



CITY OF SANTA CLARA

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SANTA CLARA STADIUM AUTHORITY



AGENDA

A complete agenda packet with back-up reports is available at either City Library beginning Saturday before the Tuesday meeting or at the City Clerk's Office on weekdays. A complete agenda packet is also available at the City Council meeting and on the City's website.

May 20, 2014

6:00 pm

Closed Session

Council Conference Room

Conference with Legal Counsel - Existing Litigation
Pursuant to Government Code Section 54956.9(a)
*Vinod K. Sharma, et al. v. Successor Agency to the
Redevelopment Agency of the City of Santa Clara, et al.*
Sacramento County Superior Court Case No. 34-2013-80001396

REGULAR MEETING

7:00 PM in the City Hall Council Chambers

APPEAL OF HEARING DECISIONS OF THE STADIUM AUTHORITY MUST BE MADE TO THE SUPERIOR COURT WITHIN 90 CALENDAR DAYS OF FINAL ACTION. BECAUSE OF THE AGENDA PROVISION FOR RECONSIDERATION, FINAL ACTION IS DEEMED TO OCCUR AT THE END OF THE NEXT REGULAR MEETING PURSUANT TO CITY COUNCIL POLICY (P&P 042). (CODE OF CIVIL PROCEDURE SECTION 1094.6)

AB23 ANNOUNCEMENT: MEMBERS OF THE SANTA CLARA STADIUM AUTHORITY BOARD ARE ENTITLED TO RECEIVE \$30 FOR EACH ATTENDED MEETING.

- 1. ROLL CALL:**
- 2. APPROVAL OF MINUTES:**
 - A. April 22, 2014.**
- 3. CONTINUANCE/EXCEPTIONS:**
- 4. UNFINISHED BUSINESS:**
 - A. Possible Reconsideration of Actions Taken at Immediately Preceding Meeting. (See Summary of Actions for potential reconsideration, which is attached to the posted Agenda and is in the Agenda Packet Binder in the Council Chambers.)**

5. NEW BUSINESS:

- A. Adoption of a Resolution authorizing the Executive Director to select and bind insurance coverage for Levi's Stadium consistent with the minimum requirements set forth in the Ground Lease and Stadium Lease.

6. PUBLIC PRESENTATIONS:

This item is reserved for persons to address the Stadium Authority on any matter not on the agenda that is within the subject matter jurisdiction of the City. The law does not permit Stadium Authority action on, or extended discussion of, any item not on the agenda except under special circumstances. The Stadium Authority, or staff, may briefly respond to statements made or questions posed, and the Stadium Authority may request staff to report back at a subsequent meeting. Although not required, please submit to the Stadium Authority Secretary your name and subject matter on forms available by the door in the Council Chambers.

7. REPORTS OF STADIUM AUTHORITY MEMBERS AND SPECIAL STADIUM AUTHORITY COMMITTEES:

- A. Reports regarding conference attendance, if any.

8. CLOSED SESSION MATTERS:

- A. Stadium Authority Counsel Reports:

9. ADJOURNMENT:

- A. To Tuesday evening, June 10, 2014 at 7:00 pm for the regular scheduled meeting in the City Hall Council Chambers.

5/20/14

CLOSED SESSION NOTICE

Santa Clara Stadium Authority

6:00PM
SA



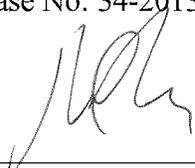
The **GOVERNING BOARD OF THE STADIUM AUTHORITY** will meet in closed session on **Tuesday, May 20, 2014, at 6:00 p.m.**, or as soon thereafter as the matter can be discussed, in the Council Conference Room located in the East Wing of City Hall at 1500 Warburton Avenue, Santa Clara, California, to consider the following matter(s) and to potentially take action with respect to it/them:

CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION

Pursuant to Gov. Code § 54956.9(a)

Vinod K. Sharma, et al. v. Successor Agency to the Redevelopment Agency of the City of Santa Clara, et al., Sacramento County Superior Court Case No. 34-2013-80001396

Date: May 16, 2014



RICHARD E. NOSKY, JR.
Stadium Authority Counsel

5/20/14

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3A

**MINUTES OF THE SANTA CLARA STADIUM AUTHORITY OF
THE CITY OF SANTA CLARA FOR REGULAR MEETING
HELD ON TUESDAY EVENING, APRIL 22, 2014**

The Santa Clara Stadium Authority of the City of Santa Clara met at 6:00 pm for a Closed Session in the Council Conference Room for a Conference with Legal Counsel - Existing Litigation pursuant to Government Code Section 54956.9(a); *Vinod K. Sharma, et al. v. Successor Agency to the Redevelopment Agency of the City of Santa Clara, et al.*, Sacramento County Superior Court Case No. 34-2013-80001396 and Conference with Legal Counsel - Anticipated Litigation pursuant to Government Code Section 54956.9(a); Potential initiation of litigation: 1 potential case (Stadium Authority Counsel - 04/17/14).

The Stadium Authority then met at 10:12 pm, on the above mentioned date, for the regular scheduled meeting in the City Hall Council Chambers.

Present: Stadium Authority Board Members Debi Davis, Lisa M. Gillmor, Patrick Kolstad, Patricia M. Mahan, Jerry Marsalli and Teresa O'Neill. Absent: Chairperson Jamie L. Matthews (excused).

Stadium Authority Board Member Kolstad presided over the meeting.

1. **MOTION** was made by Gillmor, seconded and unanimously carried (Matthews absent), that the Stadium Authority **excuse** Chairperson Matthews from attendance at this evening's meeting.
- 2A. **MOTION** was made by Gillmor, seconded and unanimously carried (Matthews absent), that the **Minutes** for the meeting of **March 18, 2014** be adopted as written.
- 2B. **MOTION** was made by Gillmor, seconded and unanimously carried (Matthews absent), that the **Minutes** for the meeting of **March 25, 2014** be adopted as written.
- 7A. Earlier in the evening, the Stadium Authority met for a Closed Session in the Council Conference Room for a Conference with Legal Counsel-Existing Litigation pursuant to Government Code Section 54956.9(a); *Vinod K. Sharma, et al. v. Successor Agency to the Redevelopment Agency of the City of Santa Clara, et al.*, Sacramento County Superior Court Case No. 34-2013-80001396 and

there was no reportable action and for a Conference with Legal Counsel-Anticipated Litigation pursuant to Government Code Section 54956.9(a); Potential initiation of litigation: 1 potential case and there was no reportable action.

8A. **MOTION** was made by Davis, seconded and unanimously carried (Matthews absent), that, there being no further business, the meeting was adjourned at 10:15 pm to Tuesday evening, **May 6, 2014** at 7:00 pm for the regular scheduled meeting in the City Hall Council Chambers.

ATTEST: _____
Secretary

APPROVE: _____
Chairperson

DRAFT

Meeting Date: 5/20/14

AGENDA REPORT

City of Santa Clara, California

Agenda Item #



Date: May 15, 2014

To: Executive Director for Stadium Authority Action

From: Economic Development Officer/Assistant City Manager
Director of Finance/Assistant City Manager

Subject: Adoption of Resolution Authorizing Executive Director to Select Insurance Carriers and Bind Insurance Policies for Levi's Stadium Consistent with the Minimum Requirements Set Forth in the Ground Lease and Stadium Lease

EXECUTIVE SUMMARY:

Activities at Levi's Stadium are currently being insured under an Owner Controlled Insurance Program (OCIP) which is designed to manage insurance and a risk control program for the construction project. Once the construction is complete, the OCIP must be replaced with a new program of insurance. Levi's Stadium is scheduled to be completed in July and have its first public event on August 2, 2014. Prior to opening, the Stadium Authority and Forty Niners SC Stadium Company, LLC ("StadCo") must obtain new insurance coverage.

The Stadium Authority leases the property upon which the Stadium is constructed from the City pursuant to a Ground Lease. The Ground Lease specifies that the Stadium Authority obtain and maintain certain levels of insurance coverage including general liability insurance with minimum limits of \$10 million per occurrence and \$20 million aggregate and property insurance for the full replacement value of the property. The Ground Lease also requires that property insurance cover a loss of rent equal to 24 months of rent.

The Stadium Lease between the Stadium Authority and StadCo also requires that the Stadium Authority maintain certain types of insurance and levels of coverage. Pursuant to the Stadium Lease, the Stadium Authority is required to maintain property insurance at full replacement value, including business interruption insurance. Additionally, the Stadium Lease requires a general liability policy with an excess liability policy of not less than \$50 million per occurrence and in the aggregate. Both the Ground Lease and the Stadium Lease require that various entities be named as additional insureds including the City, StadCo, the ownership entities for the Team. The Stadium Lease sets the Stadium Authority's insurance costs at \$2,550,000 in the first year of Stadium operations with this amount increasing at 3% in subsequent years. Any remaining insurance costs will be paid by StadCo.

Forty Niners Stadium Management Company ("ManagementCo"), the Stadium Manager, previously entered into an agreement with Willis of Texas, Inc. to provide insurance brokerage services, including advice on appropriate coverage, as well as placement of insurance coverage with carriers for all parties including the Stadium Authority. ManagementCo, on behalf of both the Stadium Authority and StadCo has determined the type and coverage level for insurance for the Stadium and is preparing to market the insurance coverages to carriers shortly with the goal of having all insurance in place by mid-June. Once proposals are received from

insurance carriers, insurance will need to be bound quickly in order to obtain the coverage at the rates proposed by the carrier.

Staff is requesting that the Stadium Authority Board approve the proposed insurance coverage package attached as Exhibit A and authorize the Stadium Authority Executive Director to obtain insurance policies from a carrier to be selected by the Executive Director and StadCo, based on the recommendation of Willis, after the receipt of quotes, provided, the coverage meets the standards set forth in Exhibit A. The insurance coverage will meet the minimum requirements of the Ground Lease and the Stadium Lease.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

The Stadium Authority is required to obtain insurance coverage as set forth in Exhibit A pursuant to the Stadium Lease and the Ground Lease. The coverage proposed will protect the City as the land owner, and the Stadium Authority, as owner of the Stadium from the insured risks associated with the ownership and operation of the Stadium. The limits of the coverage are based on the amounts previously determined in the Ground Lease and the Stadium Lease to be sufficient to protect the City, the Authority and StadCo from losses. Staff has consulted with the City's insurance broker as well as specialists in public arena insurance coverage regarding the proposed coverage and has received confirmation that the proposed coverage is appropriate for the Stadium. While the Ground Lease and the Stadium Lease provides minimum thresholds for coverage, it is anticipated that the insurance limits will be higher thus providing all parties with more coverage that previously contemplated.

In addition to the insurance proposed on Exhibit A, the Stadium Authority and the City are exploring obtaining additional coverage for the City related to risks that may result from Stadium Event attendees using public rights-of-way to access the Stadium. If staff determines that such coverage is available and appropriate, Staff will return to the Stadium Authority Board with additional information.

ECONOMIC/FISCAL IMPACT:

The Stadium Lease between the Stadium Authority and StadCo sets the Stadium Authority's insurance costs at \$2,550,000 per year, increased by 3% per year after the first year of operations. Upon receipt of quotes from carriers, the Stadium Authority, StadCo, and ManagementCo will meet with the broker and select carriers that meet the requirements for coverage set forth in Exhibit A at the best price. Regardless of the premiums proposed by the carriers, the Stadium Authority will only be responsible for \$2,550,000 of the premium. This premium amount was included in the Stadium Authority budget previously approved by the Stadium Authority Board.

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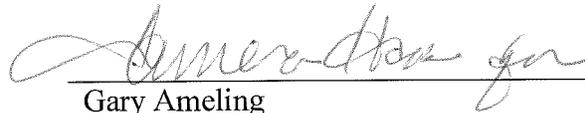
RECOMMENDATION:

That the Authority adopt Resolution authorizing the Stadium Authority Executive Director to select and bind insurance coverage for the Stadium that is consistent with the coverage set forth in Exhibit A.



Ruth Shikada
Economic Development Officer/
Assistant City Manager

Certified as to Availability of Funds: ^{OK} _{SR}
[870-8345-87800] \$ 2,550,000.00



Gary Ameling
Director of Finance/Treasurer/Auditor



Gary Ameling
Director of Finance /
Assistant City Manager

APPROVED:



Julio J. Fuentes
Executive Director

Documents Related to this Report:

- 1) Exhibit A – Insurance Coverage***
- 2) Resolution***

EXHIBIT A

Property Insurance

- First Named Insured
 - Santa Clara Stadium Authority, Et al (per lease)
- Other Named Insured (as to their interests)
 - Forty Niners SC Stadium Company LLC
 - City of Santa Clara
 - DeBartolo Corporation
 - Forty Niners Stadium, LLC
 - Forty Niners Football Company LLC
 - Forty Niners Stadium Management Company LLC
 - Forty Niners Holdings LP
 - San Francisco Forty-Niners, LLC
- Values: Replacement Cost
- Loss Payee: Insured or Assigned as defined per policy form
- Perils: All risk including boiler & machinery, named windstorm, earthquake, flood and terrorism.
- Sublimits (not all inclusive): In accordance with relevant lease requirements
 - Earthquake
 - Flood

Forty Niners' Liability Program Structure

- Named Insured
 - Forty Niners Stadium Management Company LLC
 - Forty Niners SC Stadium Company LLC
 - DeBartolo Corporation, et al (holding company, team, etc.)
- Additional Insured
 - Santa Clara Stadium Authority
 - City of Santa Clara and its City Council and Members thereof
- Liability Limits: In accordance with relevant lease requirements

Santa Clara Stadium Authority Liability Program Structure

- Named Insured
 - Santa Clara Stadium Authority
- Additional Insured
 - City of Santa Clara and its City Council and Members thereof
 - Forty Niners SC Stadium Company LLC
- Liability Limits: In accordance with relevant lease requirements

RESOLUTION NO. ____ (STADIUM AUTHORITY)

**A RESOLUTION OF THE SANTA CLARA STADIUM
AUTHORITY AUTHORIZING THE STADIUM AUTHORITY
EXECUTIVE DIRECTOR TO BIND INSURANCE
COVERAGE FOR THE STADIUM**

BE IT RESOLVED BY THE SANTA CLARA STADIUM AUTHORITY AS FOLLOWS:

WHEREAS, the Santa Clara Stadium Authority ("Authority"), a joint exercise of powers entity, created through Government Code Section 6500 *et seq.*, is engaged constructing and upon completion will operate a 68,500 seat stadium suitable for professional football ("Stadium Project") on a property located at Tasman and Centennial Drive ("Stadium Site");

WHEREAS, the Authority lease the Stadium Site from the City of Santa Clara and pursuant to the terms of the Ground Lease between the Authority and the City, the Authority is required to carry certain insurance coverage related to the Stadium Project;

WHEREAS, the Authority has entered into a lease ("Stadium Lease") with Forty Niners SC Stadium Company, LLC ("StadCo") whereby the Authority leases the Stadium to StadCo. The terms of the Stadium Lease require that the Stadium Authority carry certain insurance related to the Stadium Project;

WHEREAS, the Authority has contracted with Forty Niners Stadium Management Company ("ManagementCo") to manage the Stadium operations and ManagementCo has contracted with Willis of Texas to provide insurance brokerage services for the Stadium Project. Willis plans to market the Stadium Project insurance in accordance with the requirements of the Stadium Lease and the Ground Lease to insurance carriers and advise the Executive Director and StadCo on the selection of a carrier based on competitive proposals received from carriers;

WHEREAS, the Stadium Lease fixes the amount of the insurance premium paid by the Stadium Authority at \$2,550,000 per year; and,

WHEREAS, the Staff Report provides additional information upon which the findings and actions set forth in this Resolution are based.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE SANTA CLARA STADIUM AUTHORITY AS FOLLOWS:

1. That the Board of the Authority hereby finds that the above Recitals are true and correct and by this reference makes them a part hereof.
2. The Board of the Authority hereby authorizes the Executive Director to select the insurance carrier or carriers and bind the insurance policies for the Stadium Project as long as such insurance policies meet the minimum insurance requirements of the Ground Lease and the Stadium Lease.
3. The Executive Director is hereby authorized to take such further actions as may be necessary or appropriate to carry out the Authority's obligations pursuant to this Resolution, and to obtain insurance coverage for the Stadium Project that is consistent with the Ground Lease and the Stadium Lease.
4. The Authority Secretary shall certify to the adoption of this Resolution.
5. Constitutionality, severability. If any section, subsection, sentence, clause, phrase, or word of this resolution is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of the resolution. The City of Santa Clara, California, hereby declares that it would have passed this resolution and each section, subsection, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more section(s), subsection(s), sentence(s), clause(s), phrase(s), or word(s) be declared invalid.
6. Effective date. This resolution shall become effective immediately.

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I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE SANTA CLARA STADIUM AUTHORITY, AT A REGULAR MEETING THEREOF HELD ON THE ___ DAY OF _____, 2014, BY THE FOLLOWING VOTE:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAINED: BOARD MEMBERS:

ATTEST:

ROD DIRIDON, JR.
SECRETARY OF THE STADIUM AUTHORITY
SANTA CLARA STADIUM AUTHORITY

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