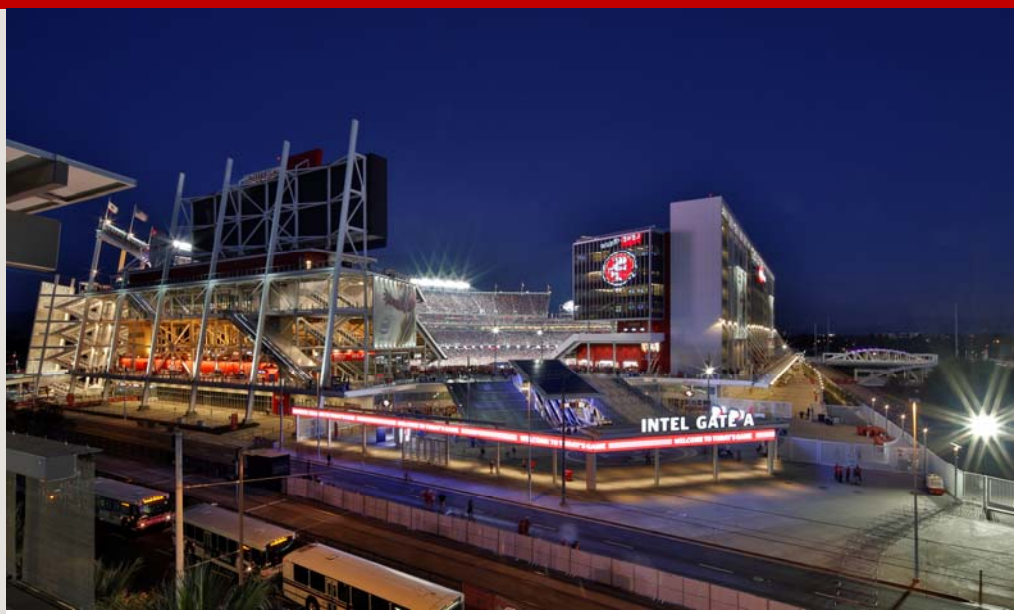
Santa Clara Stadium Authority

ADOPTED FISCAL YEAR 2019/20 OPERATING, DEBT SERVICE AND CAPITAL BUDGET



On June 8, 2010 the residents of Santa Clara voted to adopt Measure J, the Santa Clara Stadium Taxpayer Protection and Economic Progress Act, resulting in the approval to construct a new stadium to be leased by the San Francisco 49ers. Measure J called for the creation of the Santa Clara Stadium Authority (Stadium Authority) to own, develop, construct, operate, and maintain the Stadium. The Stadium Authority exists as a public body, separate and distinct from the City. The Stadium Authority is structured so that the City is not liable for the debts or obligations of the Stadium Authority.

This budget and additional financial information on the Stadium Authority can be found at: "*santaclaraca.gov/government/stadium-authority*".

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International Champions Cup Soccer
August 2018

Redbox Bowl
December 2018

Santa Clara Stadium Authority

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March 27, 2019

Honorable Board Chair and Directors
SANTA CLARA STADIUM AUTHORITY

Subject: Adopted Fiscal Year 2019/20 Operating, Debt Service, and Capital Budget

Members of the Board,

As required in the Santa Clara Stadium Authority ("Stadium Authority") Management Agreement, Section 4.6, I transmit the Adopted Fiscal Year 2019/20 Operating, Debt Service, and Capital Budget for the Stadium Authority. This budget provides the necessary funding to administer the duties of the Stadium Authority, including:

- Support for operating the Stadium for Non-NFL events through the Forty-Niners Stadium Management Company ("ManagementCo");
- Advancement of the FY 2019/20 Work Plan;
- Payment of debt service obligations; and,
- Maintenance of a five-year capital plan.

The Stadium Authority, a public entity, owns Levi's® Stadium and contracts with ManagmentCo for promotion of Non-NFL events and facility operations and maintenance. This operational structure is implemented by using a variety of ManagementCo staff, vendors, and public service employees through reimbursement procedures. The Stadium Authority Board ("Board") provides overall governance and oversight of this operational structure, with use of Stadium Authority staff to support the Board's efforts. Amongst other due diligence requirements to support these duties, the Board is also responsible for: setting policy; debt and fiscal management; ensuring implementation required to uphold core duties related to operations and capital projects; and oversight or due diligence efforts as necessary. While meeting the Stadium Authority's requirements, this budget continues to advance strategic initiatives necessary to ensure that the Board is responsive to various stakeholders and constituencies participating in advancing Levi's® Stadium's purpose (e.g., residents, businesses, national and regional clients, and various other interested parties).

ADOPTED BUDGET IN BRIEF

In January 2019, ManagementCo provided the Stadium Authority with an estimated Net Non-NFL Event Revenue amount of $750,000 for events held in the current fiscal year 2018/19. Upon receipt of this information, staff requested that ManagementCo provide supporting documentation, given

that the fiscal trend information and documentation provided to date did not support this revised net revenue, and ManagementCo was unable to provide staff with the supporting documentation to determine how such a low value was calculated when compared to prior years. As such, once the event information is received and validated, a budget adjustment may be required if gross Non-NFL expenses are determined to be higher than budget. This due diligence will need to be completed in FY 2019/20 and does not assume a budget adjustment in this adopted budget. Accordingly, the Stadium Authority has elected to maintain projected revenue of $4.0 million for Net Non-NFL Event Revenue in FY 2018/19 based on staff's analysis of the event make-up compared to prior years and draft profit and loss ("P&L") statements that were prepared by ManagementCo that support this projection.

In addition, ManagementCo requested $929,000 for "Other expenses". This was an increase of $824,000 when compared to the prior year. ManagementCo stated that this increase was an estimate of additional ManagementCo costs required to perform additional services requested by the Stadium Authority. Section 2.9 of the Management Agreement requires ManagementCo to "operate the Stadium as a quality NFL and multi-purpose public sports, public assembly, exhibit and entertainment facility, to a standard of quality comparable to other similar facilities". Section 2.9 also requires ManagementCo to "Control Manager Operating Expenses, StadCo Operating Expenses and Stadium Authority Operating Expenses".

The Stadium Authority believes that it has been reasonable with its requests to perform oversight based on the requirements of the various agreements. Accordingly, the Stadium Authority does not believe that our requests are above and beyond the normal costs of their day to day operations and would like to understand more details of this request and their characterization as "additional services". With that in mind, Stadium Authority staff is recommending a budget of $110,000 in the "Other Expense" line item and, upon supporting documentation, staff is amenable to bringing forward a budget adjustment with the appropriate detail of what the expense will fund. However, if there have been additional services requested of ManagementCo, they have been either consistent with the agreements while not implemented in prior years, have been denied by ManagementCo, or, in some cases, we feel may have resulted in the Stadium Authority not fully understanding the full financial transactions of ManagementCo.

Like last year, this Adopted Budget is presented on an accrual basis which provides increased transparency for projected revenues and expenses, with added detail about financial transfers. The total Stadium Authority Operating Budget for FY 2019/20 is $73.6 million and represents a decrease of $58.5 million, or 44% reduction, compared to the prior fiscal year. This decrease is primarily due to the inability to budget the Non-NFL event revenue and expenses at the gross level in FY 2019/20 due to ManagementCo's reservation with forecasting fiscal activity for non-scheduled Non-NFL

events. Therefore, staff budgeted $5.8 million which continued the past practice of budgeting at the Net Non-NFL Event Revenue level based on the Stadium Marketing and Booking Fee Benchmark for FY 2019/20 as outlined in Section 3.4 of Amendment No. 1 to the Management Agreement.

KEY ISSUES IN THE ADOPTED BUDGET

There are several key issues to surface as part of the discussion for the Adopted FY 2019/20 Operating, Debt Service, and Capital Budget: Stadium Authority Financial Management System, Naming Rights Agreement, Performance Rent, General and Administrative Expenses, Debt Service Payments, Capital Expense Budget, and Marketing Plan.

Stadium Authority Financial/Accounting Management System - On March 1, 2019, the ManagementCo and Stadium Authority staff discussed the opportunity to establish a stand-alone Stadium Authority financial/accounting management system. Over the past years, ManagementCo has commingled its portion of the revenues and expenses of the Stadium Authority into its San Francisco 49ers financial management system. There has been dispute over possession of documents, access to financial information, and overall improved knowledge of the complete set of financial information pertaining to the Stadium Authority. ManagementCo now agrees to work with the Stadium Authority to establish a segregated financial management system for the Stadium Authority, where Stadium Authority staff has full access to the system, supporting documentation, and in real-time (not at the end of the fiscal year or on other terms that require the Stadium Authority to always look backwards to understand financial activity). The Work Plan and details to support this effort still need to be established, but there is already some level of agreement on approach to achieve implementation. Not included in this budget, and subject to more due diligence, is the Stadium Authority staffing costs, along with the Stadium Authority's portion of costs to procure such system, which will be brought back to the Stadium Authority Board when completed and prepared for Board consideration.

Naming Rights Agreement between Santa Clara Stadium Authority and Levi Strauss & Co. ("Naming Rights Agreement") - It is important to note, that the Naming Rights agreement with Levi's® requires the Stadium Authority to hold at least 36 "Major Events" (with 25,000+ attendees) every three contract years. As of this report, the current number of Major Events held at Levi's® Stadium was fourteen (14) with one year remaining in the current three year period. If fewer than 36 major events are held in the three-year period, Levi's® receives a credit of $15,000 multiplied by the difference between 36 and the actual number of events held during the three year period. The Second Amendment to the Stadium Management Agreement states that ManagementCo would pay

the Stadium Authority as liquidated damages the amount owed by the Stadium Authority to Levi's®. Given the timing of the agreement terms, this will no doubt be an issue to address in the next fiscal year.

Naming Rights Agreement Three-Year Periods	Number of Major Events
March 1, 2014 to February 28, 2017	39
March 1, 2017 to February 29, 2020	14*

* Through February 2019

Performance Rent - As stated previously, Net Non-NFL Event Revenue directly impacts the amount of Performance Rent that is an expense to the Stadium Authority and paid to the City of Santa Clara. Performance Rent is calculated using 50% of the Net Non-NFL Event Revenue minus performance based credits (see page 28 for more detail on Performance Rent).

Performance Rent Calculation	Fiscal Year 2018/19 Projection	Fiscal Year 2019/20 Budget
Ground Rent	$ 320,000	$ 355,000
Net Non-NFL Event Revenue	$ 3,956,000	$ 5,796,000
50% of Net Non-NFL Event Revenue	$ 1,978,000	$ 2,898,000
Performance Rent Credit (50% of Ground Rent)	$ (160,000)	$ (177,500)
Total Performance Rent paid to the City of Santa Clara	$ 1,818,000	$ 2,720,500

General and Administrative Expenses - The General and Administrative (G&A) portion of the adopted budget funds expenses to implement the Board's direction and oversight of the Stadium per the various authoritative agreements. As more staff resources have been required to advance the Board's directives, with some remaining gaps in services, Stadium Authority staff has increased its budget to reflect the required general oversight, accounting, and new resources for neighborhood mitigation efforts and ongoing undesirable impacts to neighborhoods resulting from events at the Stadium. Stadium Authority staff recommends a G&A budget for FY 2019/20 totaling $2.5 million, an increase of $795,000 or 47% from the prior fiscal year. The Stadium Authority G&A budget makes up 3**%** of the FY 2019/20 Adopted Stadium Authority Expense Budget of $73.6 million. A portion of the increase is due to increases in salaries and benefits per negotiated Memorandum of Understandings ("MOUs"), projected increases in the percentage of time City employees are allocating to the Stadium Authority based on increased workload, adding additional support staff approved by Council on September 18, 2018 for record keeping and administrative support, as well as the partial funding of a Deputy City Manager position with specific focus on neighborhood services, policy development pertaining to improved neighborhood conditions during events, deployment of the multi-department public services coordination and oversight, and assignment of routine Stadium issues that require City response and action.

Additionally, the Santa Clara City Council has established a policy priority that applies to the City's public services support of the Stadium Authority, which is to "Ensure Compliance with Measure J and Manage Levi's® Stadium". As part of planned separate action in this budget process, this policy priority is presented for the Board's consideration to establish the foundation for how the Board governs the Stadium Authority and how staff implements the Board's directives in compliance with Measure J.

Debt Service Budget - The FY 2019/20 Debt Service Budget of $51.6 million is based on the required and additional payments for principal of $34.9 million and interest of $16.7 million. The budget reflects a total decrease of $34.9 million of outstanding debt from $340.1 million to $305.2 million.

Capital Expense Budget - The FY 2019/20 Capital Expense ("CapEx") Budget totals $14.2 million, which includes $6.3 million in carryovers expenses from the prior year. This budget includes various security improvements, fencing on Tasman, furniture replacement and upgrades, and public safety equipment (a detailed list of CapEx projects begins on page 40).

Marketing Plan - The Stadium Management Agreement states that the Stadium Operation and Maintenance Plan (SOMP) shall include a Marketing Plan (4.10), and the Stadium Lease states that the SOMP shall be presented annually to the Stadium Authority for their consideration and approval (7.2). As part of last year's Stadium Authority budget approval process, ManagementCo and Stadium Authority staff presented the draft Marketing Plan to the Board during a Study Session. This practice allows the Board an opportunity to discuss the effectiveness of the proposed strategies and ask questions.

During discussion of last year's Marketing Plan, the Board discussion supported the mutual effort of ManagementCo and Stadium Authority to develop key performance indicators (KPIs) for the purpose of tracking marketing strategies and the outcomes achieved. The Board approved a recommendation to complete this work within 90 days and collect data. This was not completed, as discussed in November 2018 with the Board, and, unfortunately, the proposed 2019 Marketing Plan did not include KPIs.

The Management Agreement specifically provides that the marketing plan will include information in reasonable detail, as mutually agreed upon by ManagementCo and Stadium Authority. ManagementCo's submitted draft was not mutually agreed upon by the Executive Director, given the Board's discussion last year regarding KPIs. Additionally, given the above discussion relative to the Naming Rights Agreement and the Executive Director's request to include reference to the Naming Rights Agreement and strategies to achieve compliance, which were denied during development of the draft, it is the Executive Director's position that the proposed draft Marketing Plan does not

include reasonable details that a Marketing Plan should contain, and that were committed to (e.g., KPIs) by ManagementCo last year, to monitor and track activity to book Non-NFL events successfully and in accordance with the goals as described in various agreements and documents. Further, given that ManagementCo's draft 2019 Marketing Plan does not address the various issues that we had discussed with them for over a year, Stadium Authority staff took the effort to detail our questions and comments in good faith and toward achieving a mutually agreed to 2019 Marketing Plan and ManagementCo must do the same. As such, the Executive Director does not recommend approval of the 2019 Marketing Plan given the absence of key information that is pertinent to comply with existing agreements (e.g., Naming Rights Agreement), commitments (e.g., KPIs), and good faith efforts to achieve mutual agreement.

STRATEGIC INITIATIVES AND ACCOMPLISHMENTS

In FY 2018/19, the first ever Stadium Authority Executive Director's Annual Report was published and publicly presented on November 27, 2018 at the Stadium Authority meeting. This marked a significant departure from past practice and demonstrated that the work between the Board and Executive Director were better aligned toward establishing set priorities, initiatives, and with the ability to achieve outcomes.

This past year can easily be characterized as getting the Stadium Authority's business in order, expanding transparency of this public agency's work, and ensuring compliance with Agreements in place for proper oversight of this publicly owned asset. The Board has shown great leadership and support for Stadium Authority's staff work and together we have established strong oversight practices with initial baseline data to inform public safety/public service strategic decision making.

However, our work is not complete and Stadium Authority staff has a good understanding of additional areas that require completion, review, or improved performance. For example, after a year of studying our deployment model and researching other models, we understand deficiencies in our neighborhood deployment during events at Levi's® Stadium, areas of accounting that requires reconciliation, and required communications to optimize our limited public safety/public service resources to support events. It is my opinion that these gaps in service require more resources to meet the Board's direction, establish internal policies, and implement new practices that meet community needs. Staff has been proactive in addressing these resource requirements as evidenced in our recent success with robust recruitment efforts for the "double badge" law enforcement program that resulted in over 40 applicants in one month, detailed reporting on the average value of Non-NFL events and the required activity to support the financials reported (e.g., concerts, soccer, Non-NFL football [College and High School], and non-ticketed events), and have tested new communication strategies to keep our community informed.

Stadium Authority staff initiated and/or accomplished several major work efforts over the past year including, but not limited to:

- **Community Engagement** - (1) Conducted a robust Community Outreach and Engagement work plan to obtain statistically valid data relative to public opinion on community impacts resulting from Levi's® Stadium and for future policy development. Specifically, the purpose of this work plan was to identify the community's perspectives on issues related to Levi's® Stadium such as noise, public safety, nuisances, parking, flyovers, crowd control, cleanliness, loitering, lighting, pyrotechnics/fireworks, performance curfew, and other items. (2) Established a dedicated telephone number to receive input from residents. (3) Increased social media presence to provide advance notice and information about events at Levi's® Stadium. This effort was for both ManagementCo and Stadium Authority to be informed of the community sentiment and develop strategies for addressing them.
- **Noise Monitoring** - Implemented web-based, publicly available, ongoing, real-time noise monitoring services in the areas surrounding the Stadium and training facility.
- **College Football Playoff ("CFP") Championship Game** - Stadium Authority, ManagementCo, and the Bay Area Host Committee ("BAHC") entered into an Assignment and Assumption Agreement that will result in no losses to Stadium Authority budget or the City of Santa Clara's General Fund. In accordance with this agreement, approved by the Board on July 17, 2018, BAHC is responsible for all net expenditures; will share any net revenues with Stadium Authority, if applicable; and, will provide a complete accounting of all revenues and expenses, including supporting documentation. The Stadium Authority has audit rights for which staff will pursue over FY 2019/20 and, at the timing of writing this budget cover letter, is actively closing out reimbursement requirements for public services provided to BAHC for the CFP game.
- **Implemented Measure J Compliance Audit Recommendations** - The Stadium Authority Ad Hoc Audit Committee of the Board ("Committee") maintained a regular meeting schedule to receive updates on staff's efforts to implement the 37 audit recommendation in the Harvey M. Rose Associates, LLC Comprehensive Audit of Stadium Authority Finances. As reported to the Committee on October 29, 2018, Stadium Authority has now implemented approximately 70% of the audit recommendations, and these audit recommendations have provided for strengthened oversight and increased transparency of Stadium Authority's operations for Levi's® Stadium by improved fiscal and operational data and management practices. Examples include the discovery of significant funds held by ManagementCo that have now been transferred over to the the Stadium Authority, violations of procurement requirements that will require corrective action by the Board, violations of procurement requirements with respect to required reporting for financial transactions between $100,000 to $250,000, and changed administrative processes or formalized practices by Stadium Authority staff. Additional meetings are planned in FY 2019/20 to present additional compliance with these audit recommendations.

- **Independent Auditor Function** - The Stadium Authority Agreements allow for a designated Auditor to perform reviews of all Stadium Authority work. This past year, the Stadium Authority Ad Hoc Committee and Board reviewed and approved staff's proposal to establish a formal Stadium Authority Auditor. In turn, after a robust recruitment process, City/Stadium Authority Auditor Linh Lam was appointed to this role; she is a Certified Public Accountant who has met the State of California audit experience requirement, qualifying her to attest to reports, findings, and audit engagements. Already, the Stadium Authority Auditor has worked to address performance audits, including a proposed audit of ManagementCo's procurement practices due to their recent violation with Section 2.1 of the First Amendment to the Stadium Management Agreement. The Auditor, with support of consultant services, will also work to reconcile the past four years of general ledger entries and the Construction Fund expenditures that have been the focus of past Board meetings.
- **Policy Manual Development** - As capacity has allowed, established a Board Policy Manual as part of strengthening the Stadium Authority's policies to improve governance, transparency, and responsiveness to the Santa Clara community and Levi's® Stadium obligations.
- **Stadium Authority Coordination** - Instituted weekly Stadium Authority staff business meetings to develop stronger proactive community communications with the goal of addressing concerns revealed from the community research work. These meetings provide a forum to address community issues, and for organizational awareness of City and Stadium Authority services required to support Levi's® Stadium, staffing coverage and deployment issues for planned NFL/ Non-NFL events.
- **Rent Arbitration Award** - On June 18, 2018, the arbitrator entered an Interim Arbitration Award in favor of the Stadium Authority and on August 2, 2018 an Order Regarding the Parties' Interim Award Responses was issued essentially serving to make the Interim Award final. This adjusted the rent from $24.5 million to $24.8 million, an increase of $262,000 per year. Since this increase was retroactive to the first lease year the result was an additional $1.31 million in rent revenue for the first five years of operations. On December 10, 2018, the arbitrator entered the Final Arbitration Award which included the reimbursement of reasonable attorney's fees to the Stadium Authority in the approximate amount of $2.3 million.
- **Average Value of Non-NFL Events** - Over the past year, staff worked diligently to respond to the long standing Board directive to report in greater detail on the Non-NFL events financial activity. Striking a balance between concern for market interest confidentiality and competitiveness and public agency transparency, for the first time since the inception of Non-NFL events at Levi's® Stadium, Stadium Authority staff presented the following table which provided information for the Board to better understand which events are profitable, money-losers, volume of events required to make up for losses, and average value of a Non-NFL event. This was a critical juncture in the history of Stadium Authority financial reporting because it

equips the Board with making informed decisions and truly understanding the financial performance for these events. As a reasonable practice, the combination of the following information and a detailed Marketing Plan can yield valuable information for understanding the deployed strategies and the impacts to the financial bottom line.

	2014/15		2015/16		2016/17		2017/18	
EVENT TYPE	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue
Ticketed Events								
Concerts	0	$ -	7	$ 3,791,985	4	$ 2,424,572	2	$ 1,819,099
Sporting events:								
Football (non-NFL)	5	(3,007,907)	4	(2,316,903)	4	(2,946,165)	4	(3,601,827)
Soccer	2	3,948,144	2	891,300	5	2,414,209	3	3,228,754
Miscellaneous events	2	2,504,912	4	(149,392)	5	(159,175)	4	76,379
Subtotal Ticketed Events	9	$ 3,445,149	17	$ 2,216,989	18	$ 1,733,441	13	$ 1,522,405
Special Events (weddings, corporate events, etc.)	186	$ 1,762,404	204	$ 3,862,027	127	$ 3,583,453	113	$ 3,640,924
Total Non-NFL Net Revenue	**195**	**$ 5,207,553**	**221**	**$ 6,079,016**	**145**	**$ 5,316,894**	**126**	**$ 5,163,329**
Total Performance Rent paid to the General Fund[1]		**$ 2,513,777**		**$ 2,932,008**		**$ 2,533,447**		**$ 2,439,164**
Average General Fund Revenue per Ticketed Event		**$ 184,782**		**$ 62,899**		**$ 45,887**		**$ 55,322**

[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

STADIUM AUTHORITY FY 2019/20 WORK PLAN

The recommended funding for G&A in the amount of $2.5 million is set at a level to implement the FY 2019/20 Work Plan. The Work Plan includes efforts to ensure compliance with the Amended and Restated Stadium Lease and various agreements (Stadium Management Agreement, Stadium Operations Agreement, Parking Agreement, etc.), as well as with all various permit conditions (e.g. temporary field seats) and applicable City Code and other laws and regulations. As reported to the Board, together with the Stadium Authority Counsel, I have continued the Board's position that ManagementCo produce for our possession all Stadium Authority documentation, comply with our mutual agreements, and be responsive to our audits. The discussion addressing the Naming Rights Agreement, Stadium Authority Financial/Accounting Management System, and good faith efforts to achieve a mutually agreed to 2019 Marketing Plan are already included in the proposed Work Plan; however, additional actionable items are required for this fiscal year.

The Work Plan also includes developing policy options for Board consideration for two high interest topics: the Community Room and San Thomas Aquino Creek Trail access during events. As outlined extensively in my correspondence dated August 31, 2018, following Board direction in November 2017, Stadium Authority staff worked with ManagementCo to find an alternate location for a Community Room at Levi's® Stadium that is more accessible (both in location and cost) than the current space. Due to ManagementCo's active cooperation and apparent commitment to make the space available, the Stadium Authority FY 2018/19 Operating, Debt Service, and Capital Budget included a capital budget appropriation to build out that particular designated space and, as such,

the Stadium Authority approved a specific amount of $630,000 which was established based on a cost estimate for build out of that designated space. However, the Forty Niners Stadium SC Company, LLC ("StadCo") sent notice on September 12, 2018 that they would not convert this space or make it available for a community room purpose. Additionally, our efforts to request documents from ManagementCo (including copies of lease agreements) were not successful and did not allow for Stadium Authority staff to fully understand the financial/lease terms required to successfully make this space available. As part of the FY 2019/20 Work Plan, and upon completion of this budget development workload, staff will seek Board input on proposed next steps, including evaluation of the other locations discussed earlier in 2018, to finally resolve this issue.

For the San Thomas Aquino Creek Trail, Stadium Authority staff will evaluate options for keeping the Trail open during Levi's® Stadium events and/or providing alternate routes if portions of the Trail are closed. For example, the Work Plan includes comparison to other stadiums or arenas, such as the Barclays Center, SAP Center at San Jose and Madison Square Garden, where the perimeter allows for a shallower entrance. It is of particular interest to Stadium Authority staff to more fully understand how these venues have shallow security perimeters and still maintain safety levels required for large venues. These examples offer favorable opportunities to examine how to proceed with our analysis and, with added resources, it is staff's belief that we can achieve an outcome that addresses the community concerns.

The FY 2019/20 Work Plan also continues efforts that began following the March 23, 2018 soccer match to review and improve our multi-department deployment model, with a specific focus on law enforcement deployment methodology and neighborhood protection. This includes evaluating and modifying our deployment model as well as other options, such as a parking permit program, number of public service staff deployed per event, and continuing our multi-departmental coordination to minimize effects of events at Levi's® Stadium on the surrounding neighborhoods and the Santa Clara community as a whole. To support these efforts, I am recommending the addition of a Deputy City Manager position during the City budget process which will be partially funded by this budget, as well as capital funds to install fencing at the Lafayette Street and Tasman Drive overcrossing to prevent unsafe pedestrian traffic and discourage improper rideshare pickups and drop-offs in that area. The Board has expressed concern for the ongoing neighborhood impacts during Stadium events, along with the absence of permanently addressing these concerns.

Additionally, the statistically valid community base line data found:

- In a telephone survey of registered Santa Clara voters, 60 percent of survey takers said noise from stadium events was one of the most important issues to address.
- A survey conducted by EMC Research found that approximately a third of near neighbors and citywide voters were concerned about noise from events at night.

- The EMC Research survey also found that roughly a third of near neighbors and citywide voters were concerned about the number of weekday events.
- Public Dialogue Consortium's 2018 engagement activities included community interviews at two events, focus groups, online questionnaire and three community events with over 400 participants echoed what the surveys told us. Near neighbors voiced concerns about noise generated by Stadium events, including post-event noise from people and traffic.
- Many residents involved in the Public Dialogue Consortium's public engagement process stated that a lack of trust developed between the City, community and ManagementCo, due to the lack of financial transparency and follow through on initial commitments made when voters approved the Stadium via Measure J.

Existing staff capacity does not allow for staff to absorb the required multi-department and agency deployment and policy development to advance these ongoing concerns and, it has become clear, that this is not a one-time assignment as event conditions and impacts change based on event type, impacts, etc. The most recent example of the multi-department and multi-agency deployment complexity for the March 26th soccer match between the 2019 Mexican National Team vs. Paraguay is an example of the need to add dedicated resources to improve coordination and deployment strategies. While staff resources exist to adequately address the administrative needs of the Stadium Authority, the Stadium Authority has never considered adding the needed resources to improve coordination between the various departments to support events and to maintain constant communication with our neighborhoods. The addition of a focused resource in this area will allow for existing staff to stay focused on the Board's direction, while also addressing community focused needs.

The FY 2019/20 Work Plan includes the following items from the Stadium Authority Auditor's Annual Audit Work Plan:

- Analyzing the Stadium Authority's review procedures for Non-NFL events' revenues and expenses and provide feedback on procedure and control issues, if any.
- Reviewing the Stadium Authority Financial Reporting Policy with staff and external auditors and providing feedback on best practices.
- Reviewing past Construction Fund and Public Safety transactions and providing feedback on the allocation of staff charges (contracted service).
- Annual External Financial Audit for the Stadium Authority (contracted audit service).

Combined, the proposed Work Plan is significant compared to year's past and will require additional dedicated resources to implement. Unfortunately, some of these task are not necessarily new, but

are efforts that had been delayed until resources or expertise were put into place, intentionally deferred, or disputed and for which now there is a path of how to proceed.

CONCLUSION

As with any adopted budget, there are risks that we can factor into our projections and those that we cannot. For example, some of our revenue projections are more fiscally conservative than in previous years. In some instances, this was necessary due to factors that can easily not materialize and the need to plan accordingly. For example, the Adopted Budget projects $5.8 million of Net Non-NFL Event Revenue which can easily swing more or less favorable due to the actual number of events held, as well as increased costs of public service resources required to support these events, and the inevitable impact of a moderate or severe economic slow-down. The Adopted Budget is sensitive to each of these cost scenarios and, if changes should occur, Stadium Authority staff would be sure to bring forward any required budget amendments for the Stadium Authority Board to consider.

Within the above context, Levi's® Stadium continues to be a desirable venue for Non-NFL events such as concerts, soccer events, small and large corporate events and other gatherings (e.g., weddings, private parties, etc.). As we look forward, the following major Non-NFL events are scheduled in the near horizon for FY 2019/20, with more to come:

- Monster Jam — Saturday, April 13, 2019
- U.S. Women's National Team vs. South Africa — Sunday, May 12, 2019
- The Rolling Stones "No Filter" Tour — Saturday, May 18, 2019

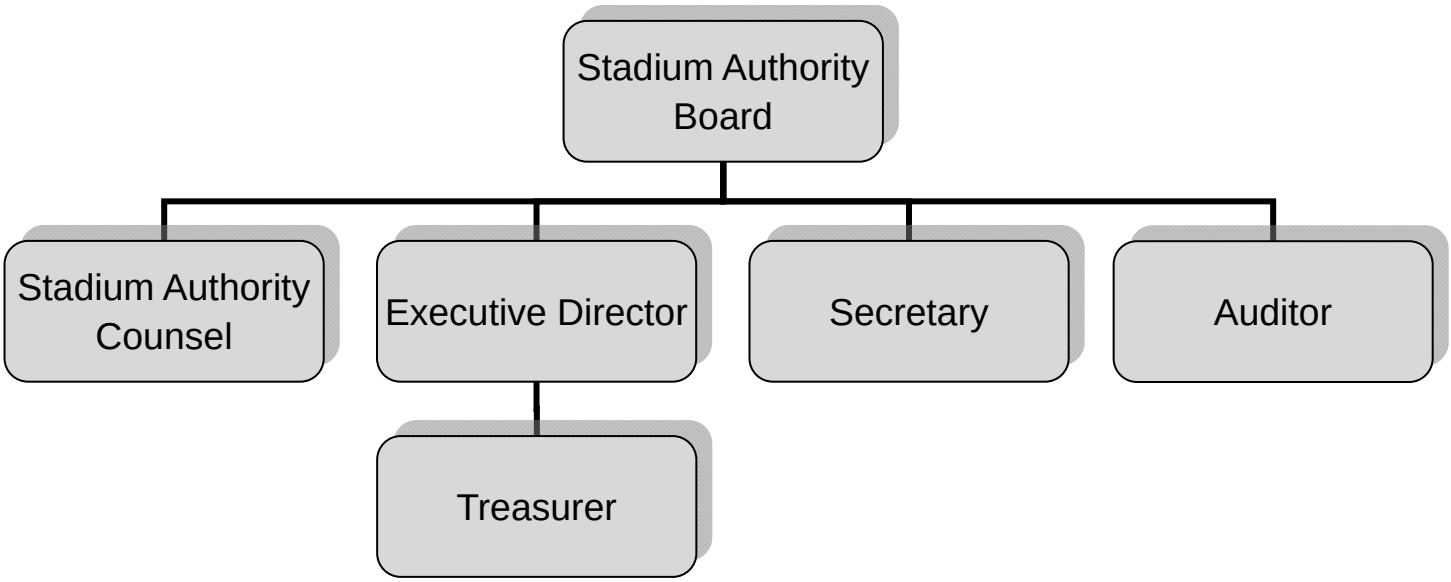
This budget outlines a work program and financial strategy to assist in meeting the guiding principles of the Stadium Authority, namely that no City of Santa Clara General Fund monies are to be used to fund Stadium costs, Board oversight of its property manager, and to ensure that the Stadium Authority and ManagementCo continue to be held accountable to the various agreements. Our commitment is to continue to look for improvements within the organization and to deliver the kind of results that the public expects. I look forward to presenting this adopted budget at our upcoming sessions.

Respectfully Submitted,

Deanna J. Santana
Executive Director

SCSA
SANTA CLARA STADIUM AUTHORITY

ORGANIZATIONAL CHART



The seven elected members of the City Council serve as the governing Board of the Santa Clara Stadium Authority with the Mayor serving as Chairperson of the Authority.

In addition, City of Santa Clara staff serve as Officers of the Stadium Authority with the City Manager serving as the Executive Director.

GENERAL INFORMATION

This Santa Clara Stadium Authority ("Stadium Authority") Budget Report provides information covering the Adopted FY 2019/20 Operating, Debt Service, and Capital Budget as well as comparative data from prior fiscal years. Estimated revenue and expense information (three quarters of actuals and one projected quarter) included in this report for the FY 2018/19 is unaudited and therefore subject to change as a result of the annual audit conducted by an external and independent auditing firm.

In addition to this report, the Stadium Authority produces annual financial statements within six months of the fiscal year-end (March 31st). These financial statements are audited by an external auditing firm and presented to the Stadium Authority's Audit Committee and Board. Once presented to the Board, the financial statements are published on the Stadium Authority's web page. The FY 2018/19 audited financial statements will be presented to the Board in August 2019.

The Stadium Authority is 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 to ManagementCo or the Stadium Authority are fully reimbursed. Types of services include the following:

- Administrative General Fund costs that are spent during operations are separately tracked using special account codes in the City's financial system and all such costs are billed for reimbursement.

- General Fund public safety costs for NFL and Non-NFL events are separately tracked and all such costs are billed for full reimbursement.

NFL Event Highlights - Year in Review

The San Francisco 49ers played ten (10) National Football League ("NFL") games (two pre-season games and eight regular season games) in FY 2018/19. The total number of tickets sold for these games was 651,237, an average of 65,124 tickets sold for each game. The ticket sales resulted in $8.1 million of NFL ticket surcharge revenue to Stadium Authority (based on the 10% NFL ticket surcharge on each ticket sold). A total of $228,000 of Senior and Youth Program Fees were collected and forwarded to the City in FY 2018/19.

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 was 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 2017/18 (July 1, 2017 through June 30, 2018) the offsite parking fee was $5.42 and it increased to $5.63 in the City's FY 2018/19.

Cars parked at the permitted offsite parking lots equaled 56,390. The associated offsite parking fee generated $317,000. There were also 4,729 cars that were parked on the City's Tasman lots. The Tasman lot parking fee generated $24,000 for the City's General Fund.

NON-NFL EVENT HIGHLIGHTS - YEAR IN REVIEW

There were a total of 290,341 tickets sold for the eleven ticketed Non-NFL events that were held in the first three quarters of FY 2018/19, resulting in $1.2 million in Non-NFL event ticket surcharge revenue (from the $4 per ticket Non-NFL event surcharge).

As stated in the NFL Event Highlights, Operators who wish to operate a parking lot for sports or entertainment venues are required to go through the City's permitting process. Approved operators remit an offsite parking fee, per the City's Municipal Fee Schedule, for each car that is parked for sports or entertainment events. This fee was designed to recover the public safety costs associated with these permitted offsite parking lots. Therefore, when invoicing for Non-NFL public safety costs for a particular event held at Levi's® Stadium, the offsite parking fee that is collected for said event should partly offset the public safety costs incurred with respect to the operations, parking, and traffic management. Cars parked at the permitted offsite parking lots equaled 26,041 in the first three quarters of FY 2018/19 resulting in $144,000 in offsite parking fees from Non-NFL events.

There were also 87 smaller special events with 32,593 total attendees in the first three quarters of FY 2018/19. Examples of these special events include corporate events of various sizes, weddings, holiday parties, etc.

As mentioned previously in the transmittal letter, the Stadium Authority, ManagementCo, and the Bay Area Host Committee ("BAHC") entered into an Assignment and Assumption Agreement that would result in no losses to the Stadium Authority or the City of Santa Clara's General Fund for the College Football Playoff Championship game. Although this was not treated as a Non-NFL event, the Stadium Authority did receive the Non-NFL event ticket surcharge of $4 per ticket for this event.

Note: One additional ticketed Non-NFL event and a number of smaller special events are scheduled before the end of the fiscal year which will result in a change in the numbers reflected in this section.

2018/19 Non-NFL Events

Event	Date	Tickets Sold
Wedding Fair	April 22, 2018	473
Monster Jam	April 28, 2018	35,302
Taylor Swift Concert	May 11, 2018	29,333
Taylor Swift Concert	May 12, 2018	50,503
Earthquakes Soccer	July 22, 2018	22,281
Champions Cup Soccer	August 4, 2018	43,393
High School Football	September 21, 2018	3,802
OTR II Concert (Beyoncé/Jay-Z)	September 29, 2018	47,235
SJSU vs Army West Point Football	October 13, 2018	4,005
Pac-12 Championship	November 30, 2018	24,530
Redbox Bowl	December 31, 2018	29,484
Mexican National Team Soccer	March 26, 2019	TBD
Total to date		290,341

STADIUM AUTHORITY OPERATING BUDGET

The adopted FY 2019/20 Stadium Authority Budget covers the Stadium Authority's twelve month fiscal year which runs April 1, 2019 through March 31, 2020.

Key highlights for the Stadium Authority's FY 2019/20 Operating Budget are as follows:

Revenues

- FY 2019/20 total projected revenues of $73.6 million includes $25.4 million in stadium builder license (SBL) revenue, $24.8 million in facility rent, $8.1 million in NFL ticket surcharge, $6.8 million in naming rights revenue, $5.8 million in net receipts from Non-NFL events, $1.2 million in Non-NFL ticket surcharge, and $1.5 million in miscellaneous other revenues.

Expenses

- The adopted Operating Budget of $73.6 million includes the Stadium Authority's share of expenses covered under the Management Agreement along with monies sufficient to reimburse the City for its staff support and payments for ground rent, Senior/Youth fees, and performance rent. It also includes transfers out of $51.3 million.

Fund	Transfers Out	Transfers In
Operating	$ 51,273,000	
Debt Service		$ 47,795,000
CIP		3,478,000
Total	**$ 51,273,000**	**$ 51,273,000**

- As shown in the table above, $47.8 million will be transferred from the Operating Fund to the Debt Service Fund for future principal and interest debt service payments. The remaining $3.5 million will be transferred from the Operating Fund to the Capital Fund for future Stadium capital improvements.

- Shared Stadium Manager expenses increased by $731,000 or 7% from the prior year budget of $11.2 million to $11.9 million. ManagementCo states that these increases are needed for the following:
  - Two new positions in Stadium Operations to sustain successful event operations and efficiently manage Internet Protocol Television ("IPTV") content
  - Increases to the minimum wage and third-party contracted security staff
  - Added repair and maintenance costs needed to maintain Levi's® Stadium
  - Increase in operational and training costs for Guest Services to continue to provide quality service to stadium patrons

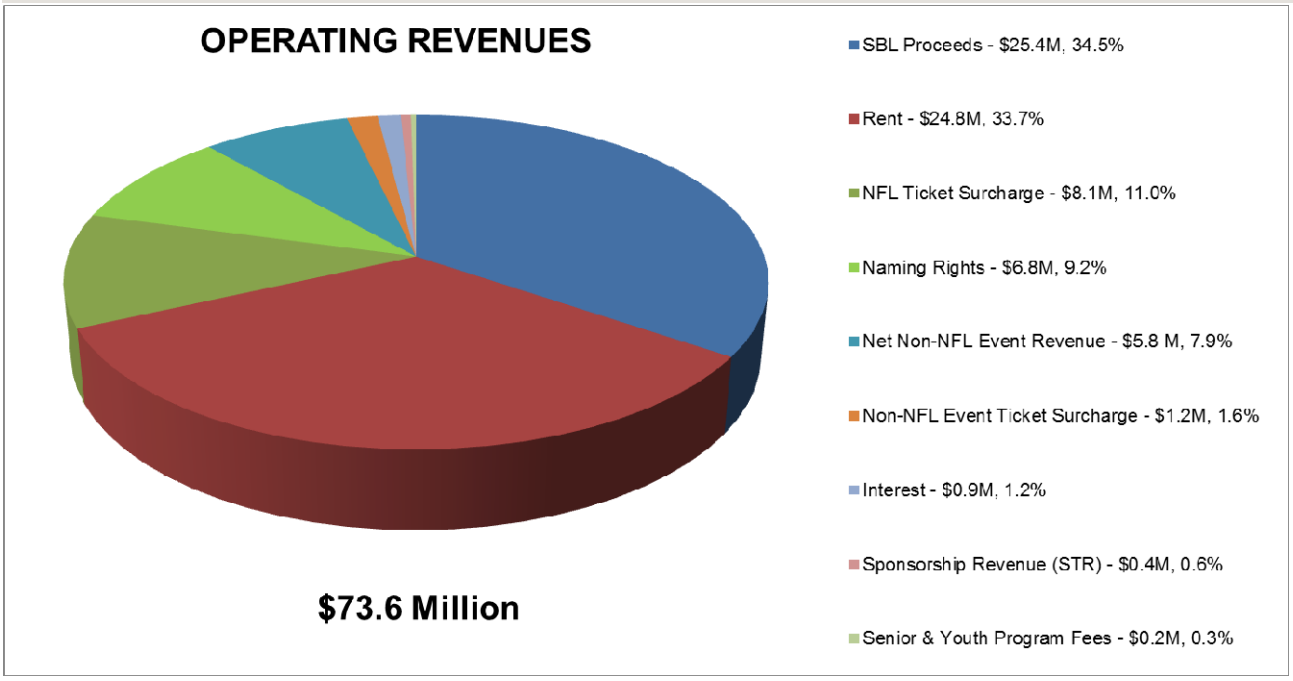
Expenses (cont.)

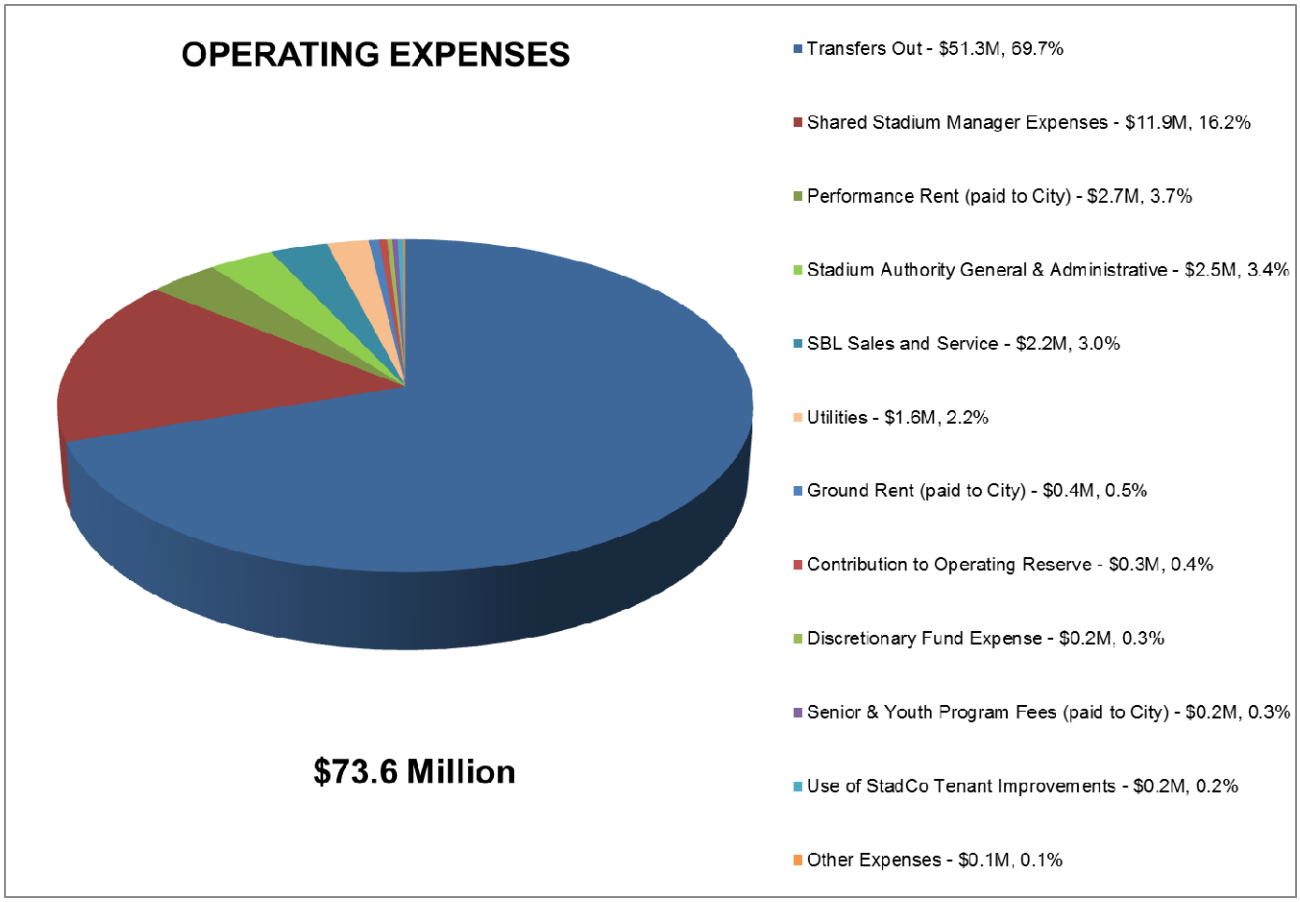
- Stadium Authority General & Administration costs increased by $795,000 or 47% when compared to the prior year budget of $1.7 million to $2.5 million. These costs are described in detail on page 24 of this report. These increases are needed for the following:
  - Added staff capacity to assist with mitigating neighborhood impacts during events, multi-department and multi-regional deployment coordination, policy development, general accounting, and administrative support
  - Increases in salaries and benefits per applicable Memorandum of Understandings (MOUs)
  - Increase in the Audit line item to include targeted performance audits and a Ticket Surcharge audit

Reserves

- Total Operating reserves equal $11.6 million (as required by the Stadium Lease) at the end of FY 2019/20, which is an increase of $338,000 when compared to FY 2018/19. The Discretionary Fund is projected to have a balance of $2.3 million.

STADIUM AUTHORITY OPERATING BUDGET (CONT.)





Santa Clara Stadium Authority

Operating Budget Summary

	2017/18 Final Budget[1]	2017/18 Year-end Actuals	2018/19 Final Budget	2018/19 Projected Actuals	2019/20 Adopted Budget
Revenues					
NFL Ticket Surcharge	$ 8,258,000	$ 7,806,190	$ 8,031,000	$ 8,077,000	$ 8,142,000
SBL Proceeds	31,756,000	31,738,451	26,156,000	27,214,000	25,416,000
Interest	280,000	522,996	794,000	969,000	938,000
Non-NFL Event Revenue [2]	-	-	62,147,000	-	-
Net Revenues from Non-NFL Events	10,768,135	10,480,223	-	3,956,000	5,796,000
Naming Rights	6,366,000	6,366,337	6,558,000	6,557,000	6,754,000
Sponsorship Revenue (STR)	406,000	456,379	545,000	474,000	345,000
Rent	24,500,000	23,375,000	25,810,000	25,810,000	24,762,000
Senior & Youth Program Fees	231,000	225,116	230,000	228,000	230,000
Non-NFL Event Ticket Surcharge	2,000,000	1,537,128	1,800,000	1,542,000	1,232,000
BAHC Reimbursement for CFP Expenses	-	-	-	1,400,000	-
Other Revenue	-	-	-	2,281,000	-
Total Revenues	**$ 84,565,135**	**$ 82,507,820**	**$ 132,071,000**	**$ 78,508,000**	**$ 73,615,000**

	2017/18 Final Budget[1]	2017/18 Year-end Actuals	2018/19 Final Budget	2018/19 Projected Actuals	2019/20 Adopted Budget
Expenses					
Shared Stadium Manager Expenses[3]					
Stadium Operations	$ 3,613,000	$ 3,072,360	$ 3,721,000	$ 3,621,000	$ 4,004,000
Engineering	1,636,000	2,063,747	1,835,000	1,835,000	2,054,000
Guest Services	848,000	447,248	813,000	763,000	825,000
Groundskeeping	246,000	165,709	164,000	164,000	177,000
Security	1,498,000	1,292,455	1,543,000	1,543,000	1,656,000
Insurance	2,787,000	2,786,749	2,871,000	2,870,000	2,956,000
Stadium Management Fee	219,000	219,165	226,000	225,000	232,000
Shared Stadium Manager Expenses Subtotal	**$ 10,847,000**	**$ 10,047,433**	**$ 11,173,000**	**$ 11,021,000**	**$ 11,904,000**
Other Operating Expenses					
SBL Sales and Service [3]	$ 2,095,000	$ 1,449,213	$ 2,324,000	$ 2,148,000	$ 2,221,000
Senior & Youth Program Fees (paid to City) [3]	231,000	225,116	230,000	228,000	230,000
Non-NFL Event Expense [2]	-	-	56,519,000	-	-
Ground Rent (paid to City) [4]	285,000	285,000	320,000	320,000	355,000
Performance Rent (paid to City)[4]	5,116,568	4,972,611	2,654,000	1,818,000	2,721,000
Discretionary Fund Expense [5]	2,230,000	1,209,342	990,000	100,000	250,000
Utilities [3]	1,434,000	937,978	1,506,000	1,506,000	1,551,000
Use of StadCo Tenant Improvements [3]	245,000	237,120	236,000	248,000	182,000
Stadium Authority General & Administrative [5]	3,395,000	3,025,782	1,685,000	1,342,000	2,480,000
CFP Expenses	-	-	-	1,400,000	-
Other Expenses [6]	76,000	96,602	105,000	105,000	110,000
Transfers Out [4]	58,517,000	57,795,817	54,001,000	57,030,000	51,273,000
Contribution to Operating Reserve [4]	-	-	328,000	328,000	338,000
Other Operating Expenses Subtotal	**$ 73,624,568**	**$ 70,234,581**	**$ 120,898,000**	**$ 66,573,000**	**$ 61,711,000**
Total Expenses	**$ 84,471,568**	**$ 80,282,014**	**$ 132,071,000**	**$ 77,594,000**	**$ 73,615,000**
Operating Reserve	$ 10,927,270	$ 10,927,270	$ 11,255,088	$ 11,255,270	$ 11,593,270
Discretionary Fund	$ 1,555,853	$ 1,265,075	$ 1,086,407	$ 1,936,075	$ 2,302,075

(1) 2017/18 Final Budget includes entries to move the budget from cash to accrual basis

(2) Information not provided by ManagementCo at the time of this report

(3) Recommended by ManagementCo

(4) Expense is based on payment schedule or calculated as instructed per relevant agreements

(5) Recommended by Stadium Authority staff

(6) The 2019/20 adopted budget for Other Expenses differs from the original request of $507,000 received from ManagementCo as it requires further review by Stadium Authority staff.

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

Stadium Authority Board Duties and Adopted General and Administrative Budget

The Board is a public entity responsible for governing the matters concerning Levi's® Stadium. As such, the Board is responsible for setting policy direction, ensuring implementation of its policy direction and other due diligence requirements through Stadium Authority staff, and auditing/oversight of its policy implementation, as reasonable and necessary.

To accomplish Board direction, staff recommends the following administrative budget for the 2019/20 Fiscal Year totaling $2.5 million, or 3%, of the total Fiscal Year 2019/20 Adopted Stadium Authority Operating Expense Budget of $73.6 million. With this recommended budget, staff will support the Board with its oversight of Levi's® Stadium per the various agreements with ManagementCo and Forty-Niners SC Stadium Company LLC (StadCo or Tenant) of the stadium, such as:

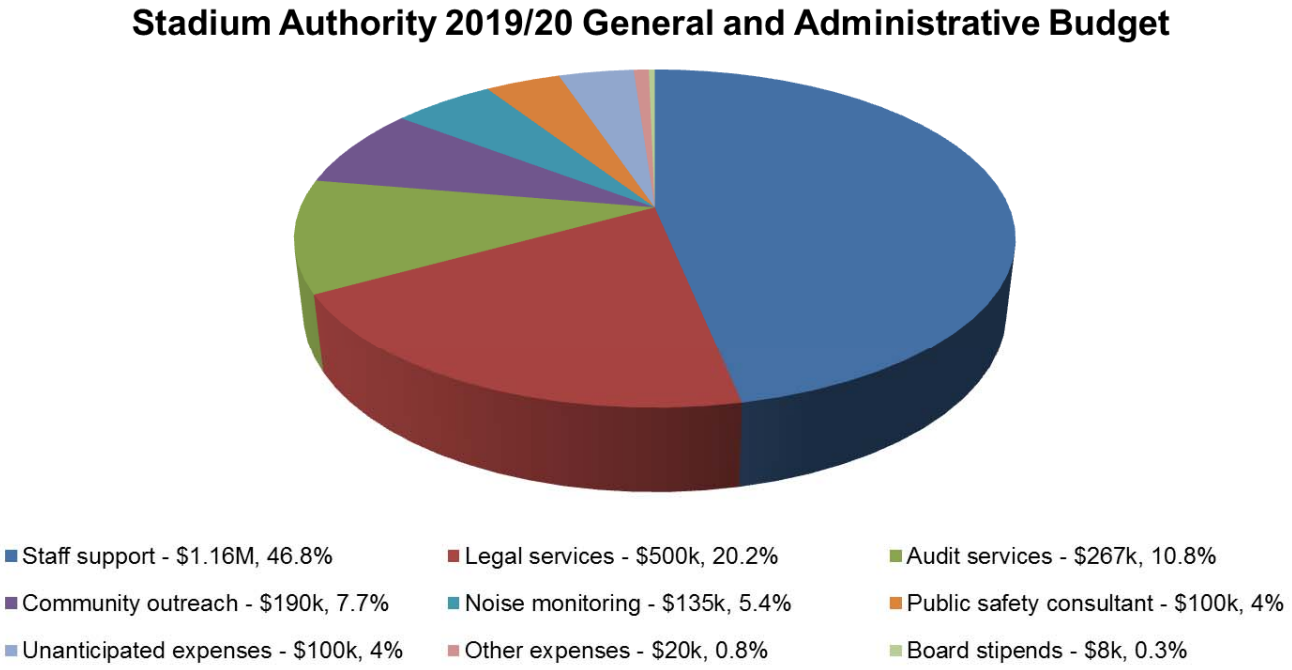
1. Uphold fiduciary responsibilities and debt obligations;
2. Maintain a productive and functional business relationship with the Tenant;
3. Develop Board policies as required for proper governance and transparency efforts concerning the Stadium Authority oversight efforts;
4. Continue the current community engagement process to address the public opinion research of the community impacts of Levi's® Stadium, with a focus on neighborhood response and public service deployment improvements;
5. Continue the current noise monitoring program;
6. Implement public safety expert's recommendations during events held at Levi's® Stadium;
7. Address the Work Plan items, as referenced in the Executive Director's transmittal letter to this budget; and,
8. Develop and implement oversight initiatives consistent with public entity organizations.

Stadium Authority staff are responsible for the programmatic oversight and audit of Stadium activities. As part of this budget, the oversight of stadium activities is allocated primarily to the Executive Director, the Chief Operating Officer, the Treasurer and supporting staff. As mentioned in the prior year budget, current staffing levels were under review and it stated that the Executive Director may bring forward staffing adjustments for the Board's consideration. As part of the review, the Executive Director is recommending a Deputy City Manager position with specific focus on neighborhood services, multi-department public services coordination, and overall deployment coordination. The Stadium Authority is already sufficiently staffed with management and financial resources to maintain the current level of operations; but, to the extent that Work Plan items continue to increase, more resources will be needed (e.g. implementation of a Stadium Authority Financial/Accounting System).

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

As such, the Stadium Authority G&A expense budget of $2.5 million provides the financial means in which to fulfill the Board policy direction and strategic initiatives. A breakdown of the Stadium Authority's portion of the overall operating expense budget of $73.6 million is shown below.

Stadium Authority General and Administrative Budget		
Expense Type	**Amount**	**Comments**
Staff support (3.8 FTE)	$ 1,160,000	To support the Stadium Authority with its oversight duties of stadium activities
Legal services	500,000	As needed for outside legal services
Audit services	267,000	Financial, Ticket Surcharge, and performance audits performed by external auditors
Consultants		
Community outreach/Board initiatives	190,000	Community engagement efforts and/or Board initiatives consistent with the work plan
Noise monitoring	135,000	Continued noise monitoring of Levi's® Stadium
Public safety	100,000	Implementation of public safety expert's recommendations
Executive Director & Board directives	100,000	Funding for unanticipated Board directives, Executive Director assignments, etc.
Other expenses	20,000	Routine office expenses
Board stipends	8,000	Stadium Authority meetings
Total	**$ 2,480,000**	



STADIUM AUTHORITY OPERATING BUDGET GLOSSARY

Accrual Basis Accounting: The method of recording revenues and expenses when they are incurred, regardless of when cash is exchanged.

Bay Area Host Committee Reimbursement: This is the reimbursement received from the Bay Area Host Committee for all costs associated with the College Football Playoff Championship (CFP) that was held at Levi's® Stadium on January 7, 2019. This reimbursement is subsequently used to pay internal City and outside agency costs associated with the CFP (see College Football Playoff Expense below). (*Source: Assignment and Assumption Agreement*)

College Football Playoff Expense: All internal City and outside agency costs associated with the CFP that are invoiced to the Stadium Authority. (*Source: Assignment and Assumption Agreement*)

Contribution to Operating Reserve: The contributions to the operating reserve are funded by means of excess revenues (see Excess Revenue below). (*Source: The Amended and Restated Stadium Lease Agreement*)

Discretionary Fund Expense: This is funded by half of the Non-NFL ticket surcharge (see Non-NFL Event Ticket Surcharge on page 28) and has been used to cover NFL public safety costs above the public safety cost threshold in the first three fiscal years of operation and other items at the Stadium Authority's discretion.

Projected Beginning Balance	50% of 2019/20 Non-NFL Event Ticket Surcharge	2019/20 Discretionary Fund Expense	Projected Ending Balance
$ 1,936,075	$ 616,000	$ 250,000	$ 2,302,075

Excess Revenue: If Stadium Authority revenue exceeds expenses for any lease year, such excess revenues shall be distributed as described in the table below. This table reflects a projection on how the excess revenues will be distributed in the 2018/19 fiscal year. (*Source: The Amended and Restated Stadium Lease Agreement*)

2018/19 Use of Excess Revenues

#	Description	Amount Funded	Balance	Notes
	Excess Revenues at Year-end		$ 21,113,799	
1	Payment of ManCo Revolving Loan	$ -	21,113,799	N/A (this loan has not been utilized)
2	Funding Operating Reserve up to $2 Million +3% annually	-	21,113,799	Funding requirement met
3	Funding CapEx Reserve an Additional $1 Million +3% annually	(1,125,509)	19,988,290	Funding annual CapEx Reserve
4	Funding Operating Reserve up to $10 Million +3% annually	(327,818)	19,660,472	Funding annual 3% requirement
5	Prepayment of StadCo Subordinated Loan	(19,660,472)	-	Prepayment requirement met
6	Funding Operating Reserve up to $20 Million +3% annually	-	-	N/A
7	Funding Renovation/Demolition Reserve up to $70 Million	-	-	N/A
8	Available for Additional Disbursements as described in the Stadium Lease	-	-	N/A

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

Ground Rent: The City has agreed to lease the land under Levi's® Stadium to Stadium Authority for an initial term of 40 years. The fixed ground rent schedule is noted below for the 40-year initial term. (*Source: Ground Lease Agreement*)

Lease Year(s)	Fiscal Year(s)	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 through 2028-29	$ 1,000,000
16-20	2029-30 through 2033-34	$ 1,100,000
21-25	2034-35 through 2038-39	$ 1,200,000
26-30	2039-40 through 2043-44	$ 1,300,000
31-35	2044-45 through 2048-49	$ 1,400,000
36-40	2049-50 through 2053-54	$ 1,500,000

Insurance: ManagementCo procures insurance for Levi's® Stadium for the entire year and the cost is split between Stadium Authority and StadCo (see Shared Stadium Manager Expenses on page 31). The stadium lease sets Stadium Authority's share of insurance expense at $2,550,000 for the first lease year with each succeeding lease year's insurance expense increasing by 3%. (*Source: Stadium Management Agreement & The Amended and Restated Lease Agreement*)

Interest: This is interest earned from cash on hand.

Naming Rights: Levi Strauss & Co (Levi's®) pays an annual naming rights fee to Stadium Authority. The annual fee increases by 3% each contract year through the 20 year term. This annual fee is paid in two equal semi-annual installments on or before March 1st and October 1st. (*Source: Naming Rights Agreement*)

Net Revenues from Non-NFL Events: ManagementCo provides management services for Levi's® Stadium year-round. As such ManagementCo is responsible for booking and scheduling all Non-NFL events on behalf of Stadium Authority. ManagementCo is required by the agreement to maintain complete and accurate books and records relating to the net income from the Non-NFL events. Those records are reviewed by Stadium Authority staff and/or outside consultants and audited by an independent auditor. After the completion of the fiscal year, the net revenues are paid to Stadium Authority by ManagementCo. (*Source: Stadium Management Agreement*)

NFL Ticket Surcharge: The Forty Niners Football Company, LLC (the Team) collects a 10% NFL ticket surcharge on the price of admission to all NFL games occurring in Levi's® Stadium on behalf of Stadium Authority. (*Source: Amended and Restated Non-Relocation Agreement*)

Non NFL Event Expense: The gross expenses for Non-NFL events held at Levi's® Stadium.

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

Non-NFL Event Revenue: The gross receipts from Non-NFL events held at Levi's® Stadium.

Non-NFL Event Ticket Surcharge: Promoters or sponsors of any ticketed Non-NFL event that is held at Levi's® Stadium are required to collect a $4 per ticket surcharge on behalf of Stadium Authority. Half of this surcharge that is paid to Stadium Authority covers general stadium operations and the other half funds the Stadium Authority Discretionary Fund. (*Source: Amended and Restated Stadium Lease Agreement*)

Other Expenses: Miscellaneous Stadium Authority expenses such as bank fees.

Other Revenue: Miscellaneous Stadium Authority revenues. The projected 2018/19 other revenue is the result of the Final Rent Reset Arbitration Award. As part of that award, StadCo will reimburse the Stadium Authority for its legal costs associated with the Rent Reset Arbitration.

Performance Rent: Stadium Authority pays the City performance rent on top of the fixed ground rent. The basic calculation for the performance based rent is 50% of the net income from Non-NFL events for any given lease year less the sum of performance based rent credits. The performance based rent credits include 50% of the current year's base ground rent, and other credits. The table below represents a projection of the 2018/19 and 2019/20 Fiscal Years performance rent. (*Source: Ground Lease Agreement & Amended and Restated Stadium Lease Agreement*)

Performance Rent Calculation	Fiscal Year 2018/19 Projection	Fiscal Year 2019/20 Budget
Ground Rent	$ 320,000	$ 355,000
Net Non-NFL Event Revenue	$ 3,956,000	$ 5,796,000
50% of Net Non-NFL Event Revenue	$ 1,978,000	$ 2,898,000
Performance Rent Credit (50% of Ground Rent)	$ (160,000)	$ (177,500)
Total Performance Rent paid to the City of Santa Clara	$ 1,818,000	$ 2,720,500

Rent: The facility rent was originally set at $24.5 million for StadCo to lease the stadium for their half of the year. As a result of the rent reset arbitration award in favor of Stadium Authority, the facility rent was reset to $24.8 million retro-active to the first lease year. The rent adjustment process is outlined in the Amended and Restated Stadium Lease. (*Source: Amended and Restated Stadium Lease Agreement*)

Senior and Youth Program Fees: During the lease terms, StadCo collects a City of Santa Clara Senior and Youth program Fee on behalf of Stadium Authority. The fee is based on $0.35 per NFL game ticket up to a maximum of $250,000 per lease year. (*Source: Amended and Restated Stadium Lease Agreement*)

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

Shared Stadium Manager Expenses: ManagementCo oversees the day to day operations of Levi's® Stadium year-round. Since StadCo leases the stadium from Stadium Authority for half of each fiscal year, the ManagementCo stadium manager expenses are shared between StadCo and Stadium Authority. Most shared stadium manager expenses are split 50/50 between StadCo and Stadium Authority; grounds-keeping is the exception with a 70/30 split, StadCo being responsible for the larger share. In addition, ManagementCo procures insurance for Levi's® Stadium that is shared between Stadium Authority and StadCo (see Insurance on page 27). (*Source: Stadium Management Agreement & The Amended and Restated Stadium Lease Agreement*)

Sponsorship Revenue (STR): STR Marketplace, LLC (STR) established a secondary market website to facilitate the transfer and resale of SBLs. In exchange for the use of the Levi's® Stadium trademarks and links on the website (hence the title Sponsorship Revenue), STR pays Stadium Authority a minimum annual fee of $325,000 based on the commissions that are collected by STR. In addition to the minimum annual fee, Stadium Authority also receives 50% of any commissions in excess of $650,000. (*Source: SBL Website Marketing Agreement*)

Stadium Authority General & Administrative: As an independent public entity, Stadium Authority incurs its own expenses in relation to Board governance, fiduciary responsibilities, oversight, and operations of Levi's® Stadium. These include but are not limited to Stadium Authority staff time, due diligence requirements for proper fiscal and operational oversight, and various outside contractors and consultants who are hired to administer the necessary requirements for owning and operating Levi's® Stadium. Also included are various administrative type costs such as bank fees, phone charges, IT equipment maintenance, etc.

Stadium Builder License (SBL) Proceeds: SBL holders who are on a payment plan make annual payments. Additionally, some SBL holders make payments above and beyond their annual scheduled payment plan. There are also sales of new SBLs and/or SBLs that were defaulted and resold. SBL cash collections from all of these sources make up SBL proceeds.

Stadium Builder License (SBL) Sales and Service: ManagementCo provides sales and service to SBL holders on behalf of Stadium Authority. This includes all SBL collection efforts and customer service support. (*Source: Agreement for Stadium Builder License Sales & Fourth Amendment to the Stadium Management Agreement*)

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

Stadium Management Fee: ManagementCo 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. This annual base management fee is split 50/50 between StadCo and Stadium Authority since ManagementCo manages the stadium year-round for both entities. In addition to the base management fee, ManagementCo 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 table below shows the first 10 years of the base management fee and the stadium marketing and booking fee benchmark. It also shows the first four years of net income from Non-NFL events and a projection of the fifth year as well as the applicable marketing and booking fee which was 5% of the net Non-NFL income over the benchmark. (*Source: The Stadium Management Agreement*)

Fiscal Year	Lease Year	Annual Base Stadium Management Fee (SCSA Share)	Stadium Marketing and Booking Fee Benchmark	Actual/Projected Net Income from Non-NFL Events	Actual 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[1]	5	$ 225,102	$ 5,627,544	$ 3,956,000	$ -	$ 225,102
2019/20	6	$ 231,855	$ 5,796,370	To be determined		
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			

[1] The Net Income from Non-NFL Events for 2018/19 is a projection.

Transfers Out: Transfers from the Stadium Authority Operating Fund to fund Debt Service and Capital Funds.

Utilities: StadCo leases the stadium from Stadium Authority for six months of each fiscal year from August through January. StadCo is therefore responsible for the day to day utilities during that period. Stadium Authority pays for the day to day utilities from February through July. Utilities associated with large ticketed Non-NFL events are charged as an expense to the event which is included in the Non-NFL event expense.

Use of StadCo Tenant Improvements: StadCo charges Stadium Authority for use of various StadCo tenant improvements (such as the use of the scoreboard) during Non-NFL events. (*Source: Amended and Restated Lease Agreement*)

Stadium Manager Shared Expenses

The Stadium Management Agreement is between the Stadium Authority, StadCo and ManagementCo and was entered into as of March 28, 2012. This agreement provides Stadium Authority with the expertise of an outside manager to oversee the day-to-day operations of Levi's® Stadium. Additionally, the Amended and Restated Stadium Lease Agreement between Stadium Authority and StadCo was made and entered into as of June 19, 2013.

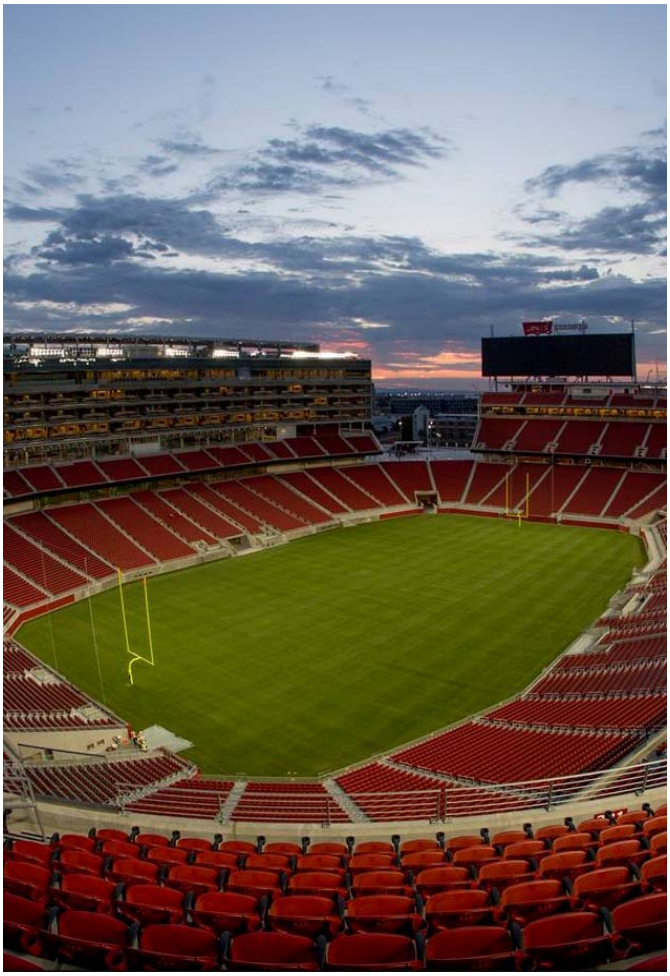
This agreement amended the original stadium lease to set the initial rent, to allow StadCo to enter into agreements with alternative energy providers, to cap Stadium Authority's share of the insurance costs at a fixed amount each year, and to require Stadium Authority to fund various reserves.

Per the terms of the stadium lease, StadCo leases the stadium from the Stadium Authority for half of each fiscal year, and is responsible for the Stadium Manager operating expenses during that period. The Stadium Manager operating expenses for the other half of the year are the responsibility of the Stadium Authority. Section 8.3.1 describes the proportionate share of Stadium Manager expenses that are owed by the Stadium Authority and StadCo. Namely that most stadium manager operating expenses are split 50/50 with grounds-keeping being the exception with a 70/30 split, StadCo being responsible for the larger share.

ManagementCo procures insurance for Levi's® Stadium for the entire year and the cost is shared between Stadium Authority and StadCo.

Section 4.7 of the management agreement notes that ManagementCo will provide an Annual Shared Stadium Expense Budget to be adopted annually by Stadium Authority and StadCo.

Once the budget has been adopted, ManagementCo invoices Stadium Authority monthly for its budgeted portion of shared expenses which include stadium manager operating expenses. As part of the year-end work, the budgeted amounts that were paid are trued up with actuals for which ManagementCo provides details.



Stadium Manager

2019/20 Total Shared Stadium Expenses

Between the Santa Clara Stadium Authority and Forty Niners SC Stadium Company (StadCo)

	Security	Stadium Operations	Engineering	Guest Services	Groundskeeping	Total
Total Compensation	$ 965,828	$ 4,285,958	$ 2,634,822	$ 991,144	$ 295,287	**$ 9,173,039**
Travel, Meals & Entertainment	2,186	413,076	12,000	73,226	10,060	**510,548**
Outside Services	2,041,426	2,068,172	1,396,416	14,900	54,037	**5,574,951**
General Supplies	78,404	120,000	-	140,112	196,560	**535,076**
Telephone	15,914	454,998	20,400	10,416	1,320	**503,048**
Equipment	191,220	567,380	31,500	129,504	29,120	**948,724**
Uniforms	10,490	-	2,500	174,638	3,120	**190,748**
Other	6,556	99,300	10,000	115,146	-	**231,002**
Subtotal	**$ 3,312,024**	**$ 8,008,884**	**$ 4,107,638**	**$ 1,649,086**	**$ 589,504**	**$ 17,667,136**

Santa Clara Stadium Authority Proportionate Share of Stadium Expenses [1]

	Security (50%)	Stadium Operations (50%)	Engineering (50%)	Guest Services (50%)	Groundskeeping (30%)	Total
Total Compensation [2]	$ 482,914	$ 2,142,979	$ 1,317,411	$ 495,572	$ 88,586	**$ 4,527,462**
Travel, Meals & Entertainment	1,093	206,538	6,000	36,613	3,018	**253,262**
Outside Services	1,020,713	1,034,086	698,208	7,450	16,211	**2,776,668**
General Supplies	39,202	60,000	-	70,056	58,968	**228,226**
Telephone	7,957	227,499	10,200	5,208	396	**251,260**
Equipment	95,610	283,690	15,750	64,752	8,736	**468,538**
Uniforms	5,245	-	1,250	87,319	936	**94,750**
Other	3,278	49,650	5,000	57,573	-	**115,501**
Subtotal	**$ 1,656,012**	**$ 4,004,442**	**$ 2,053,819**	**$ 824,543**	**$ 176,851**	**$ 8,715,667**
Insurance [3]						**2,956,149**
Management Fee [4]						**231,855**
Total						**$ 11,903,671**

[1] The Santa Clara Stadium Authority proportionate share of stadium expenses is rounded to the nearest $1,000 in the operating budget.

[2] Total compensation is based on a total of 61 full time equivalent positions.

[3] The stadium lease sets Stadium Authority's share of insurance expense at $2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

[4] The stadium management agreement sets the base management fee at $400,000 for the first lease year with each succeeding lease year's management fee increasing 3%. This base management fee is split 50/50 between Stadium Authority and StadCo.

STADIUM MANAGER SHARED EXPENSES GLOSSARY

Total Compensation: This cost includes full-time staff (61 employees), part-time staff, and benefits. Stadium Authority pays for 50% of these costs except for groundskeeping which is set at 30%.

- **Full-time wages** are costs for all management company full-time employees.
- **Part-time wages** are costs for all management company part time employees. Wages include annual training for all Guest Services Representatives.
- **Benefits** are costs of employees' health insurance, pension, vacation time, and all employer taxes.

Travel, Meals & Entertainment: These are costs for employee travel (airfare, ground, lodging, and meals) to stadium management conferences. In addition, this category includes costs for staff meals for general food and beverage, vendor engagement, and the year-end guest service employee appreciation banquet.

Outside Services: Costs for outside service providers which include the following:

- **Janitorial and Medical** costs related to the janitorial, cleaning, landscaping, and trash services of the interior and exterior of the stadium and medical services for the stadium during regular business hours.
- **Stadium Security** costs for staffing 24/7 security guards in and around the stadium and explosive detection canines.
- **Engineering & Maintenance** for mandatory safety and general maintenance costs associated with fire sprinklers, fire alarms, elevators, and backflows. Also includes outside sub-contracted calls for services for windows, signage and roof repair, HVAC & electrical, carpet, concrete or other misc. repair.

General Supplies: Supplies for stadium operations, janitorial, engineering, and Guest Services (For example: Janitorial supplies, general printing costs for stadium signage, deployment sheet, notes, handbooks etc.).

Telephone: These are costs for land lines and internet/data service for the stadium, (net of the costs for the Team's business offices), and cell service for stadium operations' and security personnel.

Equipment: Costs associated with stadium operations and security software, including incident tracking, mobile safety application, stadium staff scheduling/event calendar software, video surveillance licensing software, X-ray machine rental for deliveries, and monthly cost for off-site equipment storage.

STADIUM MANAGER SHARED EXPENSES GLOSSARY (CONT.)

Uniforms: Guest Services replacement and replenishment of uniforms.

Other Costs: Costs associated with Stadium Operations (For example: specialized training, command post, CPR first aid, background checks, recruiting, marketing/advertising, and employee retention program).

Tenant Improvements: Interior improvements within Tenant's exclusive facilities and any other improvements within the Stadium that are to be owned by, and constructed at the cost of, Tenant or any Tenant transferee as may be agreed by the Parties (Stadium Authority and StadCo). *(Source: Stadium Lease Agreement)*

Stadium Manager

Santa Clara Stadium Authority Proportionate Share of Stadium Expenses - 5 Year Forecast

	2020/21	2021/22	2022/23	2023/24	2024/25
Total Compensation [1]	$ 4,663,285	$ 4,803,184	$ 4,947,279	$ 5,095,698	$ 5,248,568
Travel, Hotel & Staff/Partner F&B	260,859	268,685	276,745	285,048	293,599
Outside Services	2,882,467	2,907,141	2,994,355	3,084,186	3,176,711
General Supplies	235,072	242,125	249,388	256,870	264,576
Telephone	258,798	266,562	274,559	282,795	291,279
Equipment	482,594	497,072	511,984	527,344	543,164
Uniforms	97,593	100,520	103,536	106,642	109,841
Other	118,966	122,535	126,211	129,997	133,897
Total	**$ 8,999,634**	**$ 9,207,824**	**$ 9,484,057**	**$ 9,768,580**	**$10,061,635**
Insurance [2]	3,044,833	3,136,178	3,230,264	3,327,172	3,426,987
Management Fee [3]	238,810	245,975	253,354	260,955	268,783
Total	**$ 12,283,277**	**$12,589,977**	**$12,967,675**	**$13,356,707**	**$13,757,405**

[1] Total compensation is based on a total of 61 full-time equivalent positions.

[2] The stadium lease sets SCSA's share of insurance expense at $2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

[3] The stadium management agreement sets the base management fee at $400,000 for the first lease year with each succeeding lease year's management fee increasing 3%. This base management fee is split 50/50 between SCSA and StadCo.

Santa Clara Stadium Authority

Debt Service Budget Summary

	2017/18 Final Budget	2017/18 Year-end Actuals	2018/19 Final Budget	2018/19 Projected Actuals	2019/20 Adopted Budget
Resources					
Revenues					
Contribution from CFD	$ 4,500,000	$ 4,399,224	$ 3,600,000	$ 3,759,000	$ 3,872,000
Revenues Subtotal	**4,500,000**	**4,399,224**	**3,600,000**	**3,759,000**	**3,872,000**
Transfers In from Operating	55,239,000	54,517,636	50,624,000	53,653,000	47,795,000
Contribution from Fund Balance	16,831,000	16,588,392	4,653,000	3,963,000	-
Total Resources	**$ 76,570,000**	**$75,505,252**	**$ 58,877,000**	**$ 61,375,000**	**$ 51,667,000**

	2017/18 Final Budget	2017/18 Year-end Actuals	2018/19 Final Budget	2018/19 Projected Actuals	2019/20 Adopted Budget
Expenses					
CFD Advance	$ 3,860,000	$ 3,722,535	$ 3,600,000	$ 3,732,000	$ 3,844,000
Term A Loan	21,210,000	21,209,558	25,644,000	26,043,000	26,383,000
StadCo Subordinated Loan	51,500,000	50,573,159	29,633,000	31,600,000	21,440,000
Total Expenses	**$ 76,570,000**	**$75,505,252**	**$ 58,877,000**	**$ 61,375,000**	**$ 51,667,000**
Debt Service Reserve	$ 11,536,235	$11,536,235	$ 11,536,235	$ 11,536,235	$ 11,536,235

Total outstanding debt is projected to decrease by $34.9 million from $340.1 million to $305.2 million. The adopted 2019/20 Debt Service Budget of $51.6 million is based on the required and additional principal and interest debt service payments. Of this total, $3.9 million represents anticipated contributions from the Community Facilities District (CFD).

Total Debt Service Reserves are projected to be $11.5 million. A glossary has been provided, beginning on page 37, that describes the type of debt and the applicable source documents for each loan.

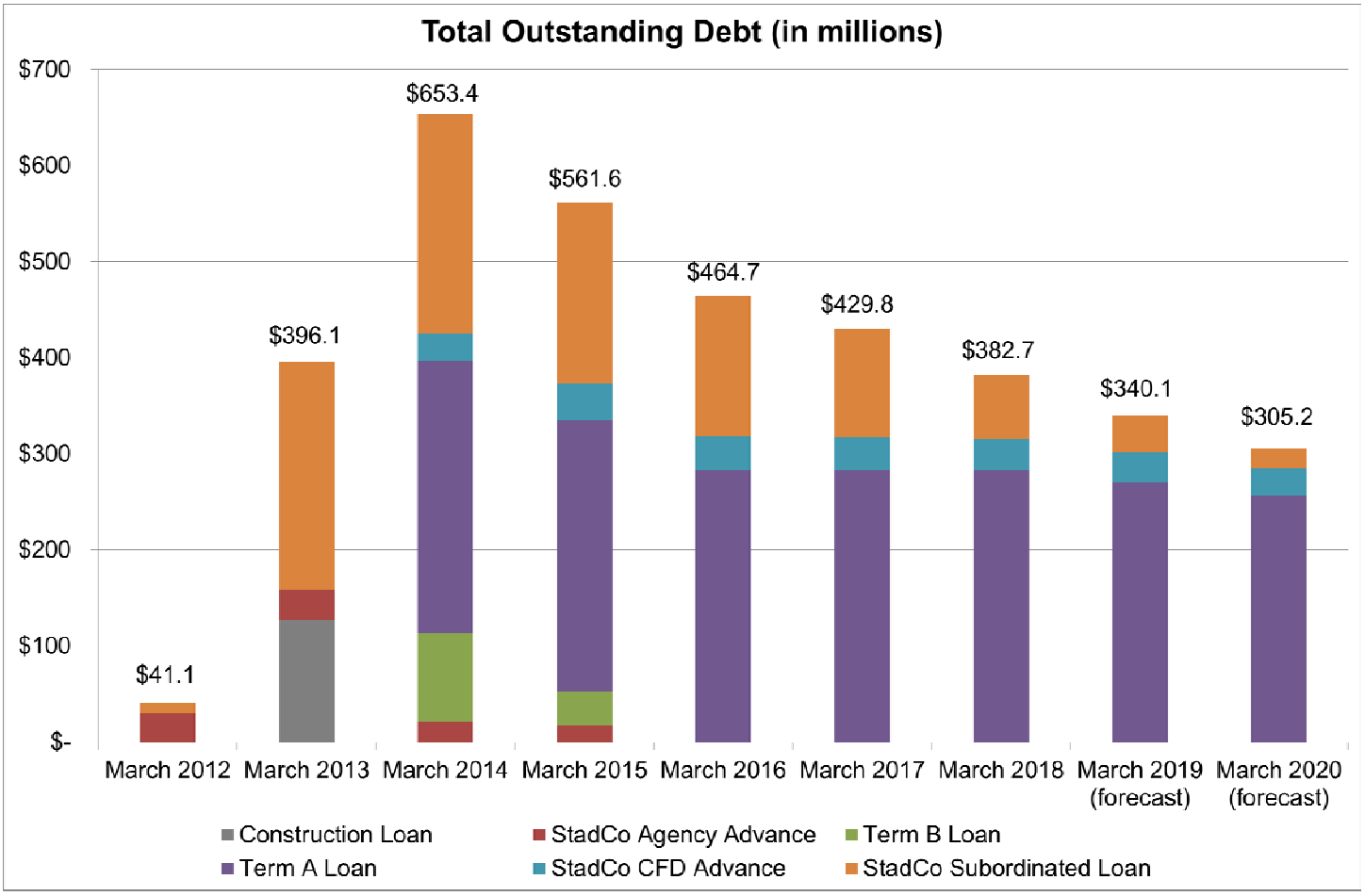
The schedule shown on the following page reflects the outstanding debt projection of $340.1 million as of March 31, 2019 and the projected principal payments for 2019/20.

Santa Clara Stadium Authority

Debt Service Payment Schedule

Debt Obligations	Interest rates	2019/20 Interest	2019/20 Beginning Balance	2019/20 Principal Payments	2019/20 Additional Payments[1]	2019/20 Ending Balance
Stadium Funding Trust Term A Loan	5.00%	$ 12,878,000	$270,266,000	$ 12,718,000	$ 787,000	$256,761,000
StadCo CFD Advance[2]	5.73%	1,720,000	30,926,000	2,124,000	-	28,802,000
StadCo Subordinated Loan	5.50%	2,140,000	38,902,000	4,182,550	15,117,450	19,602,000
Total		**$ 16,738,000**	**$340,094,000**	**$ 19,024,550**	**$ 15,904,450**	**$305,165,000**

[1]Additional payment is based on anticipated revenue that is in excess of all expenses and reserve requirements.
[2]Community Facilities District (CFD) principal payment is an estimate based on anticipated contributions from the CFD



STADIUM AUTHORITY DEBT SERVICE BUDGET GLOSSARY

Contribution from the Community Facilities District (CFD): The CFD was established for the purpose of financing and constructing publicly owned facilities. To support that, the CFD levies and collects a special hotel tax of 2% on hotel rooms within the CFD. During the construction of Levi's® Stadium, Stadium Authority spent $35 million on CFD infrastructure. All collections from the special CFD hotel taxes are contributed to Stadium Authority to pay down the CFD Advance which was used to fund the construction of the CFD publicly owned facilities. (Source: The Reimbursement Agreement Relating to the CFD)

CFD Advance: StadCo agreed to loan Stadium Authority a not to exceed amount of $35 million for CFD infrastructure and with a maximum principal amount of $38 million including capitalized interest. This loan bears interest at a fixed rate of 5.73% and the loan is payable solely from amounts actually received by Stadium Authority from the CFD. (Source: The Authority Promissory Note in Respect of StadCo CFD Advance)

Term A Loan: The Stadium Funding Trust (FinCo) agreed to loan Stadium Authority $282.8 million to fund construction of Levi's® Stadium. This loan bears interest at a fixed rate of 5% payable semi-annually, with annual principal payments due beginning in April 2018. It has a maturity date in 2039 and is subject to certain prepayment premiums. The principal payment schedule is noted below. (Source: The Restated Credit Agreement)

Term A Loan Amortization							
Date	**Annual Principal Payment**		**Date**	**Annual Principal Payment**		**Date**	**Annual Principal Payment**
April 1, 2018	$ 12,110,000		April 1, 2026	$ 8,404,934		April 1, 2033	$ 13,306,164
April 1, 2019	$ 12,718,000		April 1, 2027	$ 9,001,865		April 1, 2034	$ 14,160,901
April 1, 2020	$ 13,354,000		April 1, 2028	$ 9,630,410		April 1, 2035	$ 15,060,270
April 1, 2021	$ 14,022,000		April 1, 2029	$ 10,292,166		April 1, 2036	$ 16,006,521
April 1, 2022	$ 14,723,000		April 1, 2030	$ 10,988,812		April 1, 2037	$ 17,002,017
April 1, 2023	$ 15,459,000		April 1, 2031	$ 11,722,111		April 1, 2038	$ 18,049,239
April 1, 2024	$ 7,299,896		April 1, 2032	$ 12,493,914		April 1, 2039	$ 19,150,794
April 1, 2025	$ 7,838,094						

StadCo Subordinated Loan: StadCo agreed to loan Stadium Authority an amount not to exceed $500 million to fund construction of Levi's® Stadium. The actual amount loaned to the Stadium Authority was $236.9 million. This loan bears a fixed interest rate of 5.5% with annual principal payments due beginning in March 2016 and it may be prepaid at any time without any penalties. (Source: The Restated StadCo Obligations Agreement)

STADIUM AUTHORITY CAPITAL EXPENSE BUDGET

The Capital Expense (CapEx) Budget is used to fund the purchase or upgrade of fixed assets for the Stadium. While the funding for appropriations occur on an annual basis, the Capital Expense Plan extends for a five year period (shown on page 44 of this report). Changes to existing projects, as well as the addition of new projects, may occur during the five year planning period as new needs are identified. The appropriations for capital projects do not lapse at year-end but carryover into future years until the project is complete.

The FY 2019/20 CapEx Budget totals $14.2 million. Of this total, $6.3 million of prior year appropriations are projected to be carried over from FY 2018/19 ($1.5 million of the projected carryover amount is for warranty related construction, and the other $4.8 million is for prior year CapEx projects). New capital improvement appropriations equal $7.9 million.

A detailed listing of proposed FY 2019/20 projects is provided on page 40 of this report.

Before and After Concrete Masonry Wall (CMU) Built to Protect the Main Stadium Natural Gas Pipeline

Santa Clara Stadium Authority

Capital Expense Budget Summary

	2017/18 Final Budget	2017/18 Year-end Actuals	2018/19 Final Budget	2018/19 Projected Actuals	2019/20 Projected Carryover	2019/20 Adopted Budget	2019/20 Total Adopted Budget
Beginning Balances	**$ 8,528,701**	**$ 8,887,218**	**$12,358,833**	**$ 12,718,700**	**$ 14,532,870**		**$14,532,870**
Resources							
Transfers In from Operating	3,278,000	3,278,181	3,377,000	3,376,527	-	3,478,000	3,478,000
Transfers In from Stadium Development[1]	1,851,000	1,851,000	-	-	-	-	-
Total Resources	**13,657,701**	**14,016,399**	**15,735,833**	**16,095,227**	**14,532,870**	**3,478,000**	**18,010,870**

	2017/18 Final Budget	2017/18 Year-end Actuals	2018/19 Final Budget	2018/19 Projected Actuals	2019/20 Projected Carryover[2]	2019/20 Adopted Budget	2019/20 Total Adopted Budget
Expenses							
Construction	1,766,517	1,036,285	4,875,415	1,373,406	2,981,208	1,975,714	4,956,922
Equipment	1,022,000	11,385	1,210,000	112,932	1,515,688	5,555,300	7,070,988
Contingency	122,000	-	296,546	3,250	280,846	376,551	657,397
Stadium Warranty Related Construction	1,851,000	250,029	1,600,971	72,769	1,528,202	-	1,528,202
Total Expenses	**4,761,517**	**1,297,699**	**7,982,932**	**1,562,357**	**6,305,944**	**7,907,565**	**14,213,509**
Capital Expense Reserve	$ 8,896,184	$12,718,700	$ 7,752,901	$ 14,532,870	$ 8,226,926		$ 3,797,361

[1] Carryover from the original Stadium Construction Budget for Warranty related work

[2] Projected Carryover includes $115,000 in CapEx savings that are being returned to Fund Balance and a reallocation between the Construction and Equipment lines.

Two Flag Poles Added to Original Three

Fire Sprinkler System Upgrades

Santa Clara Stadium Authority

2019/20 CapEx Budget

Item Type	Description	Cost	Contingency (5%)	Total Cost
Electrical	**Mechanical and Electrical Closet Lighting** Install LED lighting in all mechanical and electrical closets located in the service tunnel, 300 Level, and 700 level. These lights not only improve visibility, but also provide longer and more efficient power usage.	$ 150,000	$ 7,500	$ 157,500
Electrical	**Escalator Covered Canopy Lighting** Purchase proprietary Traxon canopy lights, modules, drivers, LED strips, connectors, etc. to cover Gate A and Gate C escalators. This specialized lighting system can be used for all stadium events, and branded according to the event.	100,000	5,000	105,000
Electrical	**Broadcast Booth Power** Installation of power components used for stadium events. These components will adhere to LEED certification, provide a clean source of power for our clients, and improve operating efficiencies.	35,000	1,750	36,750
Electrical	**Concessions Cart Cabling** Install code rated low voltage cabling (CAT6) to portable concession carts. This will provide Internet Protocol (IP) based access to the IPTV menu boards and Point of Sale (POS) systems for credit card transactions, as well as deliver an emergency signage to be displayed at the concession stands if needed.	50,000	2,500	52,500
General Building	**Stadium Event Signage** Install stadium signage (including but not limited to tunnel awnings, accessible seating reference areas, lower bowl sections placards, and additional fire and building code signage per fire marshal).	138,000	6,900	144,900
General Building	**Miscellaneous** Funds for unforeseen building related repairs.	100,000	5,000	105,000
General Building	**Command Post Window Treatment** Install window shades and/or tint the exterior windows on the 800 level command post to reduce heat and glare. This will assist dispatchers and command post operators working in this space.	16,000	800	16,800
General Building	**Stadium and Special Event Spaces** Entry mats to help alleviate wet floor scenarios and provide safety to stadium patrons. This will extend the finish of the existing flooring and help prevent slip and falls during inclement weather.	75,000	3,750	78,750
General Building	**Non-Slip Floor Matting** Install non-slip matting from the North Side Locker Rooms to tunnels primarily for event usage (that include access to the field for athletes, performers and customers).	50,000	2,500	52,500
General Building	**Women's Locker Room** Convert a portion of the auxiliary locker room area to accommodate a larger private space for female athletes, performers, officials, and other female event day sporting and entertainment professionals visiting or working events at Levi's Stadium.	372,000	18,600	390,600
General Building	**Automated Logic Control Building Engineering System** Install an automatic logic controller system upgrade to monitor the building's HVAC in all quadrants simultaneously. This updated system will enable graphic interface and help the system to operate more efficiently with time clock management and assisting in potential lighting control energy savings.	35,000	1,750	36,750
General Building	**Club Space Flooring** Strip, resurface, and/or replace hardwood flooring surfaces in the BNY East & West and Levi's 501 spaces. These spaces are among the most utilized spaces in the building and get a large amount of foot traffic. This work will help extend the useful life of these spaces as well as reducing slips and falls from worn floors.	85,000	4,250	89,250
General Building	**Command Post Communication Equipment** Purchase and install public safety screens, monitors, and projection devices used in monitoring stadium and security operations to help improve situational awareness and response.	58,000	2,900	60,900
Security	**Stadium Camera Booth Card Readers** Install card reader for North and South camera booths to secure the spaces that enter into/from general public access areas.	84,000	4,200	88,200

Santa Clara Stadium Authority

2019/20 CapEx Budget (cont.)

Item Type	Description	Cost	Contingency (5%)	Total Cost
Security	**Enhance Stadium Security Perimeter** Install additional Cameras, Radio Frequency Identification (RFID) tags, readers, and rolling gate remotes. Install new actuators in Security/Fire command center in the 100 level for remote access and 24/7 security operations.	250,000	12,500	262,500
Site	**Stadium Insulation** Install new insulation above the 300 level (under the 400/500 level). Original insulation is failing due to weather conditions. This also helps reduce sound reverberation throughout the concourse and protects the concrete from the elements.	150,000	7,500	157,500
Site	**Security Fencing** Install additional fencing under Gate C escalator to create a separation from "front and back of house" operations.	45,000	2,250	47,250
Site	**Gold Lot 4 and 5 Lighting** Install LED lighting in Gold 4 and Gold 5 parking lots. The current light plan is underpowered and is not sufficient given the work environment during stadium event load in/out. This lighting improves safety conditions for stadium personnel and provides energy cost savings with more efficient fixtures.	50,000	2,500	52,500
Site	**Rust Prevention Mitigation** The stadium railings, beams, and other steel areas need rust prevention and coating in specific areas throughout the stadium.	90,000	4,500	94,500
Site	**Stadium Event Power Upgrades** Install and enhance Stadium Event wiring service on the 12 Kilovolt (KV) Primary Switch Gear (PMSG) to main electrical panel.	42,714	2,136	44,850
	Subtotal CapEx Construction Costs	**$ 1,975,714**	**$ 98,786**	**$ 2,074,500**
Audio/Visual	**Radio Booth Cabling** Install fiber optic cabling to increase the low voltage cabling backbone. This installation will accommodate the expanding requests we get for booth usage during stadium events, and keep up with emerging trends.	$ 600,000	$ 30,000	$ 630,000
Audio/Visual	**Crestron Control & Building Operating System Upgrades** Installation of a Creston Control system to monitor HVAC, Lighting, Electrical, and Fire Alarm. This comprehensive system enables all of these items to interface with one another for engineers to see a real time view of the building's systems.	10,000	500	10,500
Furniture, Fixtures & Equipment	**Replace Furniture in Club and Special Event Spaces** Purchase replacement furniture for clubs (BNY, United, Levi's 501 and Yahoo) and special event spaces to enhance areas and meet client expectations. These spaces are amongst the most utilized in the entire stadium.	1,600,000	80,000	1,680,000
Furniture, Fixtures & Equipment	**Security and Life Safety Partitions/Dividers** Install service tunnel drapery and/or partitions for security and public safety personnel during stadium events that require public access to the service level. This helps coordinate public movements in "back of house areas" without affecting stadium operations.	68,000	3,400	71,400
Furniture, Fixtures & Equipment	**Tunnel Slip and Fall Protection** Install Non-Slip material at the South, Northeast, and Northwest Field Tunnels.	30,000	1,500	31,500
Food & Beverage	**Concession Signage** Install new fascia signage at all fixed and portable concession stands throughout the stadium on all levels (60+ Concessions stands). Remove the existing "channel cut letters" that are obsolete and install new flexible signage to accommodate menu changes, allowing for increased sales and service opportunities.	2,500,000	125,000	2,625,000

Santa Clara Stadium Authority

2019/20 CapEx Budget (cont.)

Item Type	Description	Cost	Contingency (5%)	Total Cost
HVAC/Mechanical	**Kitchen Exhaust Fans** Install variable frequency drive (VFD) Units on kitchen exhaust fans for soft start (slow ramp up) capabilities. Kitchen exhaust fans currently operate 100 percent of the time. Installing VFD units will modulate the power and save energy whenever the fan is in use. Soft start extends the life of the equipment and saves energy.	300,000	15,000	315,000
Life Safety/Fire	**Fire Sprinkler Extension** The Santa Clara Fire Marshal has requested that fire sprinklers be installed at the Gate F entrance to mitigate potential fire risk beneath the existing ribbon boards.	55,000	2,750	57,750
Life Safety/Fire	**Carbon Dioxide (CO_2) Alarms** Install CO_2 Alarms for walk-in coolers that are integrated into the automatic logic controller system so that building engineering can monitor $C0_2$ levels (per the fire marshal); this improves the safety and security of employees entering these	45,000	2,250	47,250
Public Safety Equipment	**Diesel Particulate Filter for SCSA Fire Truck** Filter for the Stadium Authority fire truck to remove diesel exhaust particulate reducing exposure to firefighters.	11,500	575	12,075
Public Safety Equipment	**Mobile Radio for SCSA Fire Truck** Dedicated mobile radio for the Stadium Authority fire truck so that crews do not have to use portable radios that are subject to battery failure.	7,500	375	7,875
Public Safety Equipment	**Chemical Warfare Detector** identifying and mitigating any possible hazardous material threats at stadium events.	14,300	715	15,015
Public Safety Equipment	**GPS Software for Tracking Personnel** Live tracking of law enforcement personnel is critical to providing a safe environment at the Stadium. This technology and software will allow the Command Post to know where our personnel are at all times and make necessary assignment adjustments on the go. It is desired that the software also be capable of retaining data for historical analysis.	25,000	1,250	26,250
Public Safety Equipment	**Body Worn Cameras (BWCs)** BWCs are now standard issue in law enforcement and an expectation from the public, especially in contacts that can turn negative. Issuing BWCs to all police staff for use during Stadium events would better protect all interests and provide the transparency that the public has come to expect.	150,000	7,500	157,500
Public Safety Equipment	**Staff Scheduling Software** The Stadium requires Special Event Officers (SEOs) to operate safely. Notifying and communicating with our SEOs is critical in properly planning our staffing needs. We currently use an out of date version of "Game Day Staffing."	40,000	2,000	42,000
Public Safety Equipment	**Upfit Kawasaki Mules** City of Santa Clara Corp Yard "up-fits" the standard Kawasaki mules by adding decals, The rifle racks, emergency response lights and siren, and a public-address system. The purchase of three new mules was done from the FY 18/19 CapEx budget.	9,000	450	9,450
Public Safety Equipment	**Fencing on Tasman** Fencing to prevent stadium event pedestrian traffic from crossing unsafely between Lafayette St. and the Tasman St. overcrossing.	70,000	3,500	73,500
Vertical Transport	**Elevator Door Replacement** Replace and install new elevator doors on one of the freight elevators in the stadium.	20,000	1,000	21,000
	Subtotal CapEx Equipment Costs	**$ 5,555,300**	**$ 277,765**	**$ 5,833,065**
	Total New CapEx Project Costs	**$ 7,531,014**	**$ 376,551**	**$ 7,907,565**

Santa Clara Stadium Authority

2019/20 CapEx Budget Carryover

Item Type	Description	Cost	Remaining Contingency	Total Cost
Food & Beverage	**Concession Area (2018/19 Carryover)** Maintenance repair & programming of the beverage distribution system, concession stand equipment, repair walk-in coolers and main kitchen equipment.	$ 469,161	$ 24,250	$ 493,411
General Building	**Fire Sprinkler System (2018/19 Carryover)** Fire Marshal request to have a sprinkler system installed for to accommodate combustible storage in open area under the escalator at gates A, C, and D, loading dock and highbay storage for fire life safety.	18,437	8,725	27,162
General Building	**Loading Dock Security and Safety (2018/19 Carryover)** Install security and safety equipment in the loading dock area to safely move workers and attendees around heavy equipment workflow.	147,910	7,396	155,306
General Building	**Miscellaneous (2018/19 Carryover)** Flooring, carpeting, millwork, tiles, masonry, granite counters, Stainless steel panels and counters, cladding, wall acoustic panels etc.	17,417	5,000	22,417
General Building	**Premium Areas/Special Event Assets (2018/19 Carryover)** Lymtal coating throughout the concourse. Floor restoration/terrazzo. Hardwood floor restoration in clubs. Coat service tunnel with epoxy coating and fill any cracks to protect against slips, trips and falls.	1,026,482	69,250	1,095,732
General Building	**Stadium Field Conduits (2018/19 Carryover)** Adding permanent solution for power and data on field/floor of stadium making electrical connections safer and efficient for concert and events.	111,607	12,500	124,107
Plumbing	**Hot water Additions for Sump Pump (2018/19 Carryover)** Install four hot water sump pump wash down stations to hose down the sump wells in the sewage system and four heat pumps at electrical rooms in quads A, B, C, and D.	235,120	17,500	252,620
Security	**Access Control System (2018/19 Carryover)** Install card readers on doors currently keyed for controlled security, install gate actuators at Gate A and Gate C. Update access control throughout to provide tighter and more efficient security measures.	111,190	9,850	121,040
Security	**Security Cameras (2018/19 Carryover)** Repair and update security cameras in the stadium to consistently view access areas & security perimeter.	53,884	2,950	56,834
Site	**Asphalt (2018/19 Carryover)** Slurry coat - visitor parking on Tasman, Gold 4 & 5 parking lots and South Access Road.	190,000	9,500	199,500
Site	**Community Room Buildout (2018/19 Carryover)** Consideration to build out an unfinished storage space in the stadium to potentially accommodate a new Community Space per Executive Director's request. This is Tenant's Exclusive Space - use of space by SCSA is subject to Tenant's approval which has not been given.	600,000	30,000	630,000
	Subtotal CapEx Construction Carryover Costs	**$ 2,981,208**	**$ 196,921**	**$ 3,178,129**
Furniture, Fixtures & Equipment	**Guest Service Booths (2018/19 Carryover)** Two additional guest services booths on the main concourse for better enhanced customer service touchpoints.	$ 70,000	$ 3,500	$ 73,500
Furniture, Fixtures & Equipment	**Water Stations (2018/19 Carryover)** Install Elkay- type water stations on-site for public consumption. These are essentially water refill stations for guests and staff at the facility.	12,068	3,000	15,068
Public Safety Equipment	**Street Signage (2017/18 Carryover)** This item was brought before the SCSA Board and approved in the 2017/18 budget. Working with the Dept. of Public Works, the Executive Director's office and the Chief of Police's office to identify appropriate locations on surrounding city streets (Great America Parkway, Tasman Drive, etc.) to place signage to better protect, inform and serve patrons visiting Levi's® Stadium, non-event day traffic, community event advisories and emergency public safety and traffic advisories.	1,000,000	50,000	1,050,000

Santa Clara Stadium Authority

2019/20 CapEx Budget Carryover (cont.)

Item Type	Description	Cost	Remaining Contingency	Total Cost
Public Safety Equipment	**Portable License Plate Reader/PTZ Cameras (2018/19 Carryover)** Placing temporary/moveable license plate readers in remote stadium parking lots will provide better information and intelligence to the Command Post in order to deter crime and assist in apprehending crime suspects in the aftermath of an	160,000	8,000	168,000
Public Safety Equipment	**Kawasaki Pro-FXT LE Black Mule (2018/19 Carryover)** The Kawasaki Mule's are an essential part of the public safety plan at Levi's® Stadium events. Adding three new mules will allow staff to meet the public safety deployment needs.	17,586	1,875	19,461
Public Safety Equipment	**Motor Vehicle Barriers (2018/19 Carryover)** Having motor vehicle barriers would reduce the need to use vehicles and personnel to provide physical barriers during events.	100,000	5,000	105,000
Public Safety Equipment	**EMS Equip - Auto Pulse Automated Compressors (2018/19 Carryover)** Two auto pulse automated compressors would provide automatic compressions in the event of cardiac arrests while a patient is being transported from the stands.	32,000	1,600	33,600
Public Safety Equipment	**EMS Equip - ALS Lifepack Monitor (2018/19 Carryover)** This monitor would allow fire crews to better diagnose and treat cardiac patients by running various tests.	30,000	1,500	31,500
Public Safety Equipment	**Public Safety Command Post Dispatch System (2018/19 Carryover)** This system will interface between the system that is used at Levi's® Stadium to track all incidents/requests that occur during an event and the City's Hexagon CAD system. This will provide a seamless transition of data including calls for service, personnel assignments, and event tracking.	94,034	9,450	103,484
	Subtotal CapEx Equipment Carryover Costs	**$ 1,515,688**	**$ 83,925**	**$ 1,599,613**
	Total CapEx Carryover Costs	**$ 4,496,896**	**$ 280,846**	**$ 4,777,742**

Santa Clara Stadium Authority

Capital Expense Plan Summary - 5 Year Forecast

	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget
Electrical	$ 335,000	$ -	$ -	$ 750,000	$ 1,250,000
General Building	929,000	300,000	1,152,000	600,000	1,050,000
Plumbing	-	325,000	100,000	-	-
Security	334,000	325,000	150,000	-	-
Site	377,714	575,000	300,000	-	-
Subtotal CapEx Construction Costs	**$1,975,714**	**$1,525,000**	**$ 1,702,000**	**$ 1,350,000**	**$ 2,300,000**
Audio/Visual	$ 610,000	$ 600,000	$ -	$ -	$ -
FF&E	1,698,000	-	30,000	-	30,000
Food & Beverage	2,500,000	200,000	-	-	-
HVAC/Mechanical	300,000	325,000	100,000	-	-
Life Safety/Fire	100,000	100,000	-	-	-
Public Safety Equipment	327,300	110,000	120,000	-	-
Vertical Transport	20,000	-	-	-	-
Subtotal CapEx Equipment Costs	**$5,555,300**	**$1,335,000**	**$ 250,000**	**$ -**	**$ 30,000**
Contingency (5%)	376,551	143,000	97,600	67,500	116,500
Total CapEx Project Costs	**$7,907,565**	**$3,003,000**	**$ 2,049,600**	**$ 1,417,500**	**$ 2,446,500**

Stadium Authority FY 2019/20 Work Plan

Work Effort	Work Plan	Planned Outcome
ADA Compliance	• Complete ADA compliance with improvements to Main Lot	Compliance regarding accessible parking spaces and Stadium Main Lot Use or other satisfactory solutions that prioritize ADA compliance
Community Room	• Return to Board to seek input on proposed next steps, including evaluation of the other locations discussed earlier in 2018.	Resolution of Community Room location, policy/guidelines for use
Fiscal Transparency and Accountability	• Continue/complete fiscal review of past years and provide analysis to Board, as available • Review and implement audit functions and support SCSA Auditor on establishing a work plan • Implement remaining Harvey M. Rose audit recommendations (currently 70% complete) • Review process for ensuring StadCo is compliant with SBL requirements (e.g. season tickets on sale for "temporary" field seats)	Audit Program for real-time accounting of Non-NFL Events at Levi's® Stadium and validation of financial information provided for past years.
Marketing Plan for Non-NFL Events	• Receive Board input and direction toward coming to mutual agreement on the 2019 Marketing Plan • Continue working with ManCo, via correction action, if necessary, to revise their draft 2019 Marketing Plan (including KPIs), consistent with their 2018 commitment	Marketing Plan that includes reasonable details to monitor and track activity to book non-NFL events successfully and in accordance with the goals as described in various agreements and documents
Public Safety Service Model	• Implement public safety experts' recommendations and pilot new practices (multi-department actions)	Provide a safe and family-friendly environment for NFL and Non-NFL events at Levi's® Stadium, while addressing the impacts to neighborhoods as surfaced in the community research effort
Emergency Operations	• Review model to determine where appropriate to make updates and/or implement best practices	Clarify and document roles and responsibilities
Lafayette Overpass at Tasman	• Evaluate rideshare options (locations, signage, enforcement) • Capital project to install fencing on Tasman	Reduce traffic, neighborhood protection issues on Lafayette

Work Effort	Work Plan	Planned Outcome
Public Safety Service Model Continued		
Neighborhood Protection	• Evaluate current deployment, implement changes • Present parking permit program to Board for consideration • Develop consolidated parking plan for NFL and Non-NFL Events that encompasses all City permitted offsite parking lots • Evaluate and improve communication strategies	Reduce impact of NFL and Non-NFL events at Levi's® Stadium on surrounding neighborhoods with ongoing and predicable protections
San Thomas Aquino Creek Trail	• By review of other venues with shallow security perimeters and consultation with Homeland Security, evaluate options for keeping trail open during events and/or providing alternate routes if trail is closed	Creek trail access and/or safe and/or accessible alternate route
SCSA Board Policy Manual	• Continue to create manual, beginning with Governance and Budget policies • Identify areas where policies are appropriate and propose drafts for the Board's approval. • Already identified: financial reporting; flags flown at Levi's® Stadium; non-NFL event planning	Develop additional policies and present to Board for inclusion in manual
SCSA Auditor Annual Audit Work Plan	• Analyzing the Stadium Authority's review procedures for Non-NFL Events' revenues and provide feedback on procedure and control issues, if any. • Reviewing the Stadium Authority Financial Reporting Policy with staff and external auditors and providing feedback on best practices. • Reviewing past Construction Fund and Public Safety transactions and providing feedbacks on the allocation of staff charges (contracted service). • Annual External Financial Audit for the Stadium Authority (contracted audit service)	Promote honest, efficient, effective and fully accountable city government through accurate, independent and objective audits.

Administrative Work Efforts

There are several administrative work efforts that directly impact the ability of Stadium Authority staff to complete the above work plan. These are provided as reference:

- Code enforcement: monitor and enforce City Code and various permit conditions for (including but not limited to):
    - Development permit
    - Building permits
    - Offsite parking permits
- CFP National Championship: Post Event financial reconciliation and full event audit
- Community engagement:
    - continue to evaluate and implement various recommendations from statistically valid data collected in 2018
    - continue to t improve City's communication efforts through social media and MySantaClara
- Fiscal accountability: continue implementing and monitoring processes, collecting data and conducting audits to improve transparency and accountability
- Harvey M. Rose Compliance Audit: Complete implementation of final third of recommendations (25 or 37 are complete)
- Noise Monitoring: continue monitoring and code enforcement efforts
- Public Safety Costs Threshold: continue to bill 49ers for all actual costs; continue good faith efforts
- Stadium Management Agreement Compliance: monitor and take action to ensure compliance, particularly First Amendment section 3.3
    - Advance communications of potential events
    - Written report for Non-NFL Events

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