



Oakland-Alameda County  
Coliseum Authority

**OAKLAND-ALAMEDA COUNTY COLISEUM AUTHORITY**

**NOTICE AND AGENDA  
BOARD OF COMMISSIONERS  
ORACLE ARENA PLAZA CLUB  
7000 COLISEUM WAY  
OAKLAND, CA 94621**

**January 17, 2020  
Friday, 8:30 a.m.**

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF MINUTES**
- 4. OPEN FORUM**
- 5. REPORTS**
  - 5a. Executive Director's Report**
  - 5b. General Manager's Report**
- 6. NEW BUSINESS**
  - 6a. RESOLUTION AVOIDING AND RESCINDING THE NAMING RIGHTS AGREEMENT BETWEEN THE OAKLAND ALAMEDA COUNTY COLISEUM AUTHORITY AND RINGCENTRAL, INC. APPROVED ON MAY 31, 2019**
  - 6b. PRESENTATION OF AUDIT REPORT FOR JPA FISCAL YEAR 2018-19**
- 7. CLOSED SESSION**
  - 7a. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
Initiation of litigation pursuant to Government Code Section 54956.9(d)(4) (Two Cases)**
- 8. REPORT FROM COUNSEL ON CLOSED SESSION**
- 9. ADJOURNMENT**



Oakland-Alameda County  
Coliseum Authority

Oakland-Alameda County Coliseum Authority  
November 8, 2019  
Special Board Meeting Minutes

**CALL TO ORDER**

Chair Reid called the meeting to order at 8:47a.m.

**ROLL CALL**

Chair Reid	Vice Chair Miley
Commissioner De La Fuente	Commissioner Haggerty (left at 9:00a.m.)
Commissioner Hill	Commissioner Taylor
Commissioner Thompson (arrived at 8:52a.m.)	

The Board meeting was conducted out of agenda order, action items were reviewed first.

**APPROVAL OF MINUTES**

The minutes for October 11, 2019 were submitted for approval. Commissioner Haggerty moved to approve minutes and Commissioner De La Fuente seconded the motion. The minutes were approved by consensus.

**NEW BUSINESS**

6a RESOLUTION APPROVING AND AUTHORIZING THE RETENTION OF LEGAL FIRMS "OUTSIDE COUNSEL" TO ASSIST THE OAKLAND-ALAMEDA COUNTY AUTHORITY ("AUTHORITY") WITH LEGAL SERVICES ON AN AS NEEDED BASIS FOR A PROJECTED NOT TO EXCEED AMOUNT OF \$250,000 FOR THE NEXT SIX MONTHS was submitted for approval. Commissioner Haggerty moved to approve the resolution and Commissioner De La Fuente seconded the motion. The item was approved by consensus.

**OPEN FORUM for item 6b.**

Wei Huber from Local 2850 Unite Here Union spoke in favor of the Levy agreement. Ms. Huber supported the agreement and thanked the Board for their support.

6b. RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDMENT EXTENDING THE TERM OF THE ARENA CONCESSION LICENSE AGREEMENT WITH LEVY PREMIUM FOODSERVICES LIMITED PARTNERSHIP TO NOVEMBER 30, 2020, FOR CONTINUED MANAGEMENT AND OPERATION OF ALL FOOD AND BEVERAGE SERVICES AT THE OAKLAND-ALAMEDA COUNTY ARENA was submitted for approval. Commissioner Taylor moved to approve the resolution and Commissioner De La Fuente seconded the motion. The item was approved by consensus.

**REPORTS**

Henry Gardner Interim Executive Director for OACCA spoke on issues concerning the Coliseum Complex. Mr. Gardner started with the RingCentral / Naming Rights agreement. A final draft was presented and given to RingCentral and JPA Counsel. It is hopeful a final agreement will be presented to the Board for approval at the next JPA meeting. Some of the financial terms of the agreement is based on the remaining Raider games to be played at the stadium.

There are still several outstanding Warrior issues. Mr. Gardner hopes to narrow the list to 4-5 major issues. Commissioner De La Fuente requested to review the Warriors list of outstanding issues. Mr. Gardner replied and named a few of the major issues such as: Equipment, ownership of the basketball court, shot clock and sound system.

Mr. Gardner spoke on the AEG/ASM Global contract and recommends ASM prepare a strategic plan addressing how it will replace lost revenue from the exit of Golden State Warriors and overall performance for the entire complex. ASM will need to address their approach to increase revenues and their plan to reduce overall expenditures.

The Board addressed the status of the Raiders new stadium which is scheduled to be complete in August of 2020.

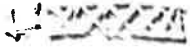
The Board addressed the status of the Oakland A's agreement. The City and County must separately approve proposed A's agreement before the Oakland Alameda County Coliseum Authority Board will vote.

**ADJOURNMENT**

Meeting adjourned at 9:08a.m.

---

**Adam Benson- Secretary**



**Oakland-Alameda County  
Coliseum Authority**

January 17, 2020

Honorable Chairperson Reid and Commissioners of the Authority:

**Status of RingCentral Negotiations**

Negotiations with the Chief Operating Officer of RingCentral stalled during the last month due to the representative's surgery and RingCentral's last minute requests for potential changes to major deal points. We had reached tentative agreement on all substantive issues and had agreement on final language changes. I have made it clear that I am not inclined to support any major changes to the tentative agreement. RingCentral is to confer with their decision-makers and have promised to get back to me within the next two weeks. I will promptly inform the board of our progress.

**Bridge Repairs Leading to BART Station**

There is an urgent need to make some structural repairs to the side walls of the BART bridge on the stadium east side. These are not actual bridge repairs (we have concluded that the actual bridge is the responsibility of the City of Oakland and BART) but repairs to the walls which are on stadium property. The base of the walls has cracking in the concrete and rusted rebar, compromising the integrity of the structure. The repairs will be a combination of new concrete in strategic areas, carbon fiber pins, and a carbon fiber wrap over the existing compromising areas. The project was originally budgeted at \$100,000; further engineering testing indicates the need for more substantial work, now estimated at a cost of \$175,000. This increase in costs does not necessitate an amendment to the budget. The costs can be absorbed by reducing the amounts in certain other capital expenditures where we do not expect to expend the full amount of the previous estimates, or from the capital budget contingency. We recommend approval.

**Basketball Floor Purchase**

We will need a court for the Harlem Globetrotters event this month. We are not able to use the current basketball floor which has the Warriors logo and Oracle logo. We considered four options: (1) rental for three days at \$25,000, plus \$6,200 for transport; (2) lease to buy at \$45,000 down and \$45,000 financed at 9.5% for 24 months; (3) purchase used for \$85,000; and (4) buy new at \$151,000 plus transport. The rental option does not make financial sense since in all likelihood the Harlem Globetrotters will be playing more than three more years when the floor could have been purchased used with many more years of useful life. There may also be opportunities to host other basketball events in the future, such as NCAA tournament games, Pac 12 games, NCS games, and possibly WNBA games. Lease to buy at the proposed financing rates exceed the cost of a straight purchase. A new court is not needed, and we would have only pursued a new court if a reconditioned used court could not be obtained. Given the pros and cons of the four options, we recommend option 3. This purchase is not currently budgeted in the capital expenditures; however, there are sufficient funds in carryover items, projects not likely to expend the full amounts budgeted and the contingency budget to cover this expense. We recommend approval.



**Oakland-Alameda County  
Coliseum Authority**

**Panthers Contract**

The contract with the Indoor Football League-Oakland Panthers has not yet been finalized. You have requested an update on the contract and the following summarizes the key provisions that have been negotiated:

Tentative dates for 2020

\$45,000 per game

Licensee to reimburse for certain expenses

Licensee retains 100% of merchandise sold

Move in and Move out dates TBD

More specific details are still being negotiated

This license agreement is quite different from the major league sports agreements which are of very long duration, and is more like event agreements that are customarily negotiated and agreed upon by ASM Global or formerly AEG. Should this become a longer-term arrangement we will need to revisit and consider an agreement that more closely resembles the sports agreements that require City and County approval. We will provide you with the complete terms once they have been agreed upon.

**Monetization of the Arena Wi-Fi**

The board requested an analysis of the possibility of monetizing the Arena Wi-Fi. We will need more time to fully explore the feasibility of monetizing the Wi-Fi but want to get back to the board with our preliminary review of what steps are necessary to fully examine the possibilities.

ASM's marketing Department currently collects the names and e-mail addresses of anyone using the public Wi-Fi network which is used to promote future events. Each user is prompted to provide their name, e-mail address and agree to the Terms of Service/Privacy Policy. The information is added to the Ticketmaster marketing platform for targeted promotion of future events. While we do not sell the user data for compensation, it has marketing value. Obviously, it raises some privacy protection issues and legal ones that will require examination. It is possible to sell advertising space on the landing page, which is a lot less problematic. We will continue to explore various options.

Respectfully submitted,

Henry L. Gardner  
Interim Executive Director

**AEG Management Oakland  
General Manager's Board Report  
January 17<sup>th</sup>, 2020**

---

**Event Activity**

11/14	Post Malone
11/23-11/24	Global PUBG Championship 2019
11/26	Slayer
11/27	KBLX Bay Area Reunion tour
11/30	Mana
12/7	Family Bridges
12/12	Jonas Brothers
1/4/20	PBR

**Upcoming Non-Tenant/Notable Events:**

1/18/20	Harlem Globetrotters
2/1-2/20	Supercross
2/8/20	WWE
2/14/20	Valentine's Love Jam
2/15/20	Palenque: Pancho Barraza, Field Rueda & More
2/15-16/20	Monster Jam
2/21/20	EMBA Fest 2020
2/22/20	Fabulously Funny Comedy Festival
2/26/20-3/1/20	Disney On Ice Mickeys Search Party
3/6/20	Kiss
3/19/20	Ana Gabriel
3/22/20	Andre' Rieu
4/8/20	Wild'n Out
4/9/20	Celine Dion
4/11/20	Martin Lawrence
4/18-19/20	Pearl Jam
4/22/20	Lauren Diagle

**GM Notes:**

- Guest Services
- Food & Beverage
- Arena rebranding

**OAKLAND-ALAMEDA COUNTY COLISEUM AUTHORITY**

**RESOLUTION NO. 2020-\_\_\_**

**RESOLUTION AVOIDING AND RESCINDING THE NAMING RIGHTS AGREEMENT WITH RINGCENTRAL, INC. DATED MAY 31, 2019**

**WHEREAS**, the Amended and Restated Joint Exercise of Powers Agreement ("JPA Agreement") between the City of Oakland ("City") and the County of Alameda ("County") established the Oakland-Alameda County Coliseum Authority ("Authority") whose powers are exercised by a Board of Commissioners appointed by the City and the County; and

**WHEREAS**, RingCentral, Inc. and the Authority entered into a Naming Rights Agreement, dated as of May 31, 2019 (the "Agreement"), pursuant to which the Authority sold to RingCentral the right to name the Stadium and market such name on the terms and conditions set forth in the Agreement.

**WHEREAS**, the Authority's approval and execution of the Agreement was conditioned upon and subject to the Oakland Athletics' approval of the proposed name change, which approval was withheld based upon a perceived conflict with the Athletics' advertising exclusivities; and

**WHEREAS**, the appropriateness of the terms and conditions of the Agreement was also called into question based on allegations of improprieties related to the negotiation of the Agreement by the Authority's former Executive Director, resulting in felony criminal charges filed against the former Executive Director alleging a violation of Government Code Section 1090; and

**WHEREAS**, given the apparent Section 1090 violation, the Authority desires to avoid and rescind the Agreement as permitted by Government Code Section 1092;

**NOW THEREFORE BE IT RESOLVED** that Board does hereby avoid and rescind the May 31, 2019 Naming Rights Agreement with RingCentral, Inc.

**PASSED AND ADOPTED** by the governing board of the Oakland-Alameda County Coliseum Authority, this 17th day of January, 2020, by the following vote:

Ayes:

Noes:

Absent:

\_\_\_\_\_  
LARRY REID, CHAIR

ATTEST:

\_\_\_\_\_  
SECRETARY



Oakland-Alameda  
County Coliseum  
Authority

---

January 17, 2020

SUBJECT: STAFF REPORT ON THE FISCAL YEAR 2018-2019 AUDITED FINANCIAL STATEMENTS

Honorable Chairperson Reid and Commissioners of the Authority:

Per Section 11 of the Amended and Restated Joint Exercise of Powers Agreement, and in compliance with California Government Code Section 6505, the Authority shall contract with a certified public accountant to make an annual audit of the Authority's accounts and records and a report shall be filed. The Authority contracted with Macias Gini & O'Connell LLP (MGO) to perform these services for the fiscal year ended June 30, 2019.

**Auditor Opinions on the Financial Statements**

MGO completed their audit in December 2019 and issued an unmodified opinion on the General Fund and the Debt Service Fund opinion units and an adverse opinion on the Governmental Activities and Special Revenue Fund opinion units of the Authority's financial statements. An unmodified opinion is the highest level of assurance that an external audit firm can provide. It states that the financial statements are presented in accordance with generally accepted accounting principles.

An adverse audit opinion means that the financial statements are not fully in compliance with generally accepted accounting principles. MGO gave an adverse opinion because the Authority has chosen to not create an allowance for doubtful accounts for the outstanding Raiders loans. The Authority made this decision several years ago in order to protect the legal claim of the Authority to the assets outlined in the loan agreement. All other aspects of the financial statements are in compliance with generally accepted accounting principles.

**Financial Statement Analysis and Significant Disclosures**

Net position in the statement of net position and fund balance in the balance sheet are useful indicators of the Authority's financial position. The Authority's unrestricted net position increased by approximately \$23 million from fiscal year 2017-18 to fiscal year 2018-19 to a total of \$167 million. This increase was primarily caused by the repayment of debt principal for the Arena and Stadium bonds, along with increased facility fees from Warriors playoff games and AEG events.

The Authority's unassigned fund balance in the General Fund increased approximately \$12 million from fiscal year 2017-18 to fiscal year 2018-19 to a total of \$30 million. This increase was primarily due to increased facility fees from the Warriors playoff games and AEG events, along with reductions in capital outlay.

Respectfully submitted,

Melissa Wilk  
Auditor





Certified  
Public  
Accountants

## Independent Auditor's Report

Board of Commissioners  
Oakland-Alameda County Coliseum Authority  
Oakland, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Oakland-Alameda County Coliseum Authority (Authority), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Special Revenue Fund	Adverse
Debt Service Fund	Unmodified

***Basis for Adverse Opinions on Governmental Activities and the Special Revenue Fund***

As discussed in Note 4 to the basic financial statements, the Authority has loans receivable from the Oakland Raiders in the amount of \$180,117,048 as of June 30, 2019. These loans have increased in the amount of \$8,755,416 in fiscal year 2019 and have increased a total of \$116,920,858 since the inception of these loans in fiscal year 1996. The Authority has not adopted a methodology for reviewing the collectability of Raiders loans receivable reported in the governmental activities and the major special revenue fund and, accordingly, has not provided an allowance for uncollectible amounts. The Authority has not evaluated the recoverability of these loans through the maturity date in fiscal year 2036. Accounting principles generally accepted in the United States of America require that an adequate allowance be provided for uncollectible receivables, which would decrease the assets, net position/fund balance, and the change in net position/fund balance in governmental activities and the major special revenue fund. The amount by which this departure would affect the assets, net position/fund balance, and change in net position/fund balance of the governmental activities and the major special revenue fund has not been determined.

***Adverse Opinion***

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinions on Governmental Activities and the Special Revenue Fund* paragraph, the financial statements referred to above do not present fairly the respective financial position of the governmental activities and the major special revenue fund of the Authority as of June 30, 2019, or the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the major debt service fund of the Authority as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California  
December 23, 2019



To the Board of Commissioners  
Oakland-Alameda County Coliseum Authority  
Oakland, California

We have audited the financial statements of the governmental activities and each major fund of the Oakland-Alameda County Coliseum Authority (Authority) as of and for the year ended June 30, 2019, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 23, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you as part of the amended agreement dated May 18, 2017. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the basic financial statements. As described in Note 1.M. to the basic financial statements, the Authority implemented two new Governmental Accounting Standards Board (GASB) pronouncements in 2019: Statement No. 83, *Certain Asset Retirement Obligations* and Statement No. 88, *Certain Disclosures Related to Debt*. However, only GASB Statement No. 88 impacted the Authority's financial statements by expanding on the required disclosures related to the Authority's long-term debt.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's basic financial statements were:

- ***Fair value of investments.*** Management's investments are generally carried at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority's investment in the County Treasury and money market mutual funds, are not subject to the fair value hierarchy.
- ***Allowance for uncollectible receivables.*** The allowance for losses on accounts receivable was based on management's estimate regarding the likelihood of collectability.
- ***Provision for uncollectible portion of Raiders loans receivable.*** A provision for whether an estimate is necessary to account for a portion of the Raiders loans receivable that is ultimately

uncollectible has not been made by management. This matter is discussed further under the section entitled "Other Audit Findings or Issues" below.

- ***Estimated useful lives and depreciation methods assigned to depreciable capital assets.*** The estimated useful lives of capital assets were determined by management based on the nature of the capital assets. The Authority uses the straight line method of depreciation.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the basic financial statements are as follows:

- The details regarding the loans receivable from the Oakland Raiders are disclosed in Note 4. The Authority has two loans (Operations and Training Facility) receivable outstanding, totaling \$180,117,048 as of June 30, 2019. The loan balances increased in the amount of \$8,755,416 in fiscal year 2019 and have increased a total of \$116,920,858 since the inception of these loans in fiscal year 1996.
- The long-term debt obligations relating to the Stadium and Arena bonds as disclosed in Note 9.

The basic financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements except for the potential adjustment to the Raiders loans receivable balance as discussed in the *Other Audit Findings or Issues* section below. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole, except for the potential adjustment to the Raiders loan receivable balance as discussed in the *Other Audit Findings or Issues* section below.

#### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit, except for the potential adjustments to the Raiders loans receivable balance as discussed in the *Other Audit Findings or Issues* section below.

#### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated December 23, 2019.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We noted the following audit finding affecting the financial statements:

As disclosed in Note 4 to the financial statements, the Authority has two loans (Operations and Training Facility) receivable outstanding, totaling \$152,724,632 and \$27,392,416, respectively, as of June 30, 2019. The loan balances increased \$7,426,860 and \$1,328,556, respectively, in fiscal year 2019, and have increased \$99,123,955, and \$17,796,903, respectively, since the loan inception in fiscal year 1996. The Authority has not adopted a methodology for reviewing the collectability of the Raiders loans receivable balance recorded in the governmental activities and the special revenue fund and, accordingly, has not provided an allowance for uncollectible amounts. The Authority has not evaluated the recoverability of these loans through their maturity date in fiscal year 2036. Accounting principles generally accepted in the United States of America (GAAP) require that an adequate allowance be provided for uncollectible receivables, which would decrease the assets, net position/fund balance, and the change in net position/fund balance of the governmental activities and the special revenue fund. The amount by which this departure would affect the assets, net position/fund balance, and change in net position/fund balance of the governmental activities and special revenue fund has not been determined. This departure from GAAP resulted in an adverse opinion on the financial statements of the governmental activities and the special revenue fund for the year ended June 30, 2019.

### ***Other Matters***

We applied certain limited procedures to the management’s discussion and analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**Restriction on Use**

This information is intended solely for the information and use of management, the Authority's Board of Commissioners, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Macias Gini & O'Connell LLP*

Walnut Creek, California

December 23, 2019



Certified  
Public  
Accountants

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With *Government Auditing Standards***

Board of Commissioners  
Oakland-Alameda County Coliseum Authority  
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Oakland-Alameda County Coliseum Authority (Authority), as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 23, 2019. Our report includes adverse opinions for the governmental activities and the major special revenue fund opinion units because the Authority has not adopted a methodology for reviewing the collectability of the loans receivable balance recorded in governmental activities and the major Special Revenue Fund and, accordingly, has not provided an allowance for uncollectible amounts. The Authority has not evaluated the recoverability of these loans through the maturity date in fiscal year 2036. Accounting principles generally accepted in the United States of America require that an adequate allowance be provided for uncollectible receivables, which would decrease the assets, net position/fund balance, and change in net position/fund balance in the governmental activities and the major special revenue fund. The amount by which this departure would affect the assets, net position/fund balance, and change in net position/fund balance of the governmental activities and major special revenue fund has not been determined.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of finding and response that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our



audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**The Authority's Response to the Finding**

The Authority's response to the finding identified in our audit is described in the accompanying schedule of finding and response. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Walnut Creek, California  
December 23, 2019

**OAKLAND-ALAMEDA COUNTY  
COLISEUM AUTHORITY  
Schedule of Finding and Response  
For the Year Ended June 30, 2019**

***Material Weakness in Internal Control over Financial Reporting –  
Accounting and Financial Reporting for Loans Receivable***

The Authority has two loans (Operations and Training Facility) receivable outstanding with the Oakland Raiders, totaling \$152,724,632 and \$27,392,416, respectively, as of June 30, 2019. These loans are to be repaid from a certain percentage of the Football Concession Net Revenue and Football Parking Net Revenue and from an annual payment of \$525,000 from the Raiders. Repayment from the Raiders is limited to amounts received from parking, concessions, and the Raiders annual payment. These amounts were not enough to pay the annual interest accruals on these loans. The loan balances increased by \$8,819,575 and \$1,582,076, respectively, during fiscal year 2019, and have increased by \$99,123,955, and \$7,796,903, respectively, since inception of the loans in fiscal year 1996. In the event of reversion of the Training Facilities to the Authority, Raiders shall receive a credit of the then outstanding balance of the loan in an amount equal to the lesser of (a) the fair market value of the Improvements or (b) the then outstanding balance of the loan.

The Authority has not adopted a methodology for reviewing the collectability of the Raiders loans receivable balance recorded in the governmental activities and the special revenue fund and, accordingly, has not provided an allowance for uncollectible amounts. The Authority has not evaluated the recoverability of these loans through their maturity date in fiscal year 2036. Accounting principles generally accepted in the United States of America (GAAP) require that an adequate allowance be provided for uncollectible receivables, which would decrease the assets, net position/fund balance, and change in net position/fund balance in the governmental activities and the special revenue fund. The amount by which this departure would affect the assets, net position/fund balance, and change in net position/fund balance of the governmental activities and special revenue fund has not been determined. This departure from GAAP resulted in an adverse opinion on the financial statements of the governmental activities and the special revenue fund for the year ended June 30, 2019.

We recommend the Authority adopt a methodology to review the collectability of the Raiders loans receivable balance and evaluate the need to provide an allowance for uncollectible amounts. Given the past trends in the Football Concession Net Revenue, Football Parking Net Revenue, and the increasing interest costs, the Authority should include in its internal controls over financial reporting a process to ensure that these assets are appropriately valued in accordance with GAAP.

***Management's Response***

It is the decision of management to not make an allowance for the collectability of the outstanding Raider loans in order to protect the legal claim of the Authority to the assets outlined in the loan agreement.