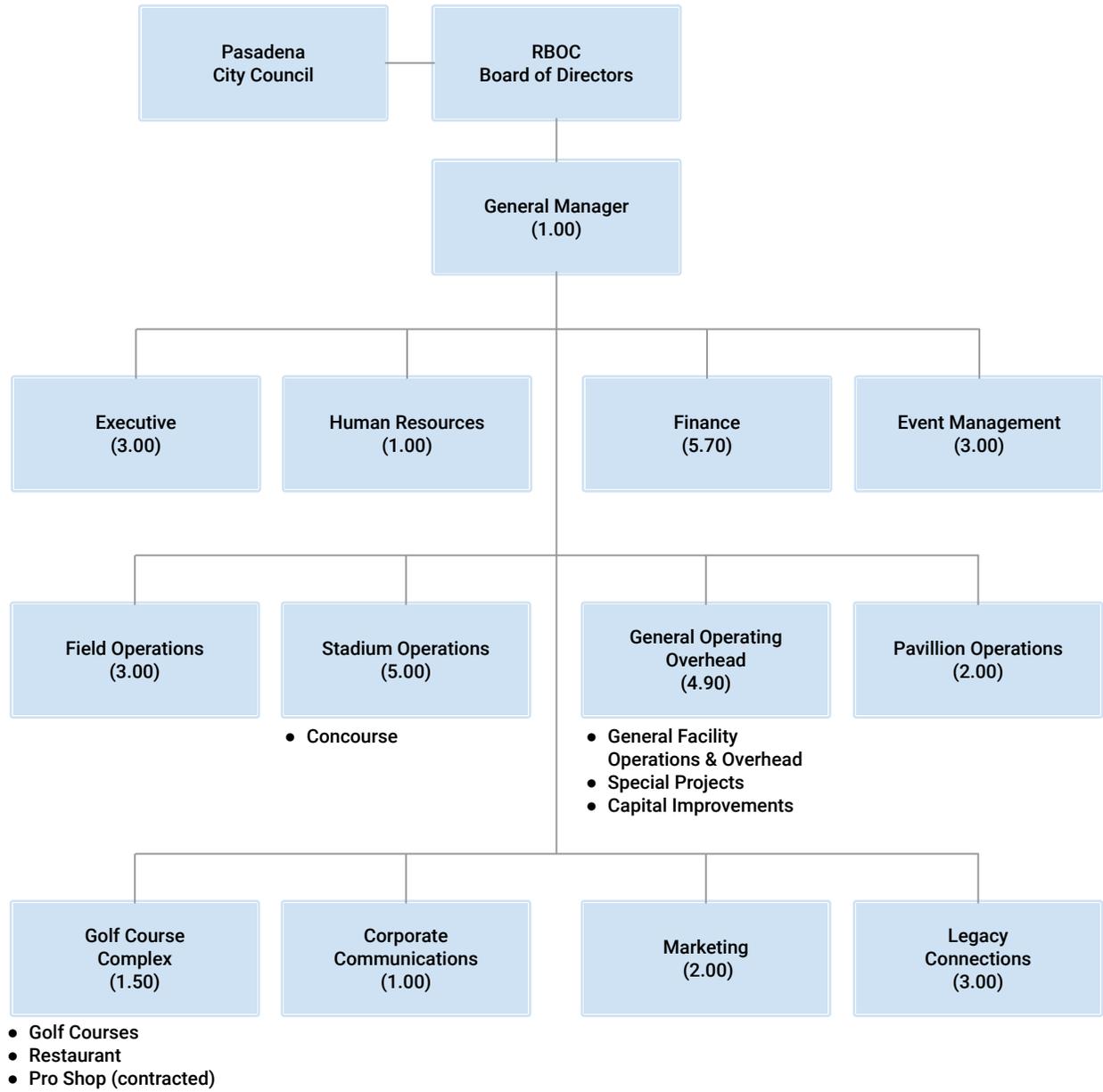


ROSE BOWL OPERATING COMPANY





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 preserve an iconic facility, while enhancing 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, as well as events on the golf course since 2019, all of which generate revenue for the RBOC.

DEPARTMENTAL RELATIONSHIP TO CITY COUNCIL GOALS

Maintain Fiscal Responsibility and Stability

To address this goal, the RBOC strives to generate sufficient revenue to meet bond debt service and other operating budget obligations. RBOC recognizes economic challenges due primarily to competition, as well as challenging market conditions, which affects golf, food and beverage as well as UCLA revenues.

Improve, Maintain and Enhance Public Facilities and Infrastructure

The RBOC also continues in striving to generate sufficient revenue to appropriately maintain and enhance the historic Rose Bowl and Brookside Golf Courses.

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 2020 ACCOMPLISHMENTS

The Rose Bowl Operating Company accomplished the following during FY 2020:

- Golf Course was trending towards improving fiscal performance for first time in 2 years
- Hosted the 3rd year of the Music Festival – Pasadena Day Dreaming, a 1-day event.
- Hosted one concert and one international soccer match.
- Staged the 106th Rose Bowl Game.

- Worked closely with the Rose Bowl Legacy Foundation, which included Field Naming Rights. Legacy transferred \$1.3 million in FY 2020 to the RBOC; and has raised approximately \$36 million of written gross gifts and pledges to fund Legacy operations, renovation and future improvements of the historic Rose Bowl.
- Continued success in Enterprise Events including the Apollo Show residency and the Aeronauts premier in lot K and Area H respectively.
- Partnered with PUSD 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”;
- 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.
- **Rose Bowl Legacy Foundation**
 - Hosted a women’s empowerment symposium
 - Unveiled a statue honoring the 1999 Women’s World Cup Soccer team
 - Unveiled a statue honoring iconic broadcaster Keith Jackson
 - Unveiled its first historical markers, one honoring Stadium Architect Myron Hunt, and one honoring iconic player Peyton Manning
 - Named tunnels at the Stadium for UCLA, Stanford University, and iconic Pasadena High School Football Coach Tom Hamilton
- **COVID-19 Related**
 - Projecting fiscal scenarios of cash demands associated with uncertainties during and after COVID-19
 - Actively engaged with the City of Pasadena for COVID-19 support (fund raising efforts, site utilization etc.)

FISCAL YEAR 2021 ADOPTED BUDGET

Operating Budget

The FY 2021 Projected operating revenues are \$36.1 million, down \$1.8 million from the \$37.9 million FY 2020 Projection.

Significant changes from FY 2020 Projection and FY 2021 Adopted Budget are primarily due to a decline in operating revenues, overhead expenses and increased contributions from operating Fund balance.

Stadium

- Operating Revenues
 - \$31.2 million in FY 2021 are \$2.8 million lower than FY 2020 Projection due to year 4 of the Music Festival agreement in negotiations, 1 additional concert and 2 fewer months of enterprise events and Flea Markets due to COVID-19.

- Operating Expenses
 - \$25.1 million in FY 2021 are \$350 thousand higher than FY 2020 Projection mainly due to 1 additional major event, and reduction by \$150 thousand from FY 2020 projected overhead budget (\$300 thousand less than adopted FY 2020). If College football does not resume at the Rose Bowl on August 29th, 2020 operating expenses will be adjusted significantly.
- Other notable changes to expenses: FY 2021 bond debt service expense is \$408 thousand higher than FY 2020 projected based on the current bond debt schedule.
- Contribution from Unrestricted Fund Balance: Operations are \$2.8 million higher in the FY 2021 Adopted Budget than FY2020 Projections, mainly due to the outlined revenues, expenses and bond projections (for both Stadium and Golf).

Golf Course Complex

- Operating Revenues
 - \$4.9 million in FY 2021 are \$1.0 million higher than FY 2020 Projection mainly due to increased 1.5 months of Golf operation and planned increased per round rate of \$1 per round (124 thousand rounds per year).
 - Golf Operating Revenues are mainly made up five major revenue streams: (1) Golf Operations \$3.9 million, (2) Golf Displacement revenues (during major events) \$401 thousand, (3) Food and Beverage/Catering operations \$383 thousand, (4) Other Minor Events on the Golf facility \$97 thousand, and (5) Pro Shop space \$75 thousand.
- Operating Expenses
 - \$4.3 million in FY 2021 are \$250 thousand higher than FY 2020 Projection mainly due to 1.5 months of increased Golf Operations, club house overhead expenses services/supplies and water costs.
- Capital set aside: It is important to note effective FY 2019 Revised Budget Capital set aside will no longer be from operating revenues, but from Capital Fund Balance.

Personnel: A total of 36.00 FTEs is assumed in the FY 2021 Adopted Budget. There are no additional positions Adopted for FY 2021. While the Fiscal 2021 Adopted Budget does not project lowering FTEs, there is a planned reduction of payroll and benefits costs of \$170 thousand if the RBOC is able to host large scale events on August 29th, 2020 (1st planned UCLA home game). Until the RBOC is able to host large scale events, there will be at least a 10% reduction of total personnel expenditures until the time when large scale events resume.

FUTURE OUTLOOK

The RBOC and City of Pasadena decided in 2010 to invest into the future for the Rose Bowl Stadium. The results have been successful and generally total revenues have significantly exceeded expectations. The impacts due to COVID-19 going forward are not known at this time. Once operations resume at both the Rose Bowl and Brookside, it is imperative that generating incremental revenue while managing expenses is a top priority. It also should be noted that measures are underway in recognition of the changing environment and new expectations once large event facilities throughout the country are able to operate. For example, task forces have been developed region wide to recognize and react to different demands that will be put onto facilities going forward and the same has been done related to municipally owned golf courses.

At this time it has not been determined when the RBOC can begin operating events, with a better opportunity for golf. Of course that is the key if the RBOC is going to be able to generate substantive revenue.

It will be a challenging year (due in large part to COVID-19 as well as expected competition associated with the opening of SoFi Stadium in Inglewood) for Stadium and Golf Course operations. Currently, an opening date of August 29, 2020 (date of the first UCLA scheduled home game) is projected as the first date events are set to occur. If that assumption is incorrect then the financials will need to be adjusted accordingly.

How the anchor tenants of the Rose Bowl succeed from an attendance perspective is important as attendance is a primary driver for Rose Bowl event revenues. It will also be critical that music events continue to succeed and be part of the Rose Bowl fabric, recognizing that Los Angeles is now the most competitive stadium and arena market in the United States.

Working towards the Rose Bowl's Centennial is an occasion that is being emphasized as it is an opportunity to attract marquis special events in 2022.

In terms of more insight into the financial outlook, the Operating Fund Balance is anticipated to decline to approximately \$6.425 million by the end of FY 2020. The FY 2021 Adopted budget projects a net loss of \$7.839 million, which will bring the Fund Balance to negative \$1.414 million at the end of FY 2021. Capital Fund balance will be \$5.344 million at the end of FY2020 (with postponement of \$2.001 million of projects to FY 2021). At the end of FY2021 Capital Fund balance is projected to be \$2.869 million (designated Capitals funds).

To date, Rose Bowl Legacy Foundation has raised approximately \$36 million in written gross gifts and pledges to fund Legacy operations, renovation and future capital improvements. Of this amount, \$16.5 million has been transferred to the RBOC to date.

Key Priorities:

- In June of 2020 City Council committed to pay the FY2021 bond debt for the Rose Bowl (not reflected in the budget figures).
- Identify and execute incremental revenues to help offset for the potential loss due primarily to COVID-19.
- Maintain and grow existing Premium Seating revenues that are critical for the RBOC's future. This will be done through targeted marketing to new prospects and retention of existing clients.
- Execution of music events in the Arroyo. It is imperative to focus on executing an operations plan that is sustainable as well as help our partner to ensure music events are successful and well received by attendees. Utilizing the Rose Bowl and Golf Course as appealing venues for artists is critical for the future of the RBOC.
- Develop a new revenue stream in order to offset other fiscal challenges facing the RBOC. Specifically focusing on family entertainment (mini golf, expanded driving range) are areas that the RBOC feels confident can become a significant revenue enhancement for the near-term future.
- Further development and growth is anticipated in enterprise events (formerly 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 minimally impactful on residents and Arroyo stakeholders. In FY 2020, this business is anticipated to net the RBOC approximately \$1.0 million.
- An increased focus on the golf course property recognizing that the deal structure of the golf operator has changed, given the downturn in golf. With golf revenues declining and costs increasing it is important that the focus is targeted on areas of growth including food and beverage, alternate clubhouse uses, and special event

opportunities. 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 Pasadena Police and Fire departments to ensure that there are plans in place to minimize the security risks to our attendees and residents of Pasadena. Outside the fence line, we will continue to focus on operations plans that were well received last year, while recognizing the significant fiscal challenges facing the RBOC.
- Focus on building long term relationships with event promoters to ensure that once additional competition (renovated Coliseum and SoFi stadium in Inglewood) comes into the market the Rose Bowl is still considered a viable venue for concerts and soccer matches. Staff will look at ways to make the Rose Bowl more attractive both economically and as a facility as we work towards remaining vibrant in the years ahead. We do recognize that with the new stadium in Inglewood, there will likely be a period of time where most major special events may go to the new stadium. It is important that the RBOC focus on the Centennial of the Rose Bowl as a launching opportunity in 2022 to get back to hosting significant major special events.
- Continued focus on growing revenues around existing events like 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. We are also focused on capital improvement projects that will improve the fan experience to attract more people to our tenant events which will result in additional net revenues for the RBOC. In addition, a renewed focus on customer service is ongoing for our venue. It is important that this effort continues, particularly with the Rose Bowl undoubtedly being compared to the Inglewood Stadium as well as the renovated Coliseum.
- 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 will maximize and improve the RBOC's financial position.

SUMMARY TABLES

OPERATING BUDGET FISCAL YEAR 2021

(In Thousands)

	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Revised	FY 2021 Adopted
Beginning Operating Fund Balance	\$11,176	\$9,317	\$11,511	\$6,425
Stadium				
Revenue	45,523	38,411	34,011	31,231
Expenses:				
Operating Expenses	(32,985)	(27,186)	(24,746)	(25,096)
Debt Services	(13,618)	(14,170)	(14,170)	(14,578)
Set aside from Operating (Stadium)		-	-	
Stadium Sub-Total	\$(1,080)	\$(2,945)	\$(4,905)	\$(8,444)
Golf Complex				
Revenue	5,531	5,650	3,863	4,897
Operating Expenses	(4,114)	(4,598)	(4,045)	(4,293)
Set aside from Operating (Golf)	-	-	-	-
Golf Complex Sub-Total	\$1,416	\$1,052	\$(182)	\$604
Operating Net Income/(Loss-Contribution from Unrestricted Fund Balance	336	(1,892)	(5,087)	(7,839)
Ending Operating Fund Balance	\$11,511	\$7,425	\$6,425	\$(1,414)

*Contributions from Unrestricted Fund Balance are due to:

FY 2019 Actuals: Net operating Income \$336K including:
(\$341k) Legacy Overhead/Staffing, and (\$171k) July 4th net loss.

FY 2020 Budget: Net operating Loss (\$1.892) million including:
Net operating Loss (\$1.348M) (16 major events), (\$399k) Legacy Staffing and (\$145k) July 4th net loss.

FY 2020 Projected: Net Operating Loss (\$5.087) million including:
Net operating Loss (\$4.546) (11 major events and COVID closures Q4 FY2020), (\$376k) Legacy Staffing and (\$163k) July 4th net loss.

FY 2021 Adopted: Net Operating Loss (\$7.839) million including:
Net operating Loss (\$7.487) (12 major events and COVID closures July 2020 and August 2020), (\$352k) Legacy Staffing, and no anticipated July 4th event.
· FY 2021 Adopted budget assumes business operation resumes 8/29/2020 with the 1st UCLA game.
· Overhead expense reductions per the above outline.

(In Thousands)

	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Revised	FY 2021 Adopted
Legacy and Other Funding Restricted for Future Capital and Preventative Maintenance/PM (FY 2021 Forward)				
Legacy and Other Contributions to Capital and PM	\$1,900	\$1,460	\$1,900	\$1,338
Capital Improvements and PM Designated	\$1,900	\$1,460	\$1,900	\$1,338
Sub-Total Capital Contributions and Set Aside	-	-	-	-

SUMMARY EXPENDITURES BY CATEGORY

(In Thousands)

	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Revised	FY 2021 Adopted
Division				
Operations	50,718	45,954	42,961	43,967
Capital	4,211	5,324	8,366	3,352
Total Appropriations	\$54,929	\$51,278	\$51,327	\$47,319

SUMMARY EXPENDITURES BY FUND

(In Thousands)

	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Revised	FY 2021 Adopted
Stadium	46,603	41,356	38,916	39,674
Golf	4,114	4,598	4,045	4,293
Capital	4,211	5,324	8,366*	3,352**
Total Appropriations	\$54,929	\$51,278	\$51,327	\$47,319

* Includes 4.591 million from prior years approved capital appropriation (FY 2019 and preceding years)

** Includes 2.001 million of postponed capital appropriations from FY2020, current FY2021 approved capital is 1.351 million

FTE BY FUND

	FY 2019 Adopted	FY 2020 Adopted	FY 2020 Revised	FY 2021 Adopted
Rose Bowl	34.50	34.50	34.50	34.50
Golf Course	1.50	1.50	1.50	1.50
RBOC Total	36.00	36.00	36.00*	36.00*

* Planned furloughs of 6 FTEs between 06/01/20 to 08/01/20.

