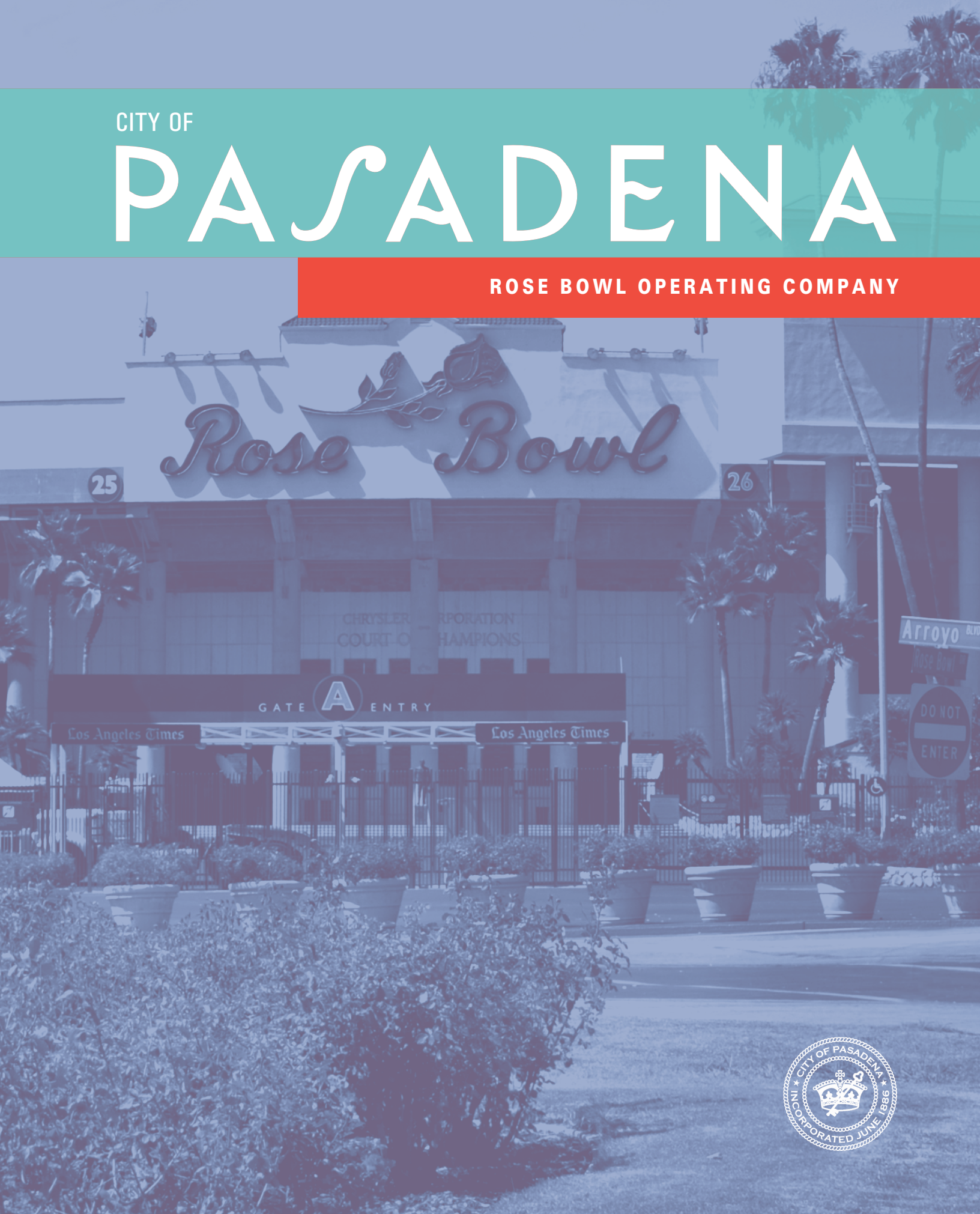
CITY OF

PASADENA

ROSE BOWL OPERATING COMPANY



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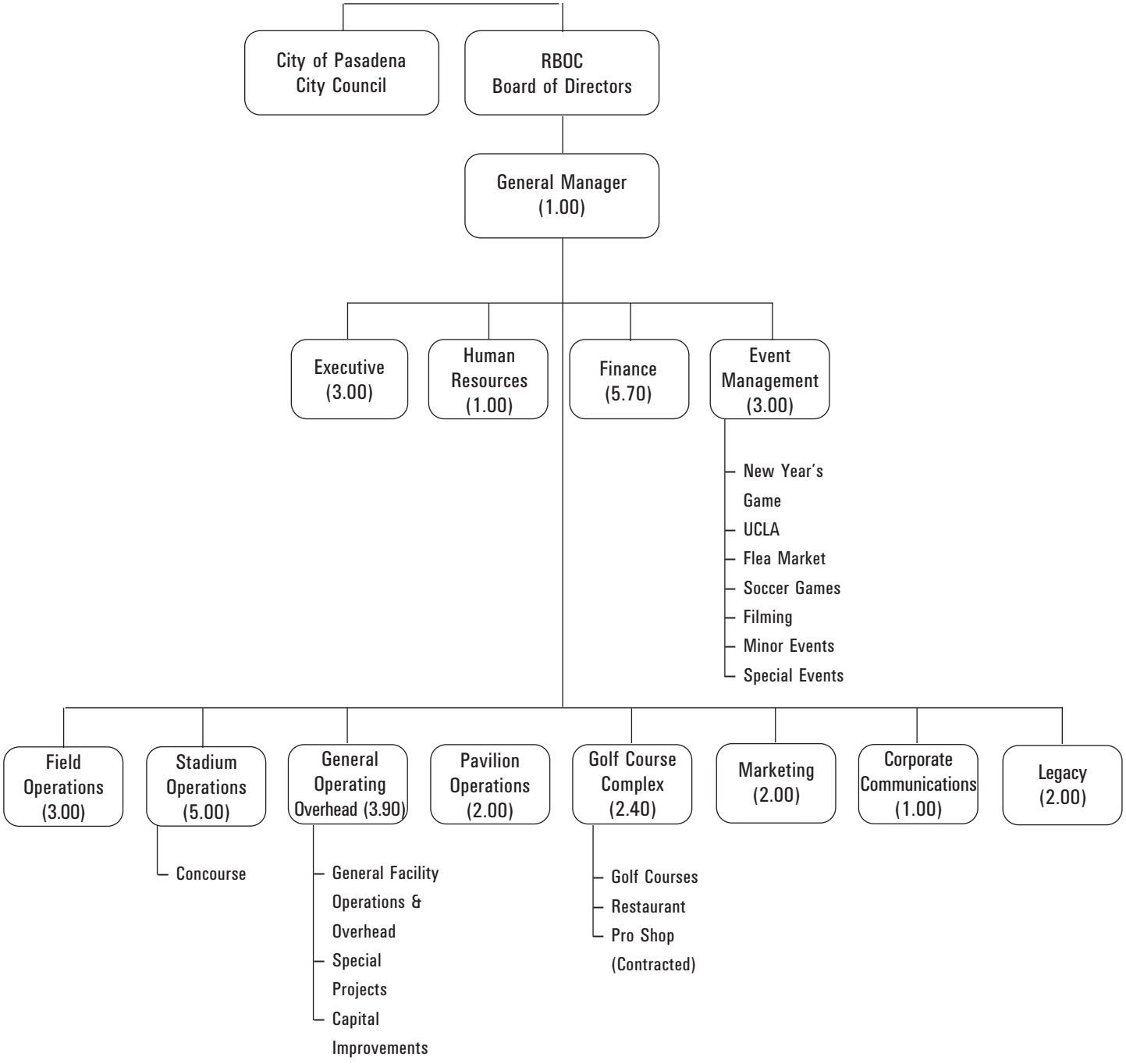

MISSION STATEMENT

The mission of the Rose Bowl Operating Company (RBOC) is to improve the quality of life in Pasadena by providing top quality entertainment and by generating revenue through the operation of a world-class stadium and a professional quality golf course complex.

PROGRAM DESCRIPTION

The RBOC is a California non-profit, public benefit corporation, founded in 1995 by an act of the Pasadena City Council. As a legally separate entity, the RBOC has an independent board that governs its operations and adopts its annual budget. The operations of the RBOC are accounted for as a distinct component unit of the City consistent with generally accepted accounting principles. As such, the following information is for informational purposes only.

The RBOC's primary purpose is to enhance economic and civic value to the City of Pasadena by managing a world-class stadium and a professional quality golf course complex in a residential open-space neighborhood. The RBOC is responsible to the residents of Pasadena to inform them of potential environmental impacts from the operation of the stadium, to take all reasonable preventive measures and to seek feedback from those impacted.

The Rose Bowl's multifaceted events have included the annual New Year's Rose Bowl football game, 1984 Olympics Soccer Finals, 1994 Men's World Cup Soccer, 1999 Women's World Cup Soccer Finals, five Super Bowl football games, UCLA home football games since 1982, a variety of concerts and other activities such as the monthly R.G. Canning Flea Market, car shows and filmings, all of which generate revenue for the RBOC.

In addition, the RBOC is responsible for the management of the Brookside Golf complex through concessionaire contracts with American Golf Corporation and John Wells Pro Shop.

DEPARTMENTAL RELATIONSHIP TO CITY COUNCIL GOALS

Maintain Fiscal Responsibility and Stability

The RBOC strives to generate sufficient revenue to meet bond debt service and other operating budget obligations.

Improve, Maintain and Enhance Public Facilities and Infrastructure

The RBOC also continues in striving to generate sufficient revenue to complete contractual obligations of the "Renovation Project" and to maintain the stadium for the long-term.

Support and Promote the Quality of Life and the Local Economy

The RBOC works diligently to attract events that will generate jobs as well as tax revenue for the City of Pasadena via hotels, shopping, restaurants, and other sources.

FISCAL YEAR 2017 ACCOMPLISHMENTS

The RBOC accomplished the following during FY 2017:

- Continued to expand community outreach by having a series of community meetings, hosting selected special events, and working closely with neighborhood associations, as well as other organizations that have shown interest in the Rose Bowl on a regular basis;
- Announced and went on sale with the inaugural Arroyo Seco weekend festival in partnership with AEG;
- Hosted four concerts and one international soccer match;
- Staged the 103rd Tournament of Roses football game, with USC defeating Penn State in one of the most thrilling matchups of the season;
- Hosted the first annual Pasadena Half Marathon and Bike MS Coastal challenge. Such events will be long-term funding sources for the RBOC and Legacy Foundation;
- Amended the contract between the RBOC and IMG College, the stadium's sponsorship rights holder, to provide in excess of $7.5M of capital and revenue over the next ten years;

- Partnered with Pasadena Unified School District to create an educational and physical fitness program at the Rose Bowl, so every 7th grader in the District can participate in "Honda's Trip to the Field";
- Hosted the 3rd annual "Egg Bowl" inside the Rose Bowl Stadium;
- Implemented Holiday Rose Bowl Ticket Giveaway to residents for the January Flea Market;
- Repaired/replaced 11,000 square feet of concrete cart paths. Completed an inventory and assessment of the golf courses' 1,800 trees. Performed tree maintenance on over 200 of those trees. Continued fairway improvements including maturation of Kikuyu grass. Awarded bid to undertake improvements in the lobby and restaurant/bar areas of the Clubhouse with completion estimated to be by June 30, 2017. Such improvements include new floors, paint and furniture.

FISCAL YEAR 2018 ADOPTED BUDGET

Operating Budget:

The FY 2018 Adopted Budget of $46,157,000 is $147,000 or 0.3 percent lower than the FY 2017 Revised Budget. Included in this amount are the operating budget of $44,301,000 and the capital budget of $1,856,000. It should be noted that this reduction of the budget is primarily due to the "Renovation Project" reaching completion, hence dollars will not be dedicated to fund renovation related work. In addition, in year one, AEG contributed to the RBOC a $3,000,000 signing bonus which is not continuing in FY 2018.

Personnel:

A total of 35.00 FTEs are included in the FY 2018 Adopted Budget. This includes the addition of a Golf Course Manager as well as a Program Coordinator for Legacy Connections due to the increasing needs related to the golf course and the growth of the Legacy Foundation. Duties for both of these positions are currently performed by subcontractors.

FUTURE OUTLOOK

The improvements planned and completed through the Rose Bowl Stadium "Renovation Project" have been essential in ensuring the Stadium's long term viability as a premier sports venue for years to come. This renovation has completed, in earlier phases, the following amenities for patrons: installation of new video boards, restoration of the 1948 vintage South scoreboard, construction of new field level restrooms, widening of seating access tunnels, reconstruction of the eight facility entry gates, building of new utility loop, restoration of the historic field hedges, and the construction of a new premium seating structure which includes club seating, lounges, and true luxury suite seating.

It is this additional, premium club/luxury suite seating that will generate revenue from sales to cover the expense of the renovations and provide additional opportunities for the stadium to generate ancillary revenue. Substantial completion, which is outlined in the long-term agreements with UCLA and the Tournament of Roses, shall be achieved by September 1, 2018.

In addition to the new revenue generating opportunities provided by the renovation of the stadium, a philanthropic group, Legacy Connections, was established to spearhead private sponsorship/naming rights efforts to provide funding for current and future capital improvements.

To date, Legacy Connections has raised approximately $18,500,000 in pledges to fund Legacy operations, renovation and future capital improvements. $8,200,000 has been transferred to the RBOC to date.

Key Priorities:

- Accomplish substantial completion that is outlined in the long-term agreements with UCLA and the Tournament of Roses. This is expected to take place prior to the start of the UCLA season (ahead of the 2018 deadline).

- Maintain and grow existing Premium Seating revenues that have, since completion of the Terry Donahue Pavilion, exceeded initial estimates and forecasts. This will be done through targeted marketing to new prospects, retention of existing clients, and leveraging new events like concerts, soccer, and the recently approved Arroyo Seco Weekend.
- Generation of new annual events, like the Pasadena Half Marathon at the Rose Bowl. In partnership with the City and Pasadena Center Operating Company, this inaugural event was a great showcase for the City of Pasadena while also generating significant funds for the RBOC and the PCOC (anticipated to be a six figure property within three years).
- Execution of the Arroyo Seco Music Weekend festival. As a new tenant for the RBOC, it is imperative that we focus on executing an operations plan that is sustainable as well as help our partner to ensure the event is successful and well received by attendees so that future extensions in the up to 20 year deal are exercised.
- Further development and growth is anticipated in minor event business that includes film shoots, corporate events, and social engagements. This is a very attractive business channel as it can be targeted by our sales team and usually results in year - over year business that is for the most part minimally impactful on residents and Arroyo stakeholders. In 2017, this business is anticipated to net the RBOC close to $1,000,000.
- Development of a conceptual master plan for the Brookside Golf Course including the golf course clubhouse. With golf revenues declining and costs increasing it is important that a conceptual master plan is developed that outlines and focuses on areas of growth including food and beverage, alternate clubhouse uses, and special events. Without this vision and plan, it will be difficult to continue the success that has occurred since 1986 when the current operator, American Golf, became a partner. One of the key challenges will be the development of a plan that will enable the RBOC to make the necessary investments needed to maintain the Brookside complex at the same level of profitability as has existed recently, while also implementing essential investments in the golf course, as well as food and beverage units. Water conservation and non- potable water will also play a large part in the future financial picture for the golf course, as well as the market for potential operators.
- Continued focus on event operations around major events. Two areas of utmost importance are venue security and outside the fence line management. Understanding the global concerns around event security, we will continue to work with the Pasadena Police Department and the Pasadena Fire Department to ensure that we have plans in place to minimize the security risks to our attendees and residents of Pasadena. Outside the fence line, we will continue to invest and focus on operation plans that were well received last year. These plans are intended to minimize the impacts on our neighbors and Arroyo stakeholders.
- Focus on building long term relationships with event promoters to ensure that once additional competition (renovated Coliseum and NFL stadium in Inglewood) comes into the market the Rose Bowl is still considered a viable venue for concerts and soccer matches. We will look to accomplish this by leveraging our position in the market for the next few years by signing long term deals with major event promoters as well as by maximizing the revenues they see from hosting events at the Rose Bowl.
- Continued focus on growing revenues around existing events such as the Flea Market, UCLA, and Tournament of Roses. Examples include upgrading the game day experience through food and beverage offerings, ease of payment systems, and improvements to ingress and egress for attendees.
- The employees of the RBOC will use their best efforts in continuing to pursue the opportunities listed above, as well as others, to ensure that they will maximize and improve the RBOC's financial position.
- Begin "Adopt a School" program with Cleveland Elementary School (PUSD) to provide disaster preparedness kits and motivational speakers and assistance with reading programs.

SUMMARY OF REVENUE & EXPENDITURES BY FUND

(In Thousands)

	FY 2016 Actuals	FY 2017 Adopted	FY 2017 Revised	FY 2018 Adopted
Stadium				
Revenue	$43,458	$39,036	$42,708	$41,814
Expenses				
Operating Expenses	$29,069	$20,634	$25,194	$28,135
Debt Services	12,768	12,816	12,767	12,995
Stadium Net-Total	**$1,621**	**$5,586**	**$4,748**	**$683**
Golf Course				
Revenue	**$2,695**	**$2,676**	**$2,592**	**$2,550**
Expenses	574	561	572	590
Golf Course Net-Total	**$2,121**	**$2,114**	**$2,019**	**$1,960**
Total Net Income Before Reserves for Future CIP (FY 2019+)	**$3,742**	**$7,700**	**$6,767**	**$2,643**
Reserves for Future CIP Funding (FY2019+)				
Stadium – Capital Improvements Funding	$2,026	$5,326	$5,326	$2,024
Golf Course – Capital Improvements Funding	589	586	571	556
Subtotal Reserves for Future CIP Funding (FY2019+)	**$2,614**	**$5,912**	**$5,897**	**$2,580**
Total Net Income (After Designated for future CIP)	**$1,128**	**$1,788**	**$870**	**$63**

SUMMARY OF APPROPRIATIONS BY CATEGORY

(In Thousands)

Division	FY 2016 Actuals	FY 2017 Adopted	FY 2017 Revised	FY 2018 Adopted
Operations	$45,025	$34,011	$44,430	$44,301
Capital	4,442	1,874	1,874	1,856*
Total Appropriations	**$49,467**	**$35,885**	**$46,304**	**$46,157**

* Does not include $0.724 million for capital improvements related to Preventative Maintenance. Rose Bowl's capital appropriations as presented in the FY 2018 Adopted CIP are $2.632 million which includes Preventative Maintenance.

SUMMARY OF APPROPRIATIONS BY FUND

(In Thousands)

Fund	FY 2016 Actuals	FY 2017 Adopted	FY 2017 Revised	FY 2018 Adopted
Rose Bowl	$43,863	$33,450	$43,286	$43,154
Golf Course	1,163	561	1,144	1,147
Fund Balance	4,442	1,874	1,874	1,856
RBOC Total	**$49,467**	**$35,885**	**$46,304**	**$46,157**

SUMMARY OF APPROPRIATIONS – CAPITAL

(In Thousands)

	FY 2016 Actuals	FY 2017 Adopted	FY 2017 Revised	FY 2018 Adopted
Capital	**$4,442**	**$1,874**	**$1,874**	**$1,856**

SUMMARY OF FTEs BY DIVISION

	FY 2016 Actuals	FY 2017 Adopted	FY 2017 Revised	FY 2018 Adopted
Rose Bowl	30.60	31.60	31.60	32.60
Golf Course	1.40	1.40	1.40	2.40
RBOC Total	**32.00**	**33.00**	**33.00**	**35.00**

PERFORMANCE MEASURES	FY 2016 Actual	FY 2017 Target	FY 2017 Mid-Yr Actual	FY 2018 Target
Rose Bowl Stadium Division				
Council Goal: Maintain and ensure customer satisfaction, contract compliance, and consistent revenue performances with competitors.				
Objective: Maintain community, tenant and patron satisfaction on a consistent basis throughout the fiscal year.				
1. Keep number of community complaints to five or fewer per quarter (20 per year).	17	20	42	20
2. Clean surrounding neighborhoods within 24 hours after each event.	Accomplished	Accomplished	Accomplished	Pending

Note: (1) Following are community complaints by event for the six months between July 1 - December 31, 2016: Four complaints Independence Day Celebration (7/04/2016). Eight complaints, Chelsea vs. Liverpool soccer (7/27/2016). Ten complaints, Cold Play concert 1st night (8/20/2016). Five complaints, Cold Play concert 2nd night (8/21/2016). Three complaints, UCLA vs. UNLV (9/10/2016). One complaint UCLA vs. Stanford (9/24/2016). One complaint UCLA vs. Arizona (10/01/2016). Once complaint UCLA vs. Utah (10/22/2016). Nine complaints, UCLA vs. USC (11/19/2016). Also, although not in this 6-month time-frame, there were two community complaints regarding the New Year's Rose Bowl Game (1/02/2017, Monday).

Objective: (1) Maintain fiduciary responsibility and stability; (2) Designate funds for future preventative maintenance and Capital Improvement Projects-CIP.				
1. Stadium Revenues.	$43.658 million	$39.036 million	$42.708 million*	$41.814 million
2. Stadium - Designated for Preventative Maintenance and CIP*.	$.026 million	$.724 million	$.724 million*	$.724 million

Note: (1) * Revised FY 2017 Budget (12 months).

Objective: Increase key revenue streams (Premium Seating Gross Revenues and Food and Beverages).				
1. Maintain high level of Pavilion revenue through Outbound sales efforts, renewal and leveraging new events. *(Gross Revenues)*	$10.3 million	$9.2 million	$9.8 million*	$8.9 million
*FY 2017 12 month estimate with U-2 concerts				
2. Implementation of technology, like new POS units, that will increase food and beverage revenues at major events.	$3.5 million	$2.2 million	$1.5 million	$2.5 million

Brookside Golf Course Division				
Council Goal: Maintain and ensure customer satisfaction, contract compliance, and consistent revenue performances with competitors.				
Objective: Ensure 100% compliance with contract requirements.				
1. 100% compliance with contract requirements.	Accomplished	Accomplished	Accomplished	Pending
Objective: Ensure customer satisfaction with respect to 1) playing conditions, 2) aesthetics of golf course, 3) pro shop merchandise and 4) quality of food service.				
1. On a Scale of 1 to 4 (best score) for customer satisfaction with playing conditions and aesthetics of golf course	2.8	3.0	2.6	3.0
2. On a Scale of 1 to 4 (best score) for customer satisfaction with quality and appeal of pro shop merchandise.	3.3	3.0	3.3	3.0
3. On a scale of 1 to 4 (best score) for customer satisfaction with quality and delivery of food service.	3.0	3.0	2.9	3.0

PERFORMANCE MEASURES

	FY 2016 Actual	FY 2017 Target	FY 2017 Mid-Yr Actual	FY 2018 Target

Notes: (1) From July 1 - December 31, 2016 (six months), 90 visitors (15 per month) participated in a survey intended to improve operations, maintenance, customer service and quality at Brookside. Included in the survey were questions regarding the two golf courses (nine questions), pro shop (six questions) and restaurant (seven) questions. Above are the tabulated results of the overall ratings by location. (2) From July 1, 2015 – June 30, 2016 (12 months), 180 visitors (15 per month) participate in a survey.

Objective: Compare revenue figures with those of other golf courses.

Objective: (1) Maintain fiduciary responsibility and stability; (2) Designate funds for future preventative maintenance and Capital Improvement Projects-CIP.

1. Golf Course, Restaurant and Golf Shop Revenues	$2.709 million	$2.676 million	$2.592 million*	$2.550 million
2. Golf Course - Designated for Preventative Maintenance and CIP	$0.587 million	$0.586 million	$0.571 million*	$0.556 million

Note: *Revised FY 2017 Budget (12 months).

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