

Agenda Report

August 15, 2005

TO: City Council via Economic Development and Technology Committee

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.
3. approve a Resolution of the City Council declaring its intention to reimburse itself from the proceeds of one or more tax-exempt financings for certain expenditures made and/or to be made in connection with the acquisition, construction and equipping of certain capital improvements.

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 a 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,



Edward S. Garlock
President

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA,
CALIFORNIA DECLARING ITS INTENTION TO REIMBURSE ITSELF FROM
THE PROCEEDS OF ONE OR MORE TAX-EXEMPT FINANCINGS FOR
CERTAIN EXPENDITURES MADE AND/OR TO BE MADE IN CONNECTION
WITH THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN
CAPITAL IMPROVEMENTS

WHEREAS, the City of Pasadena, California (the "City") is a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State of California; and

WHEREAS, the City and will pay, on and after the date hereof, certain expenditures (the "Expenditures") in connection with the acquisition, construction and/or equipping of certain improvements (the "Project"), included in Exhibit A attached hereto; and

WHEREAS, the City Council of the City has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the City for the Expenditures from the proceeds of one or more issues of tax-exempt bonds or borrowing (the "Bonds");

NOW, THEREFORE, the City Council does hereby resolve, determine and order as follows:

Section 1. The City Council hereby declares the City's intent to reimburse the City with the proceeds of the Bonds for the Expenditures with respect to the Project made on and after July 1, 2005, which date is no more than 60 days prior to the date hereof. The City reasonably expects on the date hereof that it will reimburse the expenditures with the proceeds of the Bonds.

Section 2. Each Expenditure was and will be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the City so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the City.

Section 3. The maximum principal amount of the Bonds expected to be issued for the Project is \$14,400,000.

Section 4. The City will make a reimbursement allocation, which is a written allocation by the City that evidences the City's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The City recognizes that exceptions are available for

certain "preliminary expenditures," costs of issuance, certain de *minimis* amounts, expenditures by "small issuers" (based on the year of issuance and not the year of expenditure) and expenditures for construction projects of at least five years.

Section 5. This resolution shall take effect immediately upon its passage.


Adopted at a regular meeting of the City Council this _____ day of August, 2005, by the following vote:

Ayes:

Noes:

Absent:

Approved as to Form:

 7/28/05

Nicholas G. Rodriguez
Assistant City Attorney

Jane Rodriguez
City Clerk

EXHIBIT A

DESCRIPTION OF PROJECT

It is the intent of the City of Pasadena to acquire, construct, and/or equip certain improvements as described below:

Rose Bowl Operating Company – Rose Bowl Stadium	
Locker Rooms	\$12,000,000
Seismic Improvements	1,550,000
Video Board & Related Equipment Repairs	350,000
Media Center Improvements	500,000
TOTAL	<u>\$14,400,000</u>