

Santa Clara Stadium Authority

Financial Status Report for the Quarter Ending
December 31, 2017

February 13, 2018



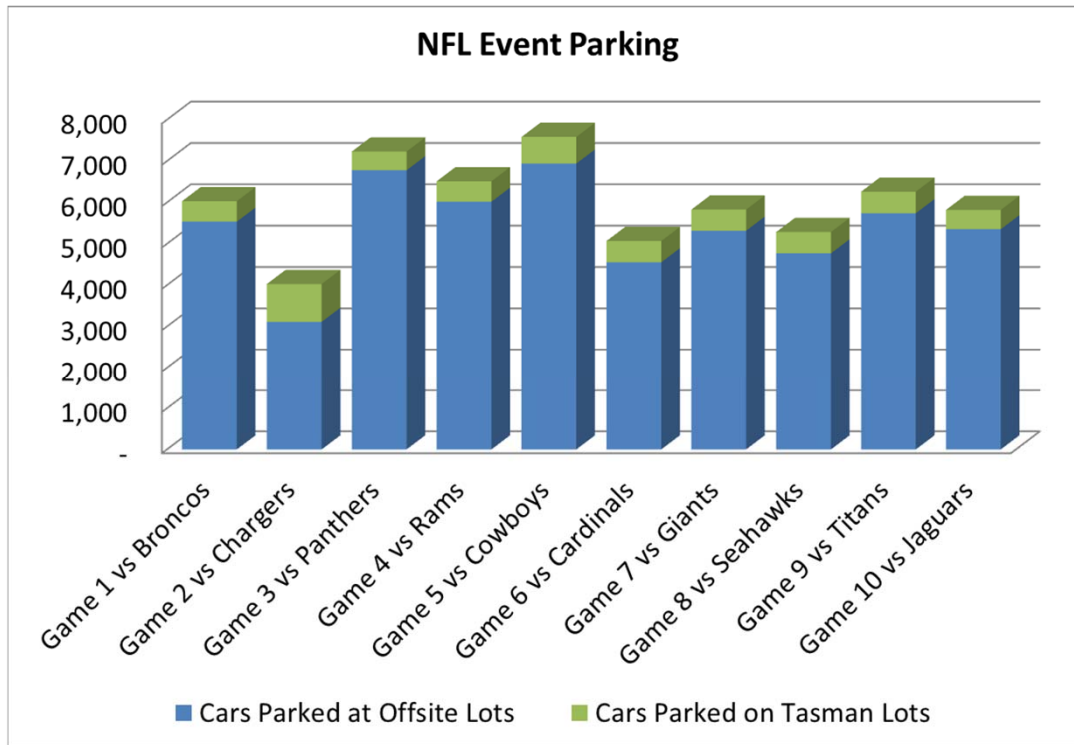
Financial Status Report

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NFL Events

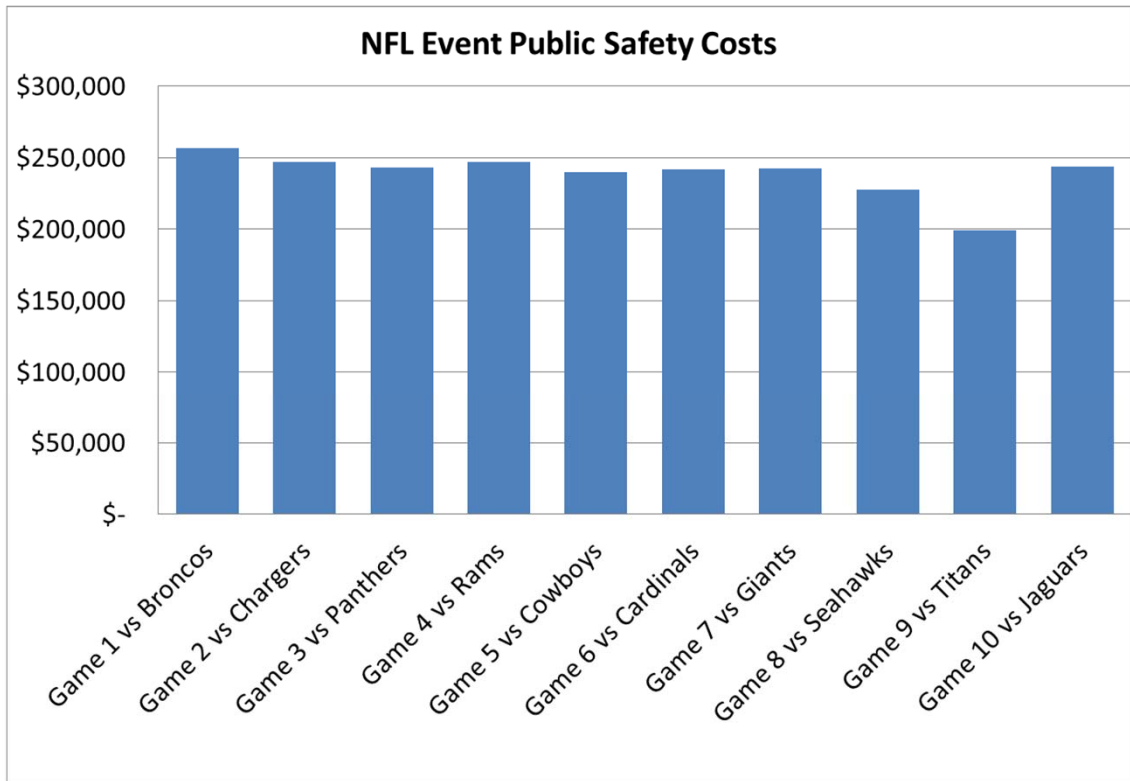
- Ten NFL events were held by the end of the third quarter of the fiscal year
- A total of 643,189 tickets were sold
- Ticket sales resulted in \$7.8 million in NFL ticket surcharge revenue for the Stadium Authority
 - The team collects a 10% NFL ticket surcharge on the price of admission to all NFL games on behalf of the Stadium Authority

NFL Events - Parking



- A total of 54,107 cars were parked in offsite lots generating \$293,000 in offsite parking fees

NFL Events – Public Safety Costs

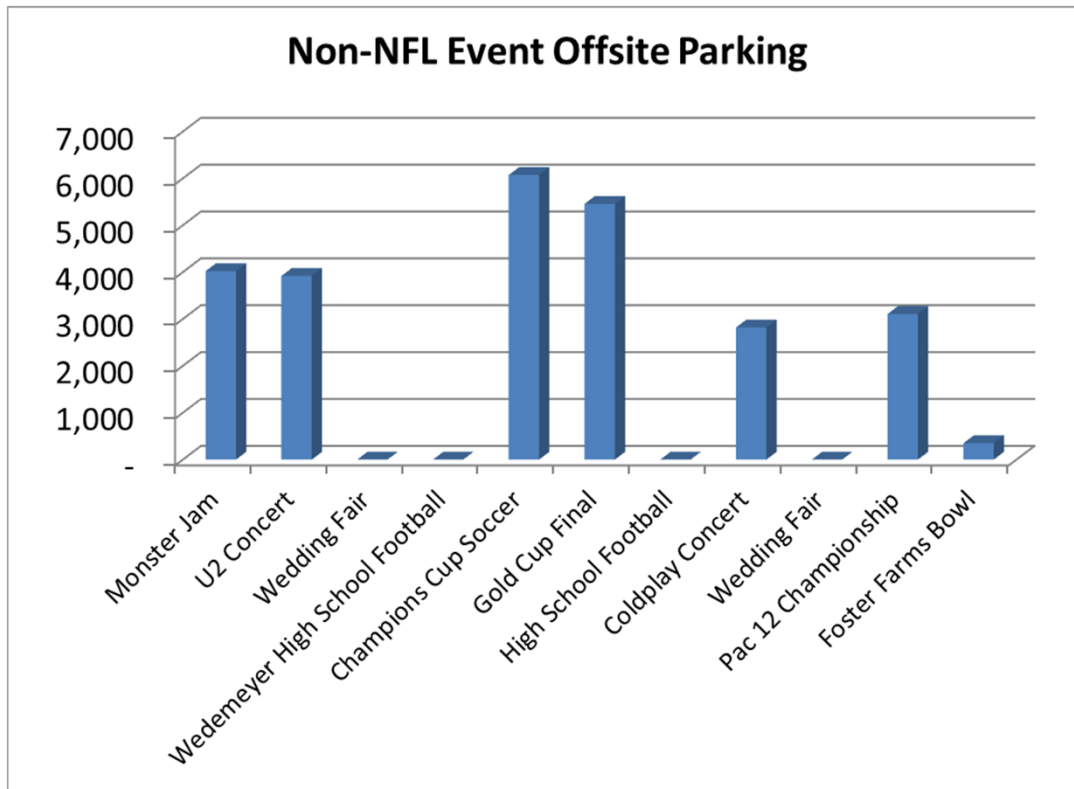


- Public safety costs for NFL events amounted to approximately \$2.4 million
- \$293,000 of the public safety costs were covered by the parking fees
- \$500,000 of the public safety cost reimbursements were outstanding as of this report.

Non-NFL Events

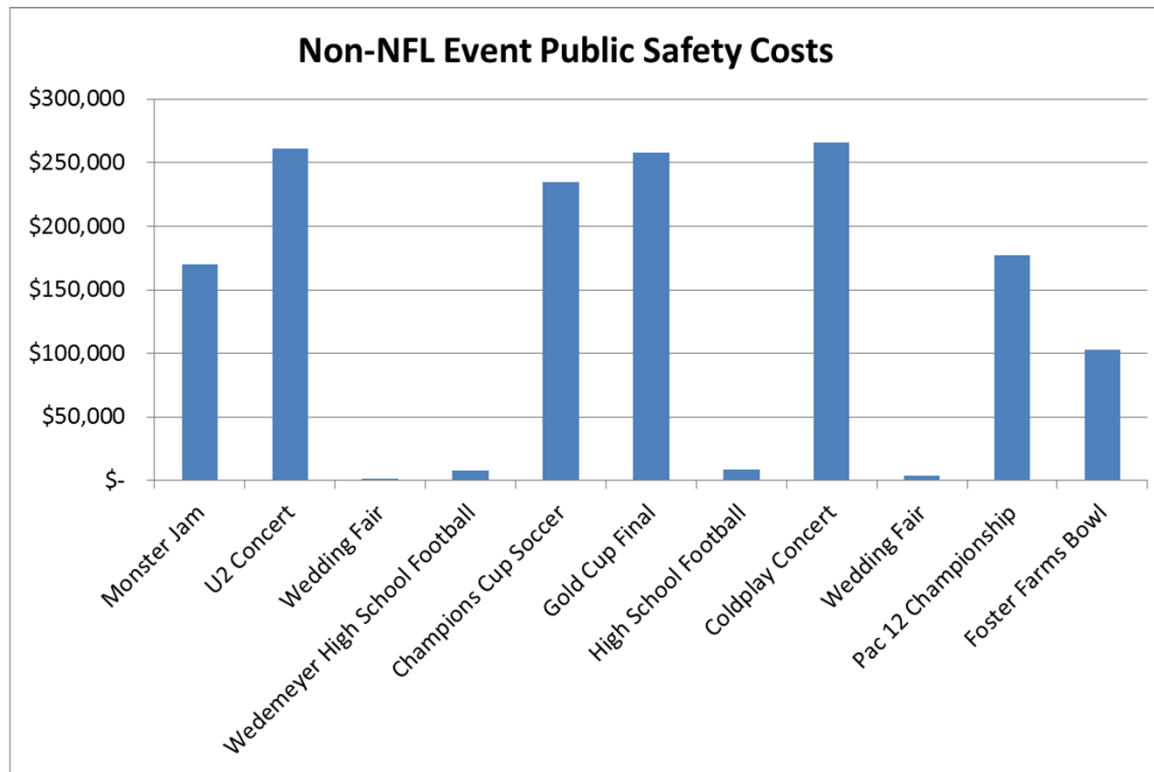
- Eleven ticketed non-NFL events were held during the first three quarters of the fiscal year, this is down from seventeen events in the prior year
- A total of 319,580 tickets were sold
- In addition, there were 84 smaller special events with 51,928 attendees
- The \$4 per ticket non-NFL ticket surcharge generated \$1.3 million (one-half for stadium operations and one-half for Stadium Authority discretionary fund)

Non-NFL Events - Parking



- A total of 25,741 cars were parked in offsite lots generating \$138,000 in offsite parking fees

Non-NFL Events – Public Safety Costs



- Public safety costs for non-NFL events amounted to approximately \$1.6 million
- \$138,000 of the public safety costs were covered by the parking fees
- \$268,000 of the public safety cost reimbursements were outstanding as of this report

Operating Budget Status

- Operating revenues through the third quarter equal \$42.7 million or 53% of annual budget
 - Includes prior year net revenue from non-NFL events of \$5.3 million
- Operating expenses through the second quarter equal \$15.6 million or 60% of budget
 - Several line items pay out most of their cost in first half of year (e.g., discretionary fund expense and performance rent)
 - Includes prior year performance rent paid to the City of Santa Clara of \$2.5 million

Performance Rent Calculation

City of Santa Clara

Stadium Authority Performance Rent Calculation

	2016-17	2015-16
Ground Rent	\$ 250,000	\$ 215,000
Non-NFL Event Revenue	52,238,762	89,754,081
Non-NFL Event Expense	(46,921,868)	(83,675,065)
Net Non-NFL Event Revenue	\$ 5,316,894	\$ 6,079,016
50% of Net Non-NFL Event Revenue	\$ 2,658,447	\$ 3,039,508
Performance Based Rent Credits		
50% of Fixed Ground Rent	(125,000)	(107,500)
Total Performance Based Rent	\$ 2,533,447	\$ 2,932,008



Stadium Builder Licenses (SBLs)

- Value of currently active SBLs is \$529.4 million (59,869 active SBLs or 91% of 65,877 total sellable SBLs) this is up by \$1.5 million when compared to the second quarter report
- A total of 77% of principal collected as of 12/31/17 (\$407 million)
- SBL holders who default lose their SBL, forfeit any money they had invested, and those SBLs are available for resale at full value

Discretionary Fund – Cash Basis

Discretionary Fund				
Fiscal Year	Beginning Balance	Revenue	Expenses	Ending Balance
2014-15	\$ -	\$ 715,770	\$ -	\$ 715,770
2015-16	715,770	1,238,542	714,028	1,240,284
2016-17	1,240,284	1,164,698	699,129	1,705,853
2017-18 through Q3	1,705,853	510,284	1,173,342	1,042,795

- The balance in the discretionary fund is currently \$1 million
- Revenue is less than in prior years due to only three quarters of actual financial data and less non-NFL events
- The \$1.173 million shown as 2017-18 expenses are for **2016-17 NFL Public Safety costs over the cap**. Increase is due to the following:
 - Negotiated MOU increases
 - Increase in third party cost such as CHP and the County
 - Increase in use of City staff for traffic flow and street closures

Discretionary Fund – Accrual Basis

Annual NFL Public Safety Costs					
Fiscal Year	Public Safety Costs Threshold	Total Public Safety Costs	Reimbursed by the Discretionary Fund		
2014-15	\$ 1,700,000	\$ 2,414,028	\$ 714,028		
2015-16	1,768,000	2,467,129	699,129		
2016-17	1,838,720	3,012,062	1,173,342		

- Public Safety Costs in 2016-17 do not include \$73,000 of double time for the January 1, 2017 NFL game since those costs were paid outside the public safety cost threshold
- Public Safety Threshold increases by 4% each year

Discretionary Fund & Public Safety Cost Reimbursements for NFL events

- Staff continues to bill the full amounts of public safety costs for NFL events to StadCo
- The discretionary fund has been used to reimburse StadCo for the NFL public safety costs above the public safety cost threshold (total of \$2.6 million since the stadium opened) to preserve the maximum performance rent payment to the General Fund
- Staff has taken the position that the threshold is no longer enforceable

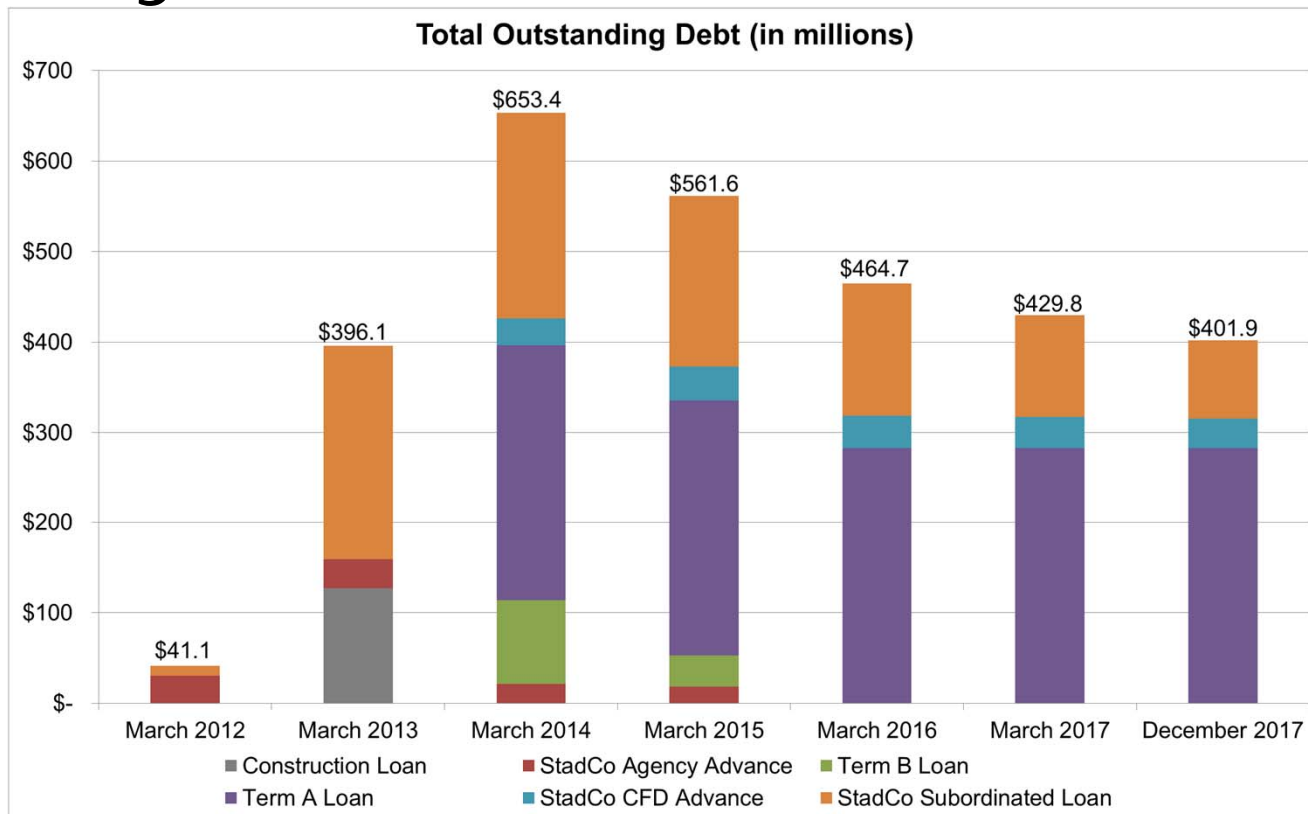
Debt Schedule

- Total outstanding debt as of 12/31/17 was \$401.9 million

Santa Clara Stadium Authority
Debt Summary Report
 For the Period Ending December 31, 2017

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2017	Net Change	Outstanding as of December 31, 2017
Stadium Funding Trust Loan:				
Term A Loan	5.00%	\$ 282,794,108	\$ -	\$ 282,794,108
StadCo CFD Advance	5.73%	34,414,899	(1,445,272)	32,969,627
StadCo Subordinated Loan	5.50%	112,564,310	(26,401,398)	86,162,912
Total		\$ 429,773,317	\$ (27,846,670)	\$ 401,926,647

History of Debt Schedule



Capital Improvement Program (CIP)

- Total CIP Budget of \$4.8 million
 - \$2.9 million is appropriated for Stadium CIP costs
 - \$696,000 has been expended to date on various projects such as additional signage, LED lighting, fire alarm, water treatment/softener system
 - \$1.9 million for work required to address items covered by warranty
 - \$198,000 has been expended to date for shattered glass panels, accordion doors, and expansion joint waterproofing

City of Santa Clara General Fund

- Revenues of \$5.8 million exceeded expenditures of \$4.4 million by \$1.4 million
 - \$4 million of public safety cost and \$362,000 of administrative costs reimbursements
 - \$2.5 million prior year performance rent
- Additionally, Sales Tax revenue related to the stadium amounted to \$137,000

2017-18 Stadium Authority Budget Amendments

- Recommendation made by Harvey Rose during the Measure J compliance audit
 - 2.M -The Stadium Authority Board should direct staff to report actual revenues and expenditures on an accrual basis in budgetary documents so that all amounts presented reflect actual results for the year, regardless of the timing of revenue receipt or expenses incurred.

2017-18 Stadium Authority Budget Amendments (cont.)

The following adjustments are being proposed in order to bring the 2017-18 Stadium Operating Budget to full accrual basis:

- **Revenues – net increase of \$5.5 million**
 - **Net Revenues from Non-NFL Events** – increase of \$5.5 million in order to accrue the estimated 2017-18 net revenues from Non-NFL events.
- **Expenses – net increase of \$3.6 million**
 - **Performance Rent** – increase of \$2.6 million in order to accrue the 2017-18 expense.
 - **Discretionary Fund Expense** – increase of \$1 million to accrue the 2017-18 expense.

2017-18 Stadium Authority Budget Amendments (cont.)

The following adjustments are being proposed in order to bring the 2017-18 Debt Service Budget to full accrual basis:

- **Revenues – net increase of \$900,000**
 - **Contribution from CFD** – increase of \$900,000 in order to accrue the special hotel tax that is collected in the fourth quarter of the 2017-18 fiscal year.
- **Expenses – net increase of \$7.4 million**
 - **CFD Advance** – increase of \$260,000 to accrue fourth quarter interest expense at year-end.
 - **Term A Loan** – increase of \$7.1 million to accrue interest expense for the months of October 2017 through March 2018 that will be paid on April 1, 2018.

2017-18 Stadium Authority Budget Amendments (cont.)

The following adjustment is being proposed in order to true-up the 2017-18 Debt Service Budget:

- **StadCo Subordinated Loan** – increase of \$7.5 million for year-end interest expense and a principal payment made earlier in the fiscal year.

The 2017-18 Budget included an amount that would be paid towards debt from excess revenues at year-end; however, the actual amount was higher than originally projected.

Questions

