



# Agenda Report

June 20, 2005

TO: City Council via Finance

FROM: Rose Bowl Operating Company

SUBJECT: Approval of short-term financing for capital improvements at the Rose Bowl Stadium and amendment to the Capital Improvement Program Budget.

## **RECOMMENDATION:**

It is recommended that the City Council:

1. authorize the execution of a Promissory Note between the City of Pasadena and the Rose Bowl Operating Company in an amount not to exceed \$1 million under the terms and conditions specified in the attached Promissory Note; and
2. amend the FY 2006 CIP to reflect the \$1 million short term financing as the funding source for the Rose Bowl Locker Room Renovation Project – Construction Document Phase.

## **BACKGROUND:**

Pursuant to the recent agreement with UCLA for the staging of home football games, the RBOC is required to undertake a number of capital improvements at the Rose Bowl Stadium. These improvements are currently in the construction document development phase. Specifically, the design phase of the Rose Bowl Stadium Locker Room and Media Center Improvements, approved in FY 2004, is currently underway and pending the outcome of negotiations with the NFL, the construction document phase of the project is contemplated to begin in the first quarter of FY 2006.

The proposed \$1,000,000 in short-term financing would allow the RBOC to proceed with this work and will be repaid on an interest only basis from the RBOC operational fund. When final determination on the Locker Room Renovation Project is made, the loan will

either be repaid through the bond issue if the project moves forward, or converted into a fully amortized loan if the project is not approved. That loss amount will be repaid through RBOC operational funding and will become part of the annual budget.

The overall Construction Document Phase budget is as follows:

In House Staff	\$ 50,000
Engineering	\$ 154,000
Other Consultants	\$ 58,000
Reproduction/Plan Check/Permits	<u>\$ 375,000</u>
Total	\$ 637,000

The construction document scope of work involves the completion of the design drawings and technical specifications for the purpose of bidding, permit acquisition, and eventual construction of the project.

**FISCAL IMPACT:**

The \$1 million loan will be repaid from future bond proceeds. The interest on the \$1 million will be tied to the earnings on the City's pooled portfolio plus 25 basis points.

Respectfully submitted,



*for* Edward S. Garlock  
President

## PROMISSORY NOTE

\$1,000,000.00  
(Rose Bowl Locker Room Renovation Project  
Pasadena, California  
City Council Action of )

Date: \_\_\_\_\_

FOR VALUE RECEIVED, ROSE BOWL OPERATING COMPANY ("Maker") promises to pay to CITY OF PASADENA ("Holder"), the principal sum of One Million Dollars (\$1,000,000.00) with interest at the current rate plus 25 basis points until fully paid.

The effective date of the Note will commence with the first draw by the Maker. Maker shall make semi-annual interest only payments for up to two years (Initial Period) following the effective date and will be assessed on the full \$1 million, regardless of how much has been drawn down by Maker. Payment dates will be June 15<sup>th</sup> and December 15<sup>th</sup> of each year.

Following the Initial Period, the Note will be converted into a fully amortized Note. The term of this loan shall commence on the last payment date of the Initial Period and end on a date that is five (5) years thereafter. Under the fully amortized Note, the Maker shall make 10 equal payments every June 15<sup>th</sup> and December 15<sup>th</sup>.

Monies received under this Promissory Note shall be used for activities directly related to the Locker Room Renovation Project at the Rose Bowl Stadium as set forth in the City Council Agenda Report attached hereto as Exhibit "A".

Holder will invest the unused portion of the principal sum of the promissory note plus any accrued interest on behalf of the Maker and will pay interest income on said unused portion of the principal sum plus interest at a rate equal to the semi-annual earnings by the Holder on its investment pool less a 25 basis point charge. Semi-annually the Holder will invoice the Maker for the net interest payment due. The net interest owed shall be calculated by subtracting from the \$25,000 in interest expense owed to the Holder the amount of interest income earned by the Maker on the unspent principal sum of the promissory note less the 25 basis point charge.

It is the intention of the parties to this promissory note that the Maker intends to secure approval for the Locker Room Renovation Project at the Rose Bowl Stadium. If the Locker Room Renovation Project at the Rose Bowl Stadium is ultimately approved by the Pasadena City Council, the Holder, on behalf of the Maker, will secure permanent financing for the project. This financing shall include funds to re-pay the monies owed to the Holder under the terms of this promissory note at the time that said financing is secured.

In the event that the Rose Bowl Locker Room Renovation Project is not approved by the Pasadena City Council or that said expansion is approved but no means of financing said expansion is available, then the monies owed to the City under the terms of this promissory note at the time that either the project is not approved or the financing

is not available shall be converted to a fully amortized loan that is due, owing and payable within five years of conversion to a fully amortized loan.

Maker shall make all payments in lawful money of the United States of America and in immediately available funds. Computations of interest shall be based on a year of 360 days but shall be calculated for the actual number of days in the period for which interest is charged.

This Note may be prepaid in whole or in part, without penalty, at the option of Maker and without the consent of Holder. All payments shall be applied first to accrued and unpaid interest and then to the principal balance outstanding. All payments under this Note shall be paid to Holder at 100 North Garfield Avenue, Room 345, Pasadena, California 91109, to the attention of the Director of the Department of Finance, or at such other address as Holder shall direct Maker in writing.

Should Maker default in any payment when due, the whole sum of principal and interest due under this Note shall, at the option of Holder, be immediately due and payable without further demand or notice.

This Note shall be governed by the laws of the State of California excluding its conflict of laws rules. The exclusive jurisdiction and venue of any legal action instituted by any party to this Note shall be Los Angeles County, California.

Maker waives presentment, protest and demand, notice of protest, notice of demand and dishonor, and notice of nonpayment of this Note. Maker expressly agrees that this Note or any payment under this Note may be extended by Holder from time to time without in any way affecting the liability of Maker.

Maker shall pay all costs and expenses, including attorney fees, incurred (i) in collecting payment on this Note, (ii) in connection with any dispute that arises as to its enforcement, validity, or interpretation, whether or not legal action is instituted or prosecuted to judgment, or (iii) in enforcing any judgment obtained in any related legal proceeding.

If any provision or any word, term, clause, or part of any provision of this Note shall be invalid for any reason, the same shall be ineffective, but the remainder of this Note and of the provision shall not be affected and shall remain in full force and effect.

Any of the terms and conditions of this Note may be waived by Holder, but no such waiver shall affect or impair the rights of Holder to require observance, performance, or satisfaction, either of that term or condition as it applies on a subsequent occasion or of any other term or condition of this Note.

Maker hereby represents and warrants to Holder that Maker has the right, power, legal capacity and authority to enter into and perform its obligations under this Promissory Note, and that the execution of this Promissory Note by the undersigned has been duly authorized.

Dated: \_\_\_\_\_

By:  
ROSE BOWL  
OPERATING COMPANY

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed name and title of maker)

CITY OF PASADENA

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed name and title of maker)