Overview

• Financial Status Report for the Quarter and Fiscal Year Ending March 31, 2018
• Large Non-NFL Events
• Financial Status Report for the Quarter Ending June 30, 2018
Financial Status Report for the Quarter and Fiscal Year Ending March 31, 2018
Financial Status Report

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

• Ten NFL games were held in the 2017/18 fiscal year

• A total of 643,189 tickets were sold
  • Stadium Authority received $7.8 million in NFL ticket surcharge revenue based on 10% of the price of admission to all NFL games
  • City of Santa Clara received $225,000 in Senior & Youth Program Fees based on $0.35 per ticket sold to all NFL games
NFL Events - Parking

- A total of 54,107 cars were parked in offsite parking lots generating $293,000 in offsite parking fees
NFL Events – Public Safety Costs

- Public safety costs amounted to $2.6 million:
  - $2.2 million are direct City costs
  - $427,000 are outside agency costs
  - $293,000 were covered by the offsite parking fee
Non-NFL Events Definition

ManCo Marketing Plan

• Major Events are stadium-wide, ticketed events open to the public.

• Special Events are private, contracted, and usually non-ticketed and exclusive events, subject to the event’s nature and the client’s objectives.
Non-NFL Events

- Thirteen ticketed non-NFL events
- A total of 384,282 tickets were sold
  - Stadium Authority received $1.5 million in non-NFL ticket surcharge revenue based on $4 per ticket sold to all non-NFL events (one-half for stadium operations and one-half for Stadium Authority Discretionary Fund)
- Total of 113 smaller special events with 62,917 attendees: Stadium Authority received approximately $3.6 million in net revenue from special events
Non-NFL Events - Parking

- A total of 30,734 cars were parked in offsite parking lots generating $165,000 in offsite parking fees
Non-NFL Events – Public Safety Costs

- Public safety costs amounted to $2 million:
  - $1.7 million are direct City costs
  - $320,000 are outside agency costs
  - $165,000 were covered by the offsite parking fee
## Non-NFL Events – Net Revenue by Event Type

<table>
<thead>
<tr>
<th>EVENT TYPE</th>
<th>2016/17</th>
<th></th>
<th>2017/18</th>
<th></th>
<th>Change</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>Net Revenue</td>
<td>% of Total Net Revenue</td>
<td>#</td>
<td>Net Revenue</td>
<td>% of Total Net Revenue</td>
</tr>
<tr>
<td><strong>Ticketed Events</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concerts</td>
<td>4</td>
<td>2,424,572</td>
<td>46%</td>
<td>2</td>
<td>1,819,099</td>
<td>35%</td>
</tr>
<tr>
<td>Sporting events:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Football (non-NFL)</td>
<td>4</td>
<td>(2,946,165)</td>
<td>-55%</td>
<td>4</td>
<td>(3,601,827)</td>
<td>-70%</td>
</tr>
<tr>
<td>Soccer</td>
<td>5</td>
<td>2,414,209</td>
<td>45%</td>
<td>3</td>
<td>3,228,754</td>
<td>63%</td>
</tr>
<tr>
<td>Miscellaneous events</td>
<td>5</td>
<td>(159,175)</td>
<td>-3%</td>
<td>4</td>
<td>76,379</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Subtotal Ticketed Events</strong></td>
<td>18</td>
<td>1,733,441</td>
<td>33%</td>
<td>13</td>
<td>1,522,405</td>
<td>29%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Remaining Non-NFL Events (weddings, corporate events, etc.)</strong></td>
<td>127</td>
<td>3,583,453</td>
<td>67%</td>
<td>113</td>
<td>3,640,924</td>
<td>71%</td>
</tr>
<tr>
<td><strong>Total Non-NFL Net Revenue</strong></td>
<td>145</td>
<td>5,316,894</td>
<td>100%</td>
<td>126</td>
<td>5,163,329</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total Performance Rent paid to the General Fund</strong></td>
<td>$2,533,447</td>
<td>$2,439,164</td>
<td>$94,283</td>
<td>$94,283</td>
<td>$94,283</td>
<td>$94,283</td>
</tr>
<tr>
<td><strong>Average General Fund Revenue per Ticketed Event</strong></td>
<td>$45,887</td>
<td>$55,322</td>
<td>$9,435</td>
<td>$9,435</td>
<td>$9,435</td>
<td>$9,435</td>
</tr>
</tbody>
</table>

**SCSA**

**SANTA CLARA STADIUM AUTHORITY**
# Average Event Calculation

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Net Revenue</th>
<th>% of Total Net Revenue</th>
<th>Performance Rent</th>
<th># of Events</th>
<th>Average per Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ticketed Events</td>
<td>$1,522,405</td>
<td>29.49%</td>
<td>$719,186</td>
<td>13</td>
<td>$55,322</td>
</tr>
<tr>
<td>Non-Ticketed Events</td>
<td>$3,640,924</td>
<td>70.52%</td>
<td>$1,719,978</td>
<td>113</td>
<td>$15,221</td>
</tr>
<tr>
<td>Total</td>
<td>$5,163,329</td>
<td>100%</td>
<td>$2,439,164</td>
<td>126</td>
<td>$19,358</td>
</tr>
</tbody>
</table>
### Performance Rent Calculation

<table>
<thead>
<tr>
<th></th>
<th>2016/17</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground Rent</td>
<td>$250,000</td>
<td>$285,000</td>
</tr>
<tr>
<td>Non-NFL Event Revenue</td>
<td>52,238,762</td>
<td>55,206,675</td>
</tr>
<tr>
<td>Non-NFL Event Expense</td>
<td>(46,921,868)</td>
<td>(50,043,346)</td>
</tr>
<tr>
<td><strong>Net Non-NFL Event Revenue</strong></td>
<td>$5,316,894</td>
<td>$5,163,329</td>
</tr>
<tr>
<td><strong>50% of Net Non-NFL Event Revenue</strong></td>
<td>$2,658,447</td>
<td>$2,581,664</td>
</tr>
<tr>
<td>Performance Based Rent Credits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50% of Fixed Ground Rent</td>
<td>(125,000)</td>
<td>(142,500)</td>
</tr>
<tr>
<td>Public Safety Costs Over Threshold</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Received PIT</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disproportionate Taxes</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Performance Based Rent</strong></td>
<td><strong>$2,533,447</strong></td>
<td><strong>$2,439,164</strong></td>
</tr>
</tbody>
</table>
Operating Budget Status

• Total Operating Revenues of $82.5 million or 98% of annual budget

• Total Operating Expenses of $22.5 million or 87% of annual budget

  • SBL Sales and Service 69% of budget due to a prior year true-up resulting from a decrease in SBL sales activity

  • Discretionary Fund Expense 54% of budget because no NFL public safety costs over threshold for 2017/18 fiscal year were paid
Stadium Builder Licenses (SBLs)

• Value of currently active SBLs is $532.9 million (60,467 or 91.8% of 65,877 sellable SBLs)

• A total of 79.6% of principal value has been collected as of 3/31/18 ($424 million)

• Net change in SBLs in the fiscal year was a decrease of 1,840
  • 1,190 new SBL sales
  • -798 net SBL upgrades
  • -2,232 defaulted SBLs
Discretionary Fund

- Funded by 50% of the non-NFL ticket surcharge of $4 per event
- This revenue source is based on tickets sold therefore revenues are lower than prior years due to fewer non-NFL events held in 2017/18
- Discretionary fund previously used to pay NFL public safety costs above the public safety threshold
  - Stadium Authority in discussions with the Stadium Manager regarding threshold

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Beginning Balance</th>
<th>Revenue</th>
<th>Expenses</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>$</td>
<td>$715,770</td>
<td>$</td>
<td>$715,770</td>
</tr>
<tr>
<td>2015-16</td>
<td>715,770</td>
<td>1,238,542</td>
<td>714,028</td>
<td>1,240,284</td>
</tr>
<tr>
<td>2016-17</td>
<td>1,240,284</td>
<td>1,164,698</td>
<td>699,129</td>
<td>1,705,853</td>
</tr>
<tr>
<td>2017-18</td>
<td>1,705,853</td>
<td>768,564</td>
<td>1,209,342</td>
<td>1,265,075</td>
</tr>
</tbody>
</table>
**Debt Schedule**

- Total outstanding debt as of 3/31/18 was $382.7 million
- Reduction of $47.1 million from March 2017

<table>
<thead>
<tr>
<th>Type of Indebtedness</th>
<th>Interest Rates</th>
<th>Outstanding as of March 31, 2017</th>
<th>Net Change</th>
<th>Outstanding as of March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stadium Funding Trust Loan:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term A Loan</td>
<td>5.00%</td>
<td>$ 282,794,108</td>
<td>$</td>
<td>$ 282,794,108</td>
</tr>
<tr>
<td>StadCo CFD Advance</td>
<td>5.73%</td>
<td>34,414,899</td>
<td>(1,580,014)</td>
<td>32,834,885</td>
</tr>
<tr>
<td>StadCo Subordinated Loan</td>
<td>5.50%</td>
<td>112,564,310</td>
<td>(45,531,683)</td>
<td>67,032,627</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$ 429,773,317</td>
<td>(47,111,697)</td>
<td><strong>$ 382,661,620</strong></td>
</tr>
</tbody>
</table>
History of Debt Schedule

Total Outstanding Debt (in millions)

- Construction Loan
- Term A Loan
- StadCo Agency Advance
- StadCo CFD Advance
- Term B Loan
- StadCo Subordinated Loan

March 2012: $41.1
March 2013: $396.1
March 2014: $653.4
March 2015: $561.6
March 2016: $464.7
March 2017: $429.8
March 2018: $382.7
Capital Improvement Program (CIP)

• Total CIP Budget of $4.8 million
  • $2.9 million is appropriated for Stadium CIP costs
    • $1 million was spent on various projects such as additional signage, LED lighting upgrade, fire alarm upgrade, water treatment/softener system
  • $1.9 million for work required to address items covered by warranty
    • $250,000 was spent for shattered glass panels, accordion doors, and expansion joint waterproofing
City of Santa Clara General Fund – Net Impact

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Ground Rent</td>
<td>$285,000</td>
</tr>
<tr>
<td>Performance Rent</td>
<td>2,439,164</td>
</tr>
<tr>
<td>Senior and Youth Fee</td>
<td>225,116</td>
</tr>
<tr>
<td>Tasman Lots Parking Fee</td>
<td>27,650</td>
</tr>
</tbody>
</table>

| Total Net General Fund Impact | $2,976,931 |
Large Non-NFL Events
Overview

• Background
• Data Analysis
• Community Research – Key Findings
• Relevant agreement provisions
• Administrative Actions Taken
Background

• Measure J Compliance Audit

• Access to documents law suit
  • Documents related to ticketed (e.g.: concerts, soccer games, and non-NFL football games) and special non-NFL events (e.g.: weddings, corporate events, holiday parties)

• Audit of documents received
  • Still ongoing
Background (cont’d)

• Board Direction to review large non-NFL event data

• ManCo transmitted back-up documents for Non-NFL events for four years
  • Analysis pending completion of audit

• Data Analysis completed in preparation of the FY 2017/18 4th Quarter Report
Data Analysis

• Based on non-NFL documents (e.g.: Profit and Loss statements and relevant back-up documents) received from ManCo

• Analysis of data clearly contradicts ManCo’s assertions as reported in local media

49ers Vice President of Communications Bob Lange said Tuesday that Guido’s reference to losing millions in revenue was referring to the previously estimated $100 million in concert revenue over the life of the building.

"Concerts have made between $600,000 and $800,000 per concert for the city’s general fund since the building opened,” Lange said via email Tuesday.
## Non-NFL Events – Net Revenue by Event Type

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<tr>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*SCSA SANTA CLARA STADIUM AUTHORITY*
General Fund Revenue (Performance Rent) Since Inception of the Stadium

Performance Rent and Number of Ticketed Events by Fiscal Year

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Performance Rent</th>
<th>Number of Ticketed Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/15</td>
<td>$2,100,000</td>
<td>6</td>
</tr>
<tr>
<td>2015/16</td>
<td>$2,800,000</td>
<td>12</td>
</tr>
<tr>
<td>2016/17</td>
<td>$2,500,000</td>
<td>10</td>
</tr>
<tr>
<td>2017/18</td>
<td>$2,300,000</td>
<td>8</td>
</tr>
</tbody>
</table>

- Performance Rent
- Number of Ticketed Events
Community Research – Key Findings

• Traffic and parking impacts of the stadium: 78 percent of near neighbors are very or somewhat concerned while nearly three out of 10 Santa Clara voters are very or somewhat concerned;

• Littering, drinking/drug use, and loitering are also concerns; and

• Approximately a third of near neighbors (36 percent) and Santa Clara voters (31 percent) are concerned about noise from events at night.
Marketing Plan

Until the exercise of any Non-NFL Event Replacement Right, the Stadium Operation and Maintenance Plan shall include a marketing plan setting forth in reasonable detail the Stadium Manager's plans to develop, implement and monitor marketing, booking, advertising and promotion of Non-NFL Events for the Stadium, which marketing plan shall be mutually agreed upon by the Stadium Manager and the Stadium Authority (the "Marketing Plan"). If the Stadium Authority exercises the Non-NFL Event Replacement Right, the Stadium Authority and the Stadium Manager will develop a similar plan with the third-party provider.

4.10 Marketing Plan, Stadium Management Agreement
Non-NFL Reporting

Stadium Manager shall furnish the Executive Director, within 45 days of each Non-NFL event with attendance projected to exceed 25,000 and on a quarterly basis for all other events, such written revenue or other reports relating to Non-NFL Events as the Parties may agree from time to time.

3.3 Quarterly Status Meetings, First Amendment to Stadium Management Agreement
Section 3.3 Replacement Rights

Following the end of the second Fiscal Year, if, after any succeeding full Fiscal Year, the Stadium Manager has, in the reasonable judgment of the Stadium Authority, materially failed to implement the provisions of the Marketing Plan so as to materially and adversely affect the marketing, promotion and booking of Non-NFL Events and/or Net Income from Non-NFL Events, the Stadium Authority may provide the Stadium Manager with written notice of such fact, with a copy to StadCo.
Administrative Actions Taken

• Letter to Stadium Manager for Non-NFL Reports (October 1, 2018)
  1. Information that should be included in written reports;
  2. Receipt of past due reports;
  3. Schedule for future quarterly reports;
  4. Does not replace existing staff-level administrative processes to provide Non-NFL Event documentation.

• Working on meaningful, useful, and sustainable Key Performance Measures (KPIs)
Summary

• Data-driven Decisions (based on 4 years of performance)
  • Actual understanding of non-NFL events fiscal performance
    • Impact on net- non-NFL revenue
    • Impact on General Fund revenue
  • Impacts to the neighborhoods

• Inform next Marketing Plan (future non-NFL events)
Recommendation

• Note and File the Santa Clara Stadium Authority Financial Status Report for the Quarter Ending March 31, 2018
Financial Status Report for the Quarter Ending June 30, 2018
Financial Status Report

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

• Three ticketed non-NFL events

• A total of 115,138 tickets were sold
  • Stadium Authority received $461,000 million in non-NFL ticket surcharge revenue based on $4 per ticket sold to all non-NFL events (one-half for stadium operations and one-half for Stadium Authority Discretionary Fund)

• Total of 24 smaller special events with 13,683 attendees
Non-NFL Events - Parking

- A total of 10,495 cars were parked in offsite parking lots generating $57,000 in offsite parking fees
Non-NFL Events – Public Safety Costs

- Public safety costs amounted to $690,000:
  - $596,000 are direct City costs
  - $94,000 are outside agency costs
  - $57,000 were covered by the offsite parking fee
Operating Budget Status

• Total Operating Revenues of $14.3 million or 11% of annual budget

• Total Operating Expenses of $11.8 million or 9% of annual budget

  • Revenues and expenses are below 25% because the non-NFL event activity is not recorded until the end of the fiscal year
Stadium Builder Licenses (SBLs)

- Value of currently active SBLs is $530.4 million (60,121 or 91.3% of 65,877 sellable SBLs)
- A total of 80% of principal value has been collected as of 6/30/18 ($424.3 million)
- 356 new SBLs were sold with total face value of $2.3 million
Stadium Builder Licenses (SBLs) (cont.)

• SBL relocations netted 223 more SBLs
  • Increase of $1.1 million in SBL face value

• Defaulted SBLs amounted to 925 with value of $5.9 million
  • $2.6 million or 44% of face value had already been collected when the SBLs were defaulted
  • Defaulted SBLs have either been resold or are available for resale at full price
**Discretionary Fund**

- Current balance is $1.5 million
- Discretionary fund previously used to pay NFL public safety costs above the public safety threshold
  - Stadium Authority in discussions with the Stadium Manager regarding threshold

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Beginning Balance</th>
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<td>768,564</td>
<td>1,209,342</td>
<td>1,265,075</td>
</tr>
<tr>
<td>2018/19</td>
<td>1,265,075</td>
<td>230,276</td>
<td>8,486</td>
<td>1,486,865</td>
</tr>
</tbody>
</table>
# Debt Schedule

- Total outstanding debt as of 6/30/18 was $365 million
- Reduction of $17.7 million from March 2018

<table>
<thead>
<tr>
<th>Type of Indebtedness</th>
<th>Interest Rates</th>
<th>Outstanding as of March 31, 2018</th>
<th>Net Change</th>
<th>Outstanding as of June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stadium Funding Trust Loan:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term A Loan</td>
<td>5.00%</td>
<td>$282,794,108</td>
<td>$(12,527,696)</td>
<td>$270,266,412</td>
</tr>
<tr>
<td>StadCo CFD Advance</td>
<td>5.73%</td>
<td>$32,834,885</td>
<td>$(639,050)</td>
<td>$32,195,835</td>
</tr>
<tr>
<td>StadCo Subordinated Loan</td>
<td>5.50%</td>
<td>$67,032,627</td>
<td>$(4,505,279)</td>
<td>$62,527,348</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$382,661,620</td>
<td>$(17,672,025)</td>
<td>$364,989,595</td>
</tr>
</tbody>
</table>
History of Debt Schedule

Total Outstanding Debt (in millions)

- March 2012: $41.1
- March 2013: $396.1
- March 2014: $653.4
- March 2015: $561.6
- March 2016: $464.7
- March 2017: $429.8
- March 2018: $382.7
- June 2018: $365.0

- Construction Loan
- Term A Loan
- StadCo Agency Advance
- StadCo CFD Advance
- Term B Loan
- StadCo Subordinated Loan
Capital Improvement Program (CIP)

- Total CIP Budget of $7.9 million
  - $6.2 million is appropriated for Stadium CIP costs
    - $347,000 was spent on various projects such as the concrete masonry unit (CMU) wall, fire sprinkler system, and the flag poles
  - $1.7 million is budgeted for work required to address items covered by warranty
2018/19 Stadium Authority Budget Amendments

• Rent Reset Arbitration resulted in an annual increase of $262,000 to rent, retroactive to the first lease year
  • $1.1 million was received in September 2018
  • This added revenue is in excess of expenses, and will therefore be used to prepay the StadCo Subordinated Loan (Article 14 of the Stadium Lease)
2018/19 Stadium Authority Budget Amendments (cont.)

- The following adjustments are being proposed in order to account for the additional rent revenue

  - **Operating Revenues** – Increase Rent $1.31 million
  - **Operating Expenses** – Increase Transfers Out to Debt Service $1.31 million
  - **Debt Service Revenues** – Increase Transfers In from Operating $1.31 million
  - **Debt Service Expenses** – Increase StadCo Subordinated Loan $1.31 million
2018/19 Stadium Authority Budget Amendments (cont.)

- Budget amendment to cover CapEx projects that were still in progress at the end of the fiscal year and were not included in the 2018/19 budget as a carry forward.

- Budget carryforward amendment equals $154,000:
  - Temporary Power for Special Events - $50,000
  - Fire Sprinkler System - $79,000
  - LED lighting at 700 North Concourse - $25,000
The following adjustment is being proposed in order to account for the carried forward CIP projects:

- **CIP Expenses** – Increase Construction $154,000
- **CIP Reserves** – Decrease $154,000
Recommendation

• Note and file the Santa Clara Stadium Authority Financial Status Report for Quarter Ending June 30, 2018

• Approve Budget Amendments to the 2018/19 Santa Clara Stadium Authority Budget
Replacement Rights – *Potential Next Steps*

- **Written Notice**: 30 days
- **Meet**: 60 days
- **Submit Correction Plan**: 30 days
- **Finalize Correction Plan**: 30 days
- **2 years**: Non-NFL Event Replacement Right

*Subject to approval of Stadium Authority*