims. Santana noted during July or August, Jihad had never reached out to collaborate on rental reduction and instead the Stadium Manager:

- (1) Took action in July to send a letter advising of its intent to reduce rental payments,
- (2) Rejected Stadium Authority's letter of its inability to take such action and, indeed,
- (3) Failed to pay rent in the amount of \$5+ million.

Executive Director Santana noted that the Stadium Authority acted reasonably with the information it had by taking this matter to the Board since nothing in the Stadium Manager's actions from June - September indicated their willingness to be collaborative or pay their full rent.

Stadium Authority Counsel Doyle said that what matters is that the Stadium Authority got the full rent payment and if Vice President, Deputy General Counsel Beauchman wants to talk in the future, he could call or email. ManCo's Vice President, Deputy General Counsel Beauchman said there is more than one reason why the rent was reduced. Executive Director Santana asked that he put those items on the agenda for future meetings and not delay collaborative discussion opportunities until after the fact.

VIII. \$2.7M for Non-NFL Event FYE 3/31/2020

Stadium Manager asked when the fiscal report regarding last year's fiscal year would be presented to the Board and if would include the \$2.7 million. Stadium Treasurer Lee confirmed that the fourth quarter report is scheduled to go to the Board on October 13. Staff stated that it has been reviewing the documents and may have follow up questions. Stadium Authority staff stated that its focus is on the year end audit.

ManCo's Vice President, Deputy General Counsel Beauchman asked when the projected payment would be transferred. Executive Director Santana stated that she couldn't answer that question since it would depend on the Board discussion and action. ManCo's Vice President, Deputy

General Counsel Beauchman also wanted to clarify that the \$2.7M was not part of the Shared Expenses since it was brought up in conversation during the September 10 meeting between ManCo and Stadium Authority staff. Executive Director Santana clarified that she had brought up the \$2.7M during the meeting but only as an example for the need to have access to all information and not limit the audit review process, and not as a Shared Expense. She noted that Esther Chi from the 49ers was going to follow up to see if they would be open to showing the documents differently since last week's process was inefficient.

IX. Public Safety Cost Billings

Stadium Treasurer Lee noted there were a lot more questions than usual from the 49ers regarding public safety costs. Stadium Authority staff has the backup documents and is preparing them to send to ManCo, as time permits.

X. LCPtracker Agreement

Executive Director Santana shared that Stadium Authority staff checked notes from May's meeting regarding LCPtracker, which stated that ManCo would discuss internally about how to move forward with the "piggybacking" process and get back additional information to the Stadium Authority. ManCo's Vice President, Deputy General Counsel Beauchman noted that his understanding was that there were two different conversations.

Executive Director Santana clarified that the notes mentioned that Jihad was to get back with additional information and that she thought the follow up information could be about the difference in pricing (but that no detail was noted in the notes) and that we also are waiting for ManCo to submit changes to the report. Santana went on to state that ManCo needed to explain the difference in pricing and actual contract amount authority. ManCo's Vice President, Deputy General Counsel Beauchman didn't recall what information they needed to follow up about from May or if there was any discussion about the difference in pricing of the agreement.

Since there was confusion about the follow up information referenced in the May notes, Executive Director Santana asked him to revise the report to include an explanation about the difference in pricing, since it is not appropriate to request \$25,000 for a \$13,000 expenditure without an explanation of what the funds would be used for. ManCo's Vice President, Deputy General Counsel Beauchman noted that he would take another look at the report but that there was contention about ManCo writing the Stadium Authority's Board reports.

Executive Director Santana rejected that Stadium Authority should draft Stadium Manager's reports and clarified that Stadium Manager would have to do some work and provide an analysis to explain the difference in pricing in the report. Stadium Authority Counsel Doyle added that the 49ers procurement manager who has experience with the County should be able to draft the explanation for why there is a \$12/\$13K difference for the agreement. Executive Director Santana suggested that if there are any issues and items that they are waiting for in the future, ManCo shouldn't wait four months to follow up and that they caused the delay in action by not following up for four months on this item, because Stadium Authority notes show that Stadium Manager was to follow up with the Stadium Authority on both "piggybacking" and more information. Santana stated that it could take the Stadium Manager's request to the Board on October 13 as submitted and write a separate report from the Stadium Authority. There was not disagreement with that course of action.

SCSA Board Direction for Stadium Manager Follow Up

- Compliance Plan and Oversight of Corrective Action (including Validation)
- Number of public riders for large stadium events
- Analysis re Event Day Parking Costs
- Stadium Manager Report to Board Summarizing Contracts Let on Behalf of Stadium Authority
- May 27, 2020 Letter re COVID-19 Plan for the Stadium, revolving loan, the buffet invoice, maintenance of the Stadium, and event parking/public transportation.

Upcoming SCSA Board Meeting Dates

- October 13, 2020 Special Board Meeting
- November 17, 2020