



ROSE BOWL RENOVATION PROJECT

City Council Meeting October 11, 2010

Rose Bowl Renovation Project

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Rose Bowl Renovation Project



Primary Project Objectives

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- ❑ Improve Public Safety
- ❑ Develop Long Term Revenue Streams
- ❑ Maintain Stadium as National Historic Landmark
- ❑ Enhance Fan Experience
- ❑ Improve Facility Operations



Base Project Components

\$152 Million

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- Concourses \$10.3
 - ▣ *Increase Space 2.5 SF to 4.5 SF*
 - ▣ *Entry Gates/Landscaping/Paving*
- Concessions \$12.1
 - ▣ *Increase Points of Sale and Configuration*
- Increased Restrooms \$3.7
- Ingress/Egress Improvements \$24.9
- Video Board/Scoreboards /Advertising \$18.4
- Infrastructure Upgrades \$10.7
- Stadium Concrete Repair \$ 0.8
- Press Box Reconstruction \$70.9

Additional Priority Elements to Add

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(Millions)

□ Chair Replacement/Concrete Repair/New Aisles	\$11.5
□ Field Level Lounges	\$7.9
□ Other Event Exiting Improvements	\$3.3
□ Remodel of Existing Restrooms	<u>\$2.0</u>
Total	\$24.7

Revenue Sources: Surplus Bond Proceeds, Surplus Revenue Fund, & Legacy



Base Project Financing Structure



Window of Opportunity is Today

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- ❑ **Access to Build America and Recovery Zone Economic Development Bonds**
 - ❑ Bonds expire December 31, 2010
 - ❑ Provides \$10 - \$15 million in additional bond proceeds
- ❑ **Favorable Construction Bidding Environment**
- ❑ **Improvements Must be Undertaken Before Competitive Stadium is Built**
- ❑ **UCLA & ToR Partners Committed to Project & Funding**
- ❑ **Rose Bowl Legacy**



Conceptual Approach

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- City to Issue Bonds and Provide Credit Enhancement
- City Bonds Plus Upfront Sources to Fund Improvements
- Tenants to Extend Leases through FY2043
- Incremental Revenues Dedicated to Rose Bowl Debt Service and Ongoing Capital Needs
- Bond Issue Includes Debt Service Reserve Fund
- Debt Service Coverage of 1.475x
- Supplemental Financing and Capital Reserves Established From Surplus Revenues

Note: See Appendix A for Surplus Illustration



Conceptual Approach

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- Distribution of Surplus Revenues After Debt Service (Estimated at \$3 Million Per Year)
 - ▣ 50% to City Supplemental Financing/Capital/Operating Reserves
 - ▣ 25% to UCLA
 - ▣ 25% to Tournament of Roses
- Net Incremental Revenue Growth Estimated at 3%
- Breakeven Sensitivity Estimated at Approximately 74% of Base Case Assumptions

Note: See Appendix B for Sources/Uses of Funds



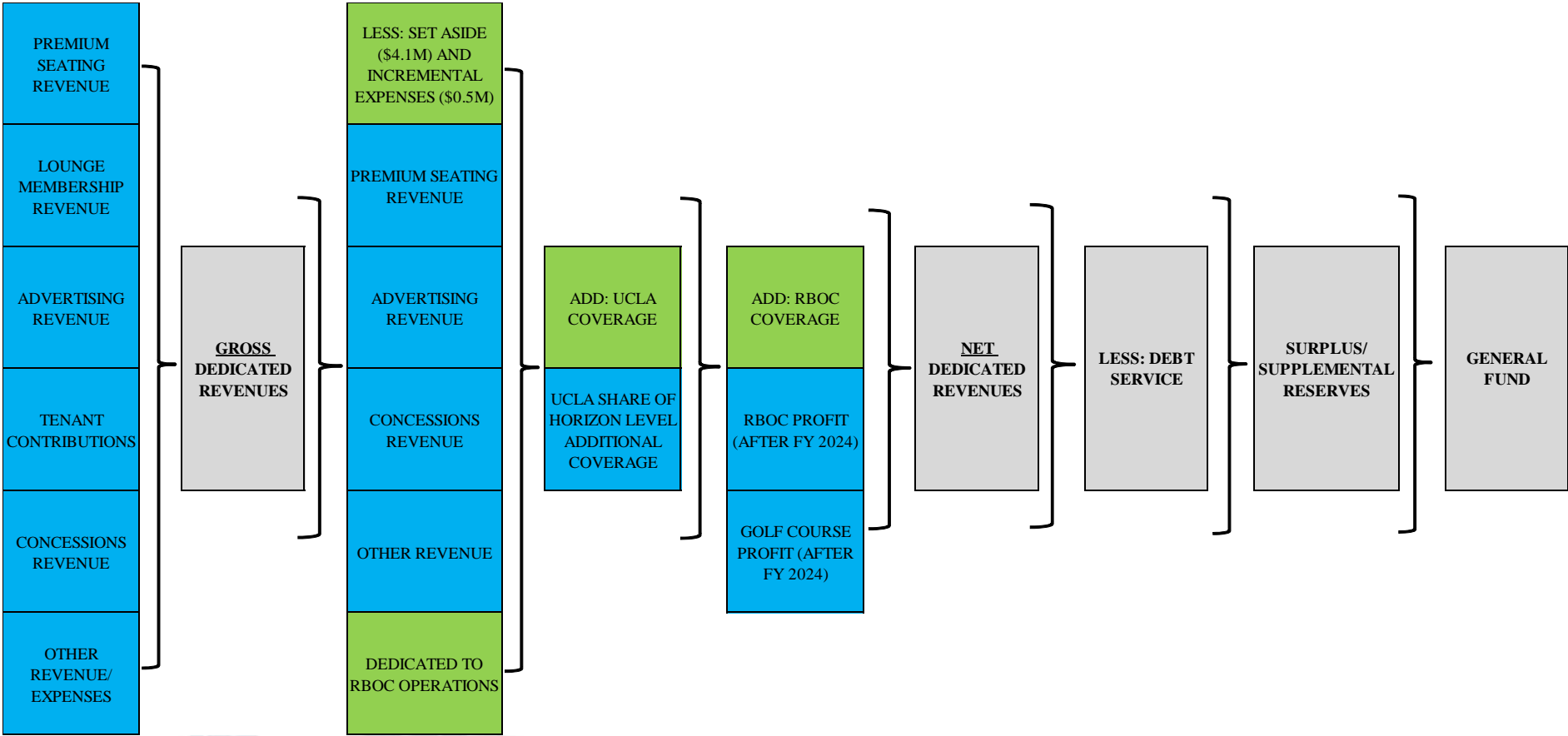
General Fund Protections

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- ❑ Dedicated Revenue Streams (Gross/Net)
- ❑ Debt Service Coverage of 1.475x
- ❑ UCLA Share of Horizon Level Memberships in Excess of \$250,000 for Priority Debt Coverage
- ❑ Rose Bowl/Golf Course Profit After 2024
- ❑ Supplemental Reserves
- ❑ Debt Service Reserve (Funded with Bond Proceeds)
- ❑ Note: If higher construction bids and/or reduced bond proceeds occur, staff will return to City Council with recommendations for reduced project scope



General Fund Protections



Conceptual Approach

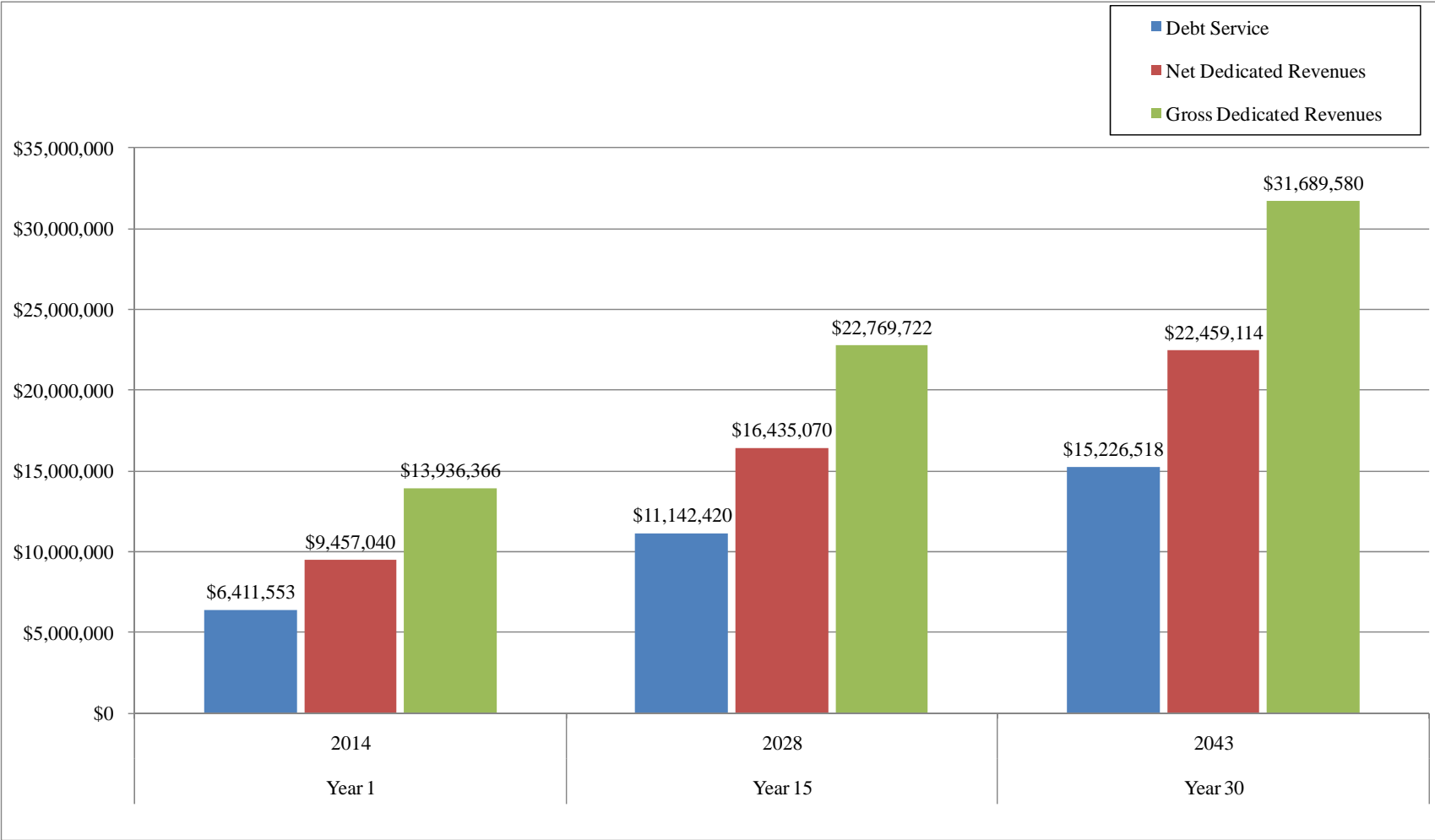
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	Year 1 2014	Year 15 2028	Year 30 2043
<u>Gross</u> Dedicated Revenues	\$13,936,366	\$22,769,722	\$31,689,580
Less: RBOC Set Aside	(\$3,979,326)	(\$5,674,913)	(\$8,342,544)
Less: Incremental Expenses	(\$500,000)	(\$659,739)	(\$887,922)
<u>Net</u> Dedicated Revenues	\$9,457,040	\$16,435,070	\$22,459,114
Less: Debt Service	(\$6,411,553)	(\$11,142,420)	(\$15,226,518)
Surplus	\$3,045,488	\$5,292,650	\$7,232,596

Note: Does not include additional coverage provided by UCLA share of Horizon Level memberships above \$250,000 annually.



Conceptual Approach



Project Funding Model

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(Millions)

□ Bond Proceeds	\$129.4
□ Equity	\$15.0
□ Additional Funding (Gap)	<u>\$7.5</u>

Total (Rounding) \$152.0

Note: See Appendix C for Additional Detail



Equity Contribution

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(Millions)

□ Tournament of Roses BCS 2006/2010	\$4.0
□ RBOC Share of BCS 2010	\$2.0
□ RBOC Retained Earnings/ISP	\$1.5
□ Concessionaire Advance	\$2.0
□ City Fee Contributions	\$2.8
□ TOR Capital User Fee During Construction	\$1.7
□ Other (Brick Pavers)	<u>\$1.0</u>
TOTAL	\$15.0



Additional Funding (Gap)

Contributor	Source	Anticipated Amount
Tournament	BCS capital maintenance fee (2014)	\$ 900,000
RBOC/City	BCS revenue (2014)	\$2,000,000
	Additional bond proceeds due to reduction of taxable bond requirement	\$3,000,000
	Favorable construction bid savings/ philanthropic efforts/ other	\$1,600,000
	Total	\$7,500,000



Summary of Lease Terms



UCLA Lease Terms

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- ▣ Total Revenue \$60.6 Million
- ▣ Net Bond Proceeds/Upfront \$16.4 Million

- RBOC to Retain UCLA Share of Premium Ticket Revenue
- RBOC to Retain UCLA Share of Concessions
- Parking User Fee – \$5.00 Plus Increases
- Horizon Level Lounge – 50/50 Sharing
- Dedicated Horizon Level Lounge Membership Revenue for Additional Security/Coverage (After \$250,000)
- Southeast Lounge Development Rights
- *Television Percentage (8% to 0%)*



Tournament Lease Terms

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▣ Total Revenue	\$49.1 Million
▣ Net Bond Proceeds/Upfront	\$17.5 Million
■ Annual Gift	
■ \$100,000 (No Escalation)	
■ Capital Maintenance User Fee	
■ Years 2012 – 2021	\$10.00
■ Years 2022 – 2031	\$15.00
■ Years 2032 – 2043	\$20.00
■ BCS Investment	
■ 2006/2010 Games	\$4,000,000
■ 2014 Game	Best Efforts



Peer Review

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- CS&L International – Formal Review
 - ▣ Market Study
 - ▣ Financial Model and Assumptions
- Bigelow Companies
 - ▣ Concessions Model and Assumptions
- Legends-IMG College
 - ▣ Premium Seating Input
- C. P. O'Halloran Associates Inc. – Formal Review
 - ▣ Construction Cost Estimate



Financing Next Steps

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- Rating Agency Presentations and Follow Up – Mid October
- Acquire Bond Ratings – Early November
- Bond Pricing – Mid November
- Bond Closing – Late November



Rose Bowl Legacy

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- A Civic Philanthropic Organization Being Established to Provide Private Donations to Support the Rose Bowl Renovation
- Goal is to Raise in Excess of \$20M for the Project



City Council Follow Up Items



Local Workforce & Hiring Opportunities

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□ PROGRAM OBJECTIVES:

- Promote the Pasadena First Buy Local Mission: *[To] promote the local economy by identifying purchasing, contracting and hiring opportunities; encourage local business enterprises to make bids and proposal for city contracts, and promote local hiring of Pasadena resident*
- Build upon City Hall and PCOC model programs to maximize participation of local subcontracting and local hiring
- Local Coordinator to monitor and manage program



City Fee Contributions

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(Millions)

- Reinvestment of Construction Tax \$1.9
- Re-appropriation of 1% Public Arts Fee \$0.9
 - ▣ Both contributions were utilized for the City Hall Seismic Renovation Work
 - ▣ Current Guidelines for City Construction Projects recognizes major renovations to a Historic Structure as qualifying use of public art credit as outlined within the “Conservation Clause” established by City Council
 - Only pertains to structures of Historical Importance; the Rose Bowl was raised to the National Landmark Status by the National Parks Service in 1987



City Council Action Items (Approvals)

- Project Financing Plan
- Project Scope
- Lease with the Regents (UCLA Agreement)
- Master License Agreement with Tournament of Roses
- Agreement with International Sports Properties, Inc.
- Resolution Creating New Facilities and Parking Fees
- Bond Financing Documents, including the Official Statement and various related documents
- Amendment of the RBOC Operating Agreement related to philanthropic opportunities
- Hold TEFRA Hearing
- Adopt Resolution to Modify the Public Art Guidelines for City Construction (CIP) Projects to Enable the Direct Allocation of Funds by the City Council



Rose Bowl Renovation Project...

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Preserving the Past to Ensure the Future



Rose Bowl Renovation Project

