

ROSE BOWL OPERATING COMPANY

ROSE BOWL STADIUM RENOVATION STRATEGIC PLAN

VOLUME I of IV

EXECUTIVE SUMMARY

PRELIMINARY DRAFT – SUBJECT TO REVISION

PRESENTED BY:



BARRETT SPORTS GROUP, LLC

May 2, 2010

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Terms and Conditions (Applicable to All Report Volumes)

I. Introduction

I. Introduction

Overview

- The Rose Bowl is One of the Oldest College Football Stadiums in the Country and has Short-Term and Long-Term Capital Investment Needs
- The Rose Bowl Operating Company (RBOC) has Long-Term Leases with UCLA and the Tournament of Roses (Tournament) – Leases Include Capital Maintenance and Repairs Provisions
- The RBOC, the City of Pasadena (City), UCLA, and the Tournament of Roses, have been Considering and Evaluating a Potential Major Renovation of the Rose Bowl
- The RBOC Hired Barrett Sports Group, LLC (BSG) to Assist in its Planning Efforts
- BSG Conducted a Market Demand Analysis in Connection with the Renovation of the Rose Bowl in 2006/07
- Given Current Economic Conditions, the RBOC Elected to Update the 2006/07 Market Demand Analysis
- BSG Developed a Conceptual Financing Plan In Connection with Renovation



I. Introduction

Tasks Completed

- BSG Prepared a Comprehensive Market Analysis Update to Understand Potential Demand for Premium Seating and a Limited Personal Seat License (PSL) Program for the Rose Bowl Game
 - ✓ Developed and Conducted Web-Based Surveys
 - UCLA Donors/Season Ticket Holders
 - Tournament of Roses Members
 - Corporate Base
 - Other
 - ✓ Developed and Conducted Focus Group Surveys
 - UCLA Donors/Season Ticket Holders
 - ✓ Developed and Conducted Limited Number of Telephone Interviews
 - Current Luxury Suite Holders
 - UCLA Donors/Season Ticket Holders
 - ✓ Conducted Fan Intercept Surveys at January 1, 2010 Rose Bowl Game
- Original Market Survey (2006/07) Also Provided Input Regarding Rose Bowl Characteristics and Potential Improvements



I. Introduction

Tasks Completed (Continued)

- Reviewed Historical Operating Characteristics
 - ✓ RBOC
 - ✓ UCLA Football
 - ✓ Tournament of Roses
- Prepared NCAA Stadium Case Studies
- Prepared Regional Demographic Overview
- Prepared Regional Facility Overview
- Advertising/Sponsorship Evaluation Prepared and Subsequently Updated By Premier Partnerships
- *Market Analysis and Additional Tasks Described Above Provided the Foundation for Key Assumptions Developed for the Financial Model and Conceptual Financing Plan*
- Prepared Financial Model and Estimated New/Incremental Revenues
- Prepared Conceptual Financing Plan for Proposed Renovation



II. Market Analysis

II. Market Analysis

Market Survey Results

II. Market Analysis

Overview – Market Surveys

➤ Completed Nearly 3,000 Web-Based Surveys	
✓ UCLA Donors/Season Ticket Holders	2,357
✓ Tournament of Roses Members	322
✓ Corporate Community	236
✓ Other	<u>51</u>
Total	2,966
➤ Conducted Fan Intercept Surveys at Rose Bowl Game (January 1, 2010)	551
➤ Conducted Two Focus Groups with UCLA Donors/Season Ticket Holders	
➤ Conducted Limited Number of One-on-One Telephone Interviews with Current UCLA Donors/Season Ticket Holders and Current Luxury Suite Holders	

II. Market Analysis

Overview – Market Surveys

- Approximately 60% of Surveys Accessed were Completed

- The Percentage of Surveys Completed Compared to the Number of Surveys Distributed is Quite High Relative to Industry Standards
 - ✓ UCLA Donors/Season Ticket Holders 29%

 - ✓ Tournament of Roses Members 25%

 - ✓ LA Sports and Entertainment Commission/LA Sports Council 22%

 - ✓ Corporate 5%

- Completion Rates Demonstrates Significant Interest in the Project, Particularly Given the Length of the Survey

II. Market Analysis

Market Survey Topics

- BSG Evaluated Potential Demand and Pricing for Several Seating Categories
 - ✓ Luxury Suites
 - ✓ Loge Boxes
 - ✓ Premium Club Level Seats
 - ✓ Veranda Club Level Seats
- BSG Evaluated Potential Demand and Pricing for Membership Lounges
 - ✓ Field Level Lounge Memberships
 - ✓ Horizon Level Lounge Memberships
- BSG Evaluated Potential Demand and Pricing for Personal Seat Licenses (PSLs)
- Previous Market Study Included Additional Topics Regarding Stadium Characteristics, Improvements Desired, Etc.

II. Market Analysis

Market Survey Topics – Premium Categories

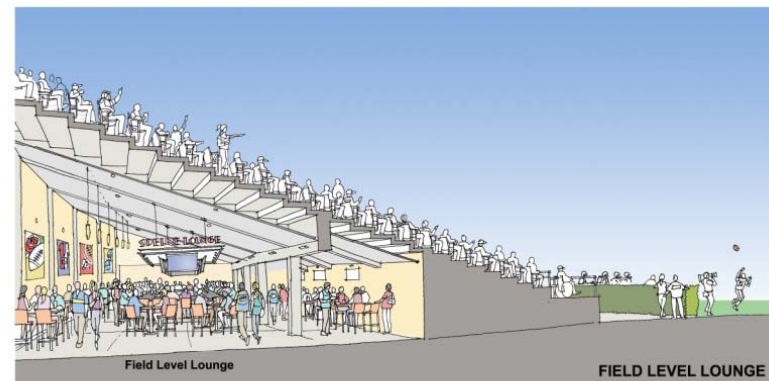
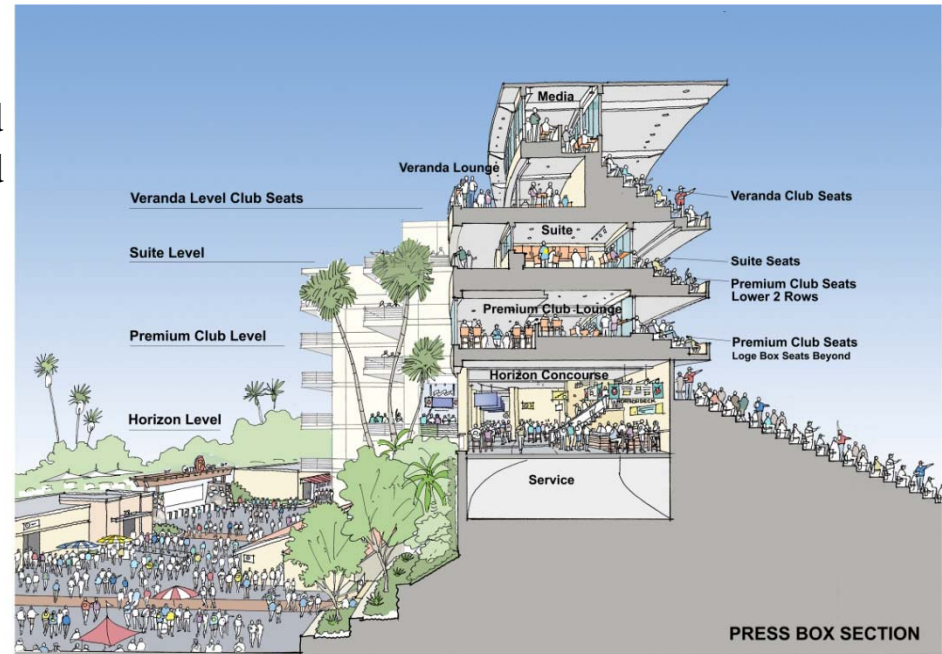
- BSG Evaluated Potential Demand and Pricing for Several Seating Categories and Lounges

- ✓ Premium Seating

- Luxury Suites
- Loge Boxes
- Premium Club Level Seats
- Veranda Club Level Seats

- ✓ Lounge Memberships

- Field Level Lounge
- Horizon Level Lounge



II. Market Analysis

Seating Categories – Key Pricing Assumptions

- BSG Tested the Following Price Assumptions through Web-Based Surveys and Focus Groups

Annual Price	Premium Seating - (1)				Lounge Memberships	
	Luxury Suites	Loge Boxes	Premium Club	Veranda Club	Field Level	Horizon Level
			Level Seats	Level Seats	Lounge Memberships	Lounge Memberships
High	\$85,000	\$25,000	\$4,500	\$3,000	\$2,000	\$2,000
Medium	\$70,000	\$20,000	\$4,000	\$2,500	\$1,500	\$1,500
Low	\$55,000	\$15,000	\$3,500	\$2,000	\$1,000	\$1,000

(1) Includes season ticket cost to UCLA football and right to purchase tickets to Rose Bowl Game, BCS National Championship Game, and other events.

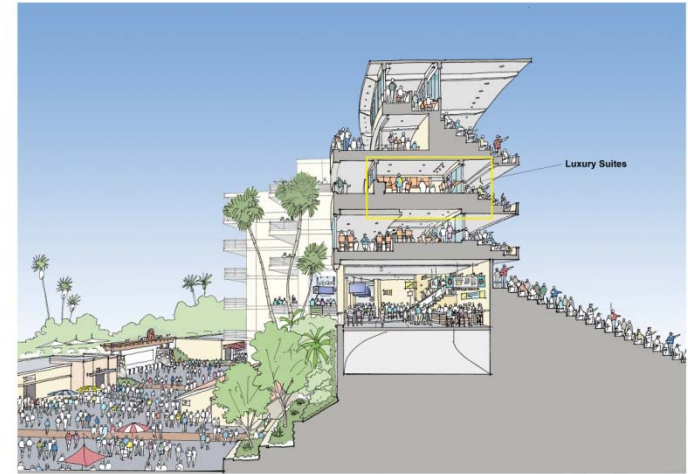
II. Market Analysis

Luxury Suites

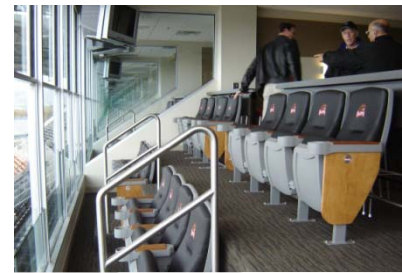
➤ Typical/Traditional Amenities (Per Survey Description)

- ✓ 12 to 16 Total Seats
- ✓ Exclusive/Private Entrances
- ✓ Exclusive Lounge Areas
- ✓ Climate Control
- ✓ Upscale Furnishings
- ✓ Wider, Padded Comfortable Seats
- ✓ Excellent Sight Lines
- ✓ Television Monitors
- ✓ Upscale Food and Catering Services
- ✓ Ability to Purchase Alcohol
- ✓ Concierge Service
- ✓ Private Restrooms (Suite Level or In-Suite)
- ✓ Wet Bar
- ✓ Telephones
- ✓ Ice Makers

*Luxury Suite
Location*



*Luxury Suite Seating Area
Sample*



*Luxury Suite Lounge Area
Sample*



II. Market Analysis

Luxury Suite Interest

- Survey Respondents were Asked if they Would Potentially be Interested in Leasing a State-of-the-Art Luxury Suite at the Rose Bowl

Luxury Suites							
		Definitely Yes		Probably Yes		Total	
		%	#	%	#	%	#
Total Respondents	2,966						
Annual Price - (1)							
Respondents with Some Interest (Before Pricing)	874						
% of Respondents with Some Interest (Before Pricing)	29.5%						
High	\$85,000	1.3%	11	4.9%	43	6.2%	54
Medium	\$70,000	1.3%	11	7.9%	69	9.2%	80
Low	\$55,000	1.3%	11	16.6%	145	17.8%	156

(1) Includes season ticket cost to UCLA football and right to purchase tickets to Rose Bowl Game, BCS National Championship Game, and other events.

Please See Support Tables for Detail

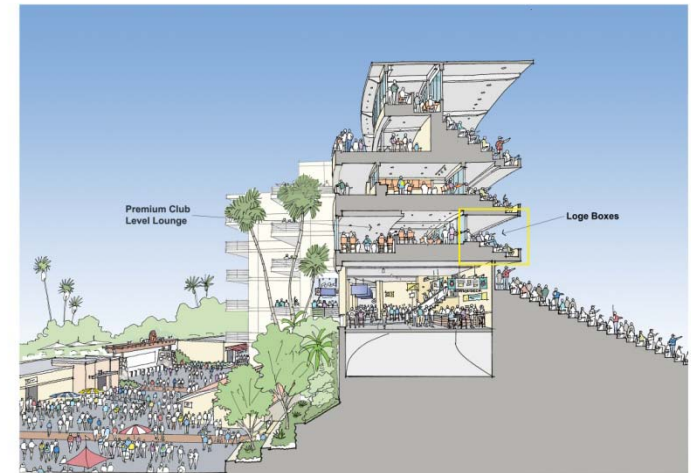
II. Market Analysis

Loge Boxes

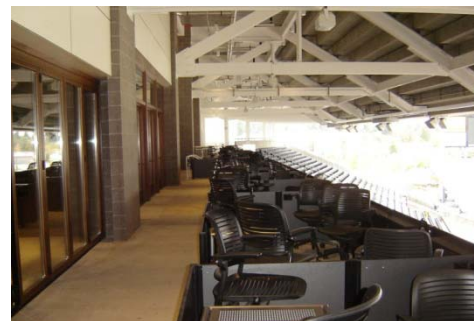
➤ Typical/Traditional Amenities (Per Survey Description)

- ✓ 4 to 6 Seats
- ✓ Excellent sight lines
- ✓ Exclusive/private entrances
- ✓ Exclusive lounge areas
- ✓ Ability to purchase alcohol in private lounge area
- ✓ Wider, padded comfortable seats on wheels
- ✓ Drink rails/counters
- ✓ Television monitors
- ✓ Waiter/waitress service
- ✓ Upscale food and catering services
- ✓ Preferred parking
- ✓ Access to restricted area restrooms

*Loge Box
Location*



*Loge Box Seating Area
Sample*



*Loge Box Lounge Area
Sample*



II. Market Analysis

Loge Box Interest

- Survey Respondents were Asked if they Would Potentially be Interested in Leasing a Loge Box at the Rose Bowl

Loge Boxes							
		Definitely Yes		Probably Yes		Total	
		%	#	%	#	%	#
Total Respondents	2,966						
Annual Price - (1)							
Respondents with Some Interest (Before Pricing)	1,425						
% of Respondents with Some Interest (Before Pricing)	48.0%						
High	\$25,000	1.2%	17	6.5%	93	7.7%	110
Medium	\$20,000	1.3%	19	9.1%	129	10.4%	148
Low	\$15,000	1.4%	20	17.8%	253	19.2%	273

(1) Includes season ticket cost to UCLA football and right to purchase tickets to Rose Bowl Game, BCS National Championship Game, and other events.

Please See Support Tables for Detail

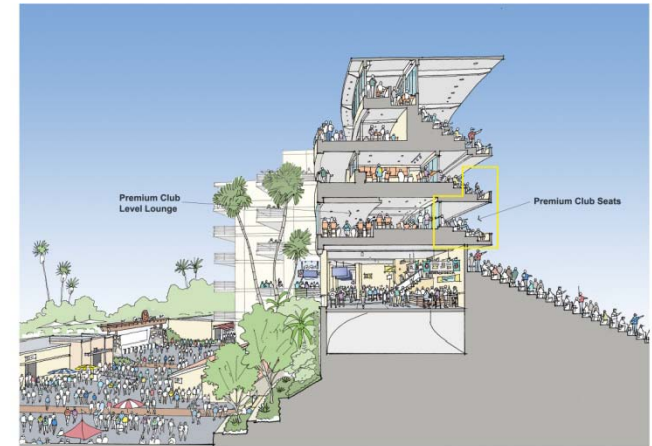
II. Market Analysis

Premium Level Club Seats

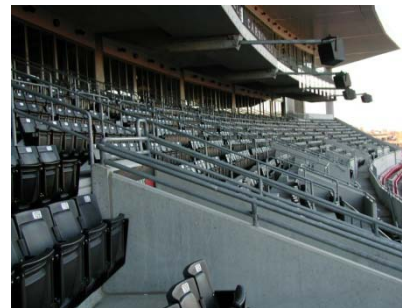
➤ Typical/Traditional Amenities (Per Survey Description)

- ✓ Exclusive lounge areas
- ✓ Exclusive/private entrances
- ✓ Climate controlled area
- ✓ Wider, padded comfortable seats and cup holders
- ✓ Television monitors
- ✓ Upscale food services
- ✓ Private concessions areas
- ✓ Ability to purchase alcohol
- ✓ Preferred parking
- ✓ Access to restricted area restrooms

*Premium Level Club Seats
Location*



*Premium Level Club Seats
Sample*



*Premium Level Club Lounge
Sample*



II. Market Analysis

Premium Level Club Seats Interest

- Survey Respondents were Asked if they Would Potentially be Interested in Leasing Premium Club Level Seats at the Rose Bowl

Premium Level Club Seats							
		Definitely Yes		Probably Yes		Total	
		%	#	%	#	%	#
Total Respondents	2,966						
Annual Price - (1)							
Respondents with Some Interest (Before Pricing)	1,680						
% of Respondents with Some Interest (Before Pricing)	56.6%						
High	\$4,500	2.1%	36	7.3%	122	9.4%	158
Medium	\$4,000	2.2%	37	9.2%	155	11.4%	192
Low	\$3,500	2.3%	39	16.0%	269	18.3%	308

(1) Includes season ticket cost to UCLA football and right to purchase tickets to Rose Bowl Game, BCS National Championship Game, and other events.

- Interested Respondents Generally Indicated that they Would Purchase Approximately 4 Seats

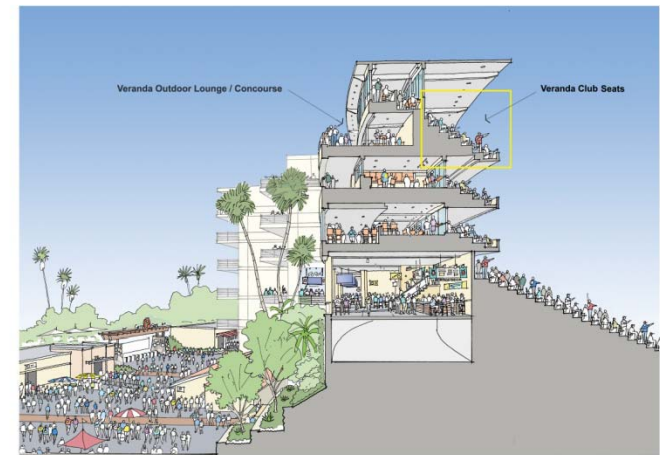
II. Market Analysis

Veranda Level Club Seats

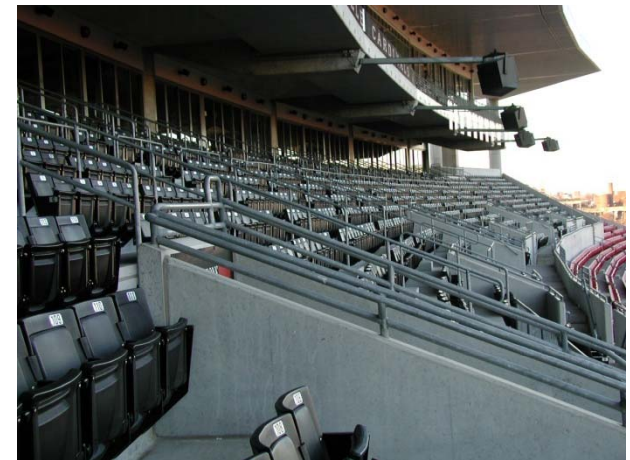
➤ Typical/Traditional Amenities (Per Survey Description)

- ✓ Exclusive lounge areas
- ✓ Exclusive/private entrances
- ✓ Climate controlled area
- ✓ Wider, padded comfortable seats and cup holders
- ✓ Television monitors
- ✓ Upscale food services
- ✓ Private concessions areas
- ✓ Ability to purchase alcohol
- ✓ Preferred parking
- ✓ Access to restricted area restrooms

*Veranda Level Club Seats
Location*



*Veranda Level Club Seats
Sample*



II. Market Analysis

Veranda Level Club Seats Interest

- Survey Respondents were Asked if they Would Potentially be Interested in Leasing Veranda Club Level Seats at the Rose Bowl

Veranda Level Club Seats							
		Definitely Yes		Probably Yes		Total	
		%	#	%	#	%	#
Total Respondents	2,966						
Annual Price - (1)							
Respondents with Some Interest (Before Pricing)	1,465						
% of Respondents with Some Interest (Before Pricing)	49.4%						
High	\$3,000	1.8%	26	7.4%	109	9.2%	135
Medium	\$2,500	1.9%	28	10.6%	156	12.6%	184
Low	\$2,000	2.1%	31	18.7%	274	20.8%	305

(1) Includes season ticket cost to UCLA football and right to purchase tickets to Rose Bowl Game, BCS National Championship Game, and other events.

- Interested Respondents Generally Indicated that they Would Purchase Approximately 4 Seats

Please See Support Tables for Detail

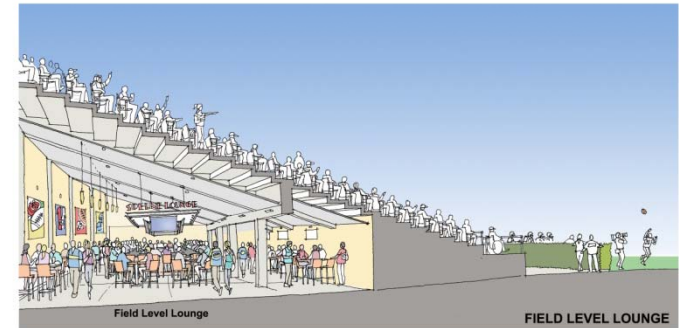
II. Market Analysis

Field Level Lounge

➤ Typical/Traditional Amenities (Per Survey Description)

- ✓ Exclusive lounge areas
- ✓ Exclusive/private entrances
- ✓ Climate controlled area
- ✓ Television monitors
- ✓ Upscale food services
- ✓ Private concessions areas
- ✓ Ability to purchase alcohol
- ✓ Access to restricted area restrooms

*Field Level Lounge
Location*



*Field Level Lounge
Sample*



II. Market Analysis

Field Level Lounge Membership Interest

- Survey Respondents were Asked if they Would Potentially be Interested Purchasing a Field Level Lounge Membership at the Rose Bowl

Field Level Lounge Memberships							
		Definitely Yes		Probably Yes		Total	
		%	#	%	#	%	#
Total Respondents	2,966						
Annual Price							
Respondents with Some Interest (Before Pricing)	1,521						
% of Respondents with Some Interest (Before Pricing)	51.3%						
High	\$2,000	1.4%	21	6.5%	99	7.9%	120
Medium	\$1,500	1.5%	23	9.5%	145	11.0%	168
Low	\$1,000	1.9%	29	21.1%	321	23.0%	350

- Interested Respondents Generally Indicated that they Would Purchase Approximately 3 to 4 Memberships

Please See Support Tables for Detail

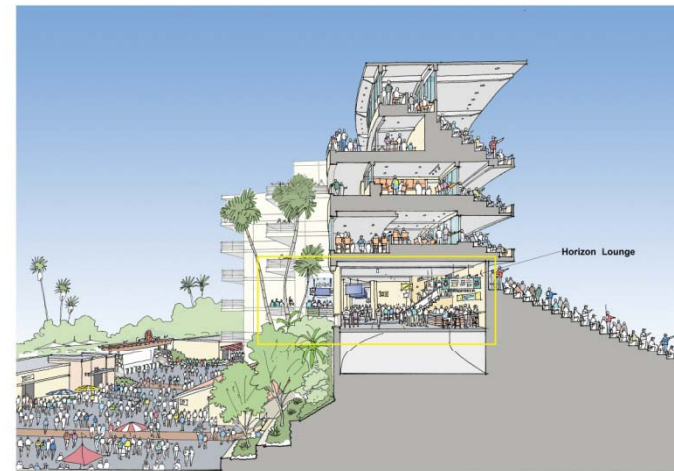
II. Market Analysis

Horizon Level Lounge

➤ Typical/Traditional Amenities (Per Survey Description)

- ✓ Exclusive lounge areas
- ✓ Exclusive/private entrances
- ✓ Climate controlled area
- ✓ Television monitors
- ✓ Upscale food services
- ✓ Private concessions areas
- ✓ Ability to purchase alcohol
- ✓ Access to restricted area restrooms

*Horizon Level Lounge
Location*



II. Market Analysis

Horizon Level Lounge Membership Interest

- Survey Respondents were Asked if they Would Potentially be Interested Purchasing a Horizon Level Lounge Membership at the Rose Bowl

Horizon Level Lounge Memberships							
		Definitely Yes		Probably Yes		Total	
		%	#	%	#	%	#
Total Respondents	2,966						
Annual Price							
Respondents with Some Interest (Before Pricing)	1,206						
% of Respondents with Some Interest (Before Pricing)	40.7%						
High	\$2,000	1.2%	15	4.3%	52	5.6%	67
Medium	\$1,500	1.4%	17	7.5%	91	9.0%	108
Low	\$1,000	1.7%	20	17.6%	212	19.2%	232

- Interested Respondents Generally Indicated that they Would Purchase Approximately 3 to 4 Memberships

Please See Support Tables for Detail

II. Market Analysis

General Survey Comments – Summary of Findings

- 482 Respondents Provided Additional Comments to the Survey

- Common Topics Included
 - ✓ Current Seats are Not Comfortable/Leg Room Improvements Needed
 - ✓ Concern Regarding Pricing Some Fans Out of Current Seats or Stadium
 - ✓ Concern Regarding Seat Displacement
 - ✓ Concern About Current Economy
 - ✓ Questions Regarding Handicap Accessible Seating
 - ✓ Support “Collegiate” Atmosphere
 - ✓ Appreciation of Obtaining Fan/Community Input
 - ✓ General Support of the Rose Bowl and History
 - ✓ Acknowledge Need for Improvements/Renovation

Impact of Potential NFL Stadium

- Respondents Generally Indicated that their Decision to Lease Premium Seating Would Not Change if a New NFL Stadium was Built in Los Angeles (Consideration Should Be Given to Impact on Advertising/Sponsorships)

II. Market Analysis

Personal Seat Licenses (PSLs) – Key Pricing Assumptions

- BSG Evaluated the Potential Demand for PSLs for a Limited Number of Seats for the Rose Bowl Game as a Potential Funding Mechanism
- BSG Tested the Following Price Assumptions through Web-Based Surveys, Focus Groups, and Intercept Surveys
- Respondents were Advised that PSL Applies to Rose Bowl Game Only – Not UCLA Football, BCS Championship Game, or Other Events

	Personal Seat Licenes (PSLs)
Annual Price	
High	\$10,000
Medium - High	\$7,500
Medium - Low	\$5,000
Low	\$2,500

(1) Does not include Rose Bowl Game ticket.

II. Market Analysis

PSL Interest

- Survey Respondents were Asked if they Would Potentially be Interested in Purchasing a PSL for the Rose Bowl Game Only (Secondary Screening)

✓ Web-Based Surveys

PSL - Rose Bowl Game Only							
Total Respondents	2,966						
Annual Price - (1)		Definitely Yes		Probably Yes		Total	
		%	#	%	#	%	#
Respondents with Some Interest (Before Pricing)	624						
% of Respondents with Some Interest (Before Pricing)	21.0%						
High	\$10,000	0.6%	4	4.5%	28	5.1%	32
Medium - High	\$7,500	0.8%	5	6.1%	38	6.9%	43
Medium - Low	\$5,000	1.1%	7	18.1%	113	19.2%	120
Low	\$2,500	2.2%	14	38.6%	241	40.9%	255

(1) Does not include Rose Bowl Game ticket cost.

- Moderate to Strong Demand from Corporate Community – Interested Respondents Generally Indicated that they Would Purchase Approximately 3 to 4 PSLs

Please See Support Tables for Detail

II. Market Analysis

PSL Interest

- Survey Respondents were Asked if they Would Potentially be Interested in Purchasing a PSL for the Rose Bowl Game Only (Secondary Screening)

✓ Fan Intercept Surveys

PSL - Rose Bowl Game Only							
		Definitely Yes		Probably Yes		Total	
		%	#	%	#	%	#
Total Respondents	551						
Annual Price - (1)							
Respondents with Some Interest (Before Pricing)	98						
% of Respondents with Some Interest (Before Pricing)	17.8%						
High	\$10,000	5.1%	5	8.2%	8	13.3%	13
Medium - High	\$7,500	5.1%	5	9.2%	9	14.3%	14
Medium - Low	\$5,000	7.1%	7	26.5%	26	33.7%	33
Low	\$2,500	10.2%	10	38.8%	38	49.0%	48

(1) Does not include Rose Bowl Game ticket cost.

Please See Support Tables for Detail

II. Market Analysis

Rose Bowl Characteristics – Summary of Findings (2006 Market Study)

- Survey Respondents were Asked to Rank Rose Bowl Characteristics from Very Good (5) to Very Poor (1)

- Respondents Generally Rated the Following Rose Bowl Characteristics with the Highest (Most Favorable) Scores
 - ✓ Game Day Atmosphere

 - ✓ Overall Satisfaction/Experience

 - ✓ General Appearance of the Stadium

 - ✓ Ticket Prices (UCLA Donors/Season Tickets Holders/Students)

- Respondents Generally Rated the Following Rose Bowl Characteristics with the Lowest (Least Favorable) Scores
 - ✓ Seat Comfort – Key Issue

 - ✓ Food and Beverage Wait Time

II. Market Analysis

Rose Bowl Improvements – Summary of Findings (2006 Market Study)

- Survey Respondents were Asked to Rank Rose Bowl Improvements from Very Important (5) to Not Important (1)

- Respondents Generally Rated the Following Rose Bowl Improvements with the Highest (Most Important) Scores
 - ✓ Seat Comfort – Key Issue

 - ✓ Parking (UCLA Donors/Season Ticket Holders/Students)

 - ✓ Number of Restrooms

- Respondents Generally Rated the Following Rose Bowl Characteristics with the Lowest (Least Important) Scores
 - ✓ Directional Signage

II. Market Analysis

Additional Due Diligence

II. Market Analysis

Historical Operating Characteristics

- Reviewed Historical Operating Characteristics to Better Understand Support and Demand
 - ✓ Rose Bowl Operating Company
 - ✓ UCLA Football
 - ✓ Tournament of Roses
- Rose Bowl Major Events (Over 20,000) Limited to 12 Per Year by City Ordinance
 - ✓ In FY2010, Rose Bowl Hosted Several Major Events (BCS Championship/Concert/Soccer) in Addition to UCLA Football and Rose Bowl Game
- Historical Demand for Premium Seating Products has been Strong
 - ✓ Occupancy Rate has been At or Near 100%
 - ✓ Net Revenue has Increased at a Compounded Annual Growth Rate of Nearly 5% Since 2001

II. Market Analysis

Historical Operating Characteristics

- Advertising/Sponsorship Net Revenue has Increased at a Compounded Annual Growth Rate of Approximately 6% Since 2002
- Concessions Revenue and Per Capitas Increased Significantly in FY2010
- UCLA Football Support has Fluctuated Depending on Team Performance and Schedule
- Tournament of Roses (Rose Bowl) Game Support has been Consistent – Rose Bowl Game is a Guaranteed Sellout Per Contract (Non-Partner Exception Issue Must be Considered)

II. Market Analysis

Stadium Development Trends – Pac 10 Conference

- Stanford University (Stanford Stadium) – Re-Build/Renovation Completed
- Oregon State University (Reser Stadium) – Renovation Completed
- University of Oregon (Autzen Stadium) – Renovation Completed
- University of California, Berkeley (Memorial Stadium) – Renovation Approved
- University of Southern California (Los Angeles Memorial Coliseum) – Minor Renovations Underway (Larger Renovation Subject to Availability of Funding)
- Potential Renovations – Planning Stages
 - ✓ Arizona State University (Sun Devil Stadium)
 - ✓ University of Arizona (Arizona Stadium)
 - ✓ University of Washington (Husky Stadium)
 - ✓ Washington State University (Martin Stadium)

II. Market Analysis

Stadium Development Trends – Big 10 Conference

- University of Michigan (Michigan Stadium) – Renovation Nearly Complete
- University of Minnesota (TCF Bank Stadium) – New Stadium Completed
- University of Iowa (Kinnick Stadium) – Renovation Completed
- University of Illinois (Memorial Stadium) – Renovation Completed
- Ohio State University (Ohio Stadium) – Renovation Completed
- University of Wisconsin (Camp Randall Stadium) – Renovation Completed
- Michigan State University (Spartan Stadium) – Renovation Completed
- Purdue University (Ross-Ade Stadium) – Renovation Completed
- Penn State University (Beaver Stadium) – Renovation Completed
- University of Indiana (Memorial Stadium) – Renovation Completed (Minor)
- Northwestern University (Ryan Field) – Renovation Completed

II. Market Analysis

Stadium Development Trends – Case Studies

- Completed 17 NCAA Football Case Studies for Additional Comparison and Benchmarking Purposes (2006 Market Analysis Included Additional Case Studies)
 - ✓ University of Michigan – Michigan Stadium (Renovation)
 - ✓ University of Louisville – Papa John’s Cardinal Stadium (Renovation)
 - ✓ University of Minnesota – TCF Bank Stadium (New)
 - ✓ University of Illinois – Memorial Stadium (Renovation)
 - ✓ University of Iowa – Kinnick Stadium (Renovation)
 - ✓ Oklahoma State University – Boone Pickens Stadium (Renovation)
 - ✓ North Carolina State University – Carter-Finley Stadium (Renovation)
 - ✓ Virginia Tech University – Lane Stadium (Renovation)
 - ✓ Louisiana State University – Tiger Stadium (Renovation)
 - ✓ University of Georgia – Sanford Stadium (Renovation)
 - ✓ Auburn University – Jordan-Hare Stadium (Renovation)
 - ✓ University of Florida – Ben Hill Griffin Stadium (Renovation)
 - ✓ University of Oregon – Autzen Stadium (Renovation)
 - ✓ University of Mississippi – Vaught-Hemingway Stadium (Renovation)
 - ✓ University of Arkansas – Razorback Stadium (Renovation)
 - ✓ Ohio State University – Ohio Stadium (Renovation)
 - ✓ University of Kentucky – Commonwealth Stadium (Renovation)

-
- Limited Comparability Given Unique Nature of Rose Bowl Game, Special Events and Market

II. Market Analysis

Regional Demographic Overview

- Market Area Size and Characteristics will have an Impact on Market Support and the Potential Demand for Premium Seating at the Renovated Rose Bowl

- Limited Market Demographic Overview Completed
 - ✓ Combined Statistical Area (CSA) Designation
 - Los Angeles-Long Beach et al, CA (Includes Orange County)
 - Oxnard-Thousand Oaks-Ventura, CA
 - Riverside et al, CA

 - ✓ Core Base Statistical Area (CBSA) Designation
 - Los Angeles-Long Beach et al, CA (Includes Orange County)

 - ✓ 30-Mile Ring Designation

 - ✓ 50-Mile Driving Distance Designation

II. Market Analysis

Regional Demographic Overview

	Los Angeles-Long Beach- Riverside et al, CA CSA	Los Angeles-Long Beach et al, CA CBSA	30-Mile Geographic Ring	50-Mile Driving Distance
2009 Population	18,258,987	13,223,432	11,074,526	14,603,257
2014 Population	19,566,867	13,891,100	11,591,071	15,414,355
Estimated % Growth 2009-2014	7.16%	5.05%	4.66%	5.55%
2009 Households	5,847,305	4,283,581	3,562,709	4,641,870
2014 Households	6,221,694	4,474,770	3,706,757	4,866,418
Estimated % Growth 2009-2014	6.40%	4.46%	4.04%	4.84%
Average Household Income	\$80,999	\$82,547	\$77,208	\$81,186
Median Household Income	\$59,303	\$59,053	\$54,959	\$58,966
Per Capita Income	\$26,245	\$27,037	\$25,102	\$26,105
Households w/ Income \$100,000+	1,496,841	1,118,910	836,244	1,191,582
Median Age	34.27	35.16	34.80	34.46
Average Age	35.54	36.01	35.80	35.53
Unemployment Rate - (1)	4.55%	4.61%	4.88%	4.66%
Corporate Base - (2)				
Companies with 500+ Employees	838	687	582	NA
Companies with 250+ Employees	2,362	1,902	1,611	NA
Companies with 100+ Employees	9,462	7,414	6,351	NA
Companies with 50+ Employees	22,737	17,636	14,994	NA
Companies with Sales \$50.0+ Million	1,061	898	715	NA
Companies with Sales \$25.0+ Million	2,163	1,809	1,456	NA
Companies with Sales \$10.0+ Million	6,009	4,874	4,008	NA
Companies with Sales \$5.0+ Million	12,512	10,049	8,399	NA

(1) Not adjusted for population not in work force.

(2) Geographic ring designation based on zip code radius.

Source: Claritas 2009 and Dun and Bradstreet 2010.

II. Market Analysis

Regional Facility Overview

- Provided Limited Overview of Regional Facilities to Understand Potential Local Competition

- Primary Facilities
 - ✓ Los Angeles Memorial Coliseum
 - ✓ Staples Center
 - ✓ Honda Center
 - ✓ Dodger Stadium
 - ✓ Angel Stadium of Anaheim
 - ✓ Home Depot Center
 - ✓ Galen Center
 - ✓ Proposed NFL Stadium – City of Industry

- Other Facilities
 - ✓ Pauley Pavilion (Major Renovation)
 - ✓ Citizens Business Bank Arena
 - ✓ Los Angeles Memorial Sports Arena
 - ✓ The Forum
 - ✓ Long Beach Arena
 - ✓ Santa Anita Park
 - ✓ Hollywood Park
 - ✓ California Motor Speedway

III. Financial Analysis

III. Financial Analysis

Project Cost Estimate

III. Financial Analysis

➤ Summary of Estimated Project Costs (Hard/Soft)

USES OF FUNDS	
	Base Case
Concourses	\$11,054,565
Concessions	\$11,073,715
Restrooms	\$4,863,239
Ingress/Egress (Tunnels/New Aisles)	\$20,670,311
Public Entry Gates	\$1,177,774
Scoreboards	\$17,478,133
Infrastructure/Other	\$8,971,854
Stadium Seating/Concrete Repair	\$12,827,507
Press Box - Phase 1	\$63,419,539
Press Box - Phase 2	\$0
Horizon Level	\$7,523,410
Field Level Lounges	\$9,980,112
Field Level Exiting	\$2,299,603
Total	\$171,339,762

III. Financial Analysis

Conceptual Approach

III. Financial Analysis

Conceptual Approach

- City to Issue Bonds (and Provide Credit Enhancement) to Fund Improvements
- All New or Incremental Revenues Dedicated to Rose Bowl Improvements and Ongoing Capital
- Tenants to Make Investment in Project
 - ✓ Additional Consideration
 - ✓ Dedicated Revenue Streams
 - ✓ Form of Investment to be Determined/Negotiated
 - ✓ Present Value of Investment will Depend on Interest Rates and Other Market Conditions
- Tenants to Extend Leases Coterminous with Bond Debt – 30 Years
- Distribution of Surplus Revenues After Debt Service to be Determined

III. Financial Analysis

Financing and Other Key Issues

- Bond Financing Required – Key Considerations
 - ✓ Current Economic Conditions/Financial Markets
 - ✓ Credit Enhancement Required
 - ✓ Impact on City Bonding Capacity/Rating
 - ✓ Ability to Fund Other Projects
 - ✓ Build America Bonds – Benefit/Timing
 - ✓ Tax-Exempt/Taxable Status
 - ✓ Debt Coverage Requirement (1.50x Assumed)
 - ✓ Annual Revenue/Debt Service Risk
 - ✓ Annual Debt Coverage Surplus (if any) – Distribution To Be Determined

- RBOC Long Term Budget Assumed at Breakeven (Includes Retirement of Existing Debt)

- Premium Seating Marketing/Leasing Approach Key to Success

- Project Phasing will Impact Timing of Revenue Streams

- Overall Risk Assessment Should Be Completed

III. Financial Analysis

Dedicated Revenue Sources

- Key New or Incremental Revenue Sources Committed to Debt Service
 - ✓ Luxury Suites
 - ✓ Loge Boxes
 - ✓ Club Seats
 - ✓ Field/Horizon Level Memberships
 - ✓ Sponsorship/Advertising – Permanent/Temporary (Including Electronic)
 - Tournament of Roses Retains Field Level Signage for Rose Bowl/BCS Games
 - Limited Game Day Spots for UCLA/Others
 - ✓ Ticket Surcharge – (1)
 - ✓ Parking Surcharge
 - ✓ Concessions
 - ✓ Additional Rent – Tenants
 - ✓ Rose Bowl Operating Profit
 - ✓ Golf Course Revenue (After Existing Debt Retired) – Not Subject to Surplus Distribution
 - ✓ Other

(1) – UCLA to Provide Alternative Revenue Sources

III. Financial Analysis

Key Assumptions
(See Volume IV for Detail)

III. Financial Analysis

Key Considerations/Methodology

- Market Analysis and Additional Due Diligence Provided the Foundation for Key Assumptions Developed for the Financial Model

- Key Factors Considered
 - ✓ Market Surveys and Extrapolated Demand
 - ✓ Focus Groups/Interviews
 - ✓ Historical Demand/Support
 - ✓ Regional Demographics
 - ✓ Regional Competition and Entertainment Alternatives
 - ✓ NCAA Benchmarking/Case Studies
 - ✓ Others

- Numerous Factors may Impact the Findings in this Report, Including But Not Limited to
 - ✓ Rose Bowl Game Status/Prominence
 - ✓ UCLA Team Performance and Eligibility
 - ✓ Other Event Mix
 - ✓ Quality of Sales and Marketing Staff
 - ✓ Stadium Management/Customer Service
 - ✓ Others

III. Financial Analysis

Key Considerations/Methodology

- Consider Conservative Approach to Pricing Levels
 - ✓ Provides Opportunity to Increase Prices in Future to Meet Demand
 - ✓ Key is to Avoid Need to Reduce Prices in Future to Meet Demand

- Macro Level Factors Could Impact the Findings in this Report, Including But Not Limited to
 - ✓ Economic Conditions
 - Regional
 - National
 - ✓ Sports & Entertainment Competition
 - ✓ Others

- Consider Alternative Structure with UCLA as Marketing Agent for Premium Seating to Maximize Demand/Tax Benefits (City Must Consider Risk Mitigation Issues with Such a Structure)

III. Financial Analysis

Premium Seating – General

- Economic Conditions Should Be Carefully Monitored and Consideration Should Be Given to Modifying Recommendations to the Plan Prior to Final Design, as Appropriate
 - ✓ Press Box Level F Premium Seating Inventory May be Modified Depending on Demand
- Given Current Economic Conditions, RBOC Should Retain an Independent Consultant with Extensive Sports Industry Experience to Conduct a Peer Review of this Report
- Consideration Should Be Given to Pre-Marketing Premium Seating Products to Existing Suite Holders/Donors Prior to Development to Obtain Commitments and Further Refine Plan
- Consideration Should Be Given to Pre-Marketing Premium Seating Products to General Corporate Market Prior to and During Development to Obtain Commitments and Further Refine Plan
- Premium Seating Recommendations Assume UCLA and Rose Bowl Game Tickets Included in Price with First Right of Refusal for Other Events at the Stadium
 - ✓ Separate Packages (UCLA or Rose Bowl Game Only) May Be Offered on a Limited Basis
 - ✓ Sub-Leasing Should Be Permitted (Consider Premium Seating Exchange Program with RBOC to Receive Commission)
- Third Party Premium Seating Marketing Agent Should Be Retained (Assumed)

III. Financial Analysis

Premium Seating – Press Box Alternatives

- Planning Team Considered Several Alternative Development Plans for the Proposed Press Box Renovation

- Key Considerations
 - ✓ Market Demand
 - ✓ Revenue Generating Capability
 - ✓ Project Cost
 - ✓ Seating Capacity (Tournament of Roses)
 - ✓ Physical Constraints
 - ✓ Flexibility

- Current Focus is on “Option B3” – See Volume IV for Preliminary Renderings

III. Financial Analysis

Estimated New/Incremental Revenues

III. Financial Analysis

New/Incremental Revenue Sources – Preliminary Estimate (Year 1)

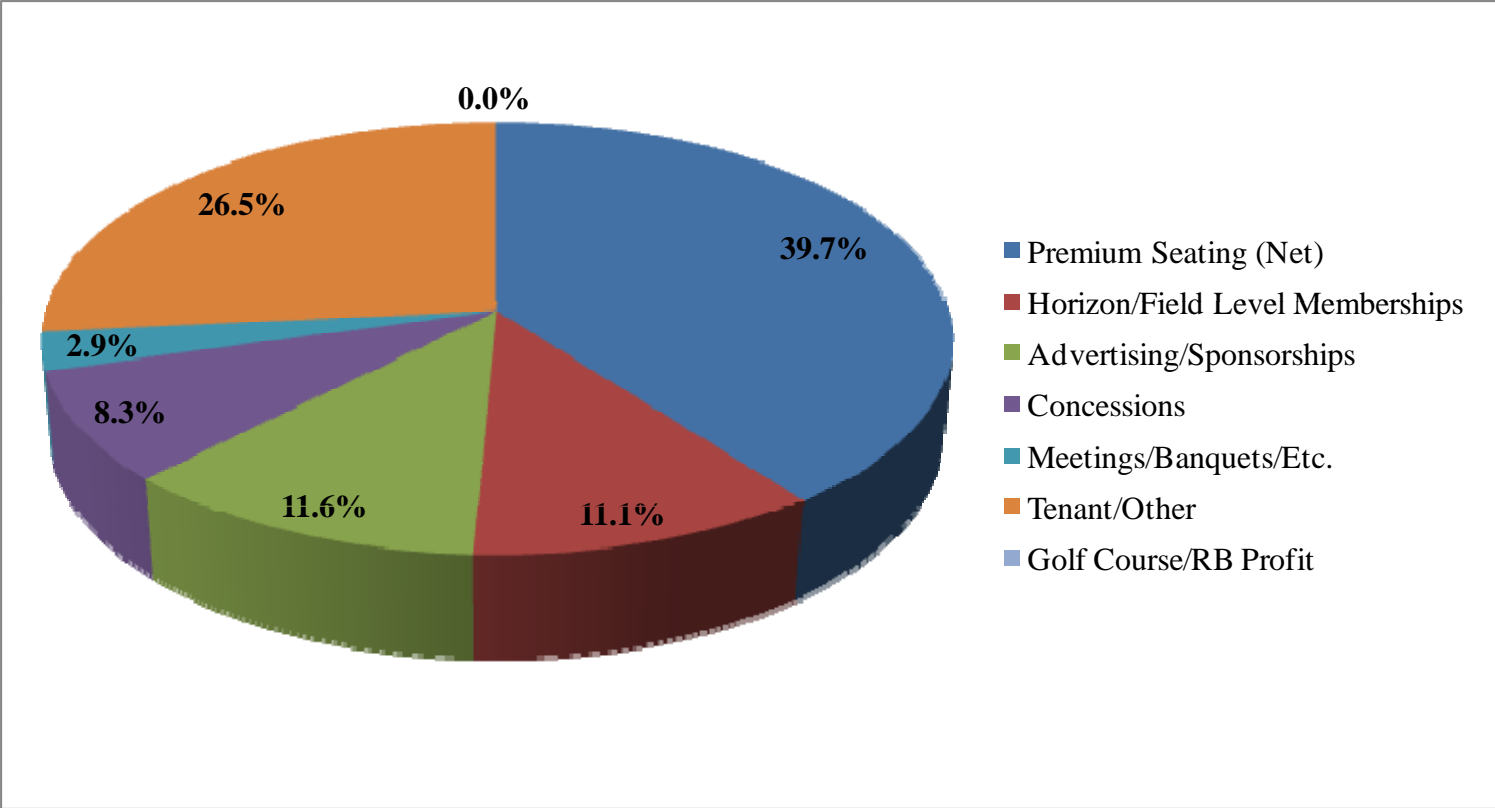
- New/Incremental Revenue Sources Based on Assumed Tenant Commitments/Lease Modifications – To Be Determined (Agreement Not Reached)

Estimated New/Incremental Revenues - Year 1	Amount	Percent
Premium Seating (Net)	\$4,842,004	39.7%
Horizon/Field Level Memberships	\$1,350,000	11.1%
Advertising/Sponsorships	\$1,420,506	11.6%
Concessions	\$1,011,130	8.3%
Meetings/Banquets/Etc.	\$350,000	2.9%
Tenant/Other	\$3,236,037	26.5%
Golf Course/RB Profit	\$0	0.0%
Estimated Revenue - Year 1	\$12,209,677	100.0%

- Estimated Annual Growth at 2.80% (2.46% without RB Operating Profit/Golf Course Revenue)
- Breakeven Sensitivity – Approximately 72% of Base Case Assumptions
- Existing Revenue Assumptions (Premium Seating/Advertising/Concessions) May Be Modified Based on Current Fiscal Year Performance (To Be Determined)

III. Financial Analysis

New/Incremental Revenue Sources – Preliminary Estimate (Year 1)



III. Financial Analysis

Estimated Sources/Uses of Funds

III. Financial Analysis

Sources/Uses of Funds

➤ Option B3

Preliminary Estimate –
Subject to Revision

➤ Figures Reflect Net Bond
Proceeds – Gross Bond
Amount will be Higher -
\$180+ Million

SOURCES OF FUNDS			
	Net Bond Proceeds - (1)	Upfront Investment	Total - (2)
Project Sources	\$88,295,670	\$0	\$88,295,670
City of Pasadena Sources	\$28,723,485	\$3,000,000	\$31,723,485
Tenant/Other Sources	\$31,429,338	\$6,000,000	\$37,429,338
Additional Funding Sources (Gap)	\$0	\$15,000,000	\$15,000,000
Total	\$148,448,494	\$24,000,000	\$172,448,494

USES OF FUNDS	
	Base Case
Concourses	\$11,054,565
Concessions	\$11,073,715
Restrooms	\$4,863,239
Ingress/Egress (Tunnels/New Aisles)	\$20,670,311
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Horizon Level	\$7,523,410
Field Level Lounges	\$9,980,112
Field Level Exiting	\$2,299,603
Total	\$171,339,762

Estimated Funding Surplus/(Gap) - Preliminary	\$1,108,732
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(1) - Credit enhancement required. May require CABs to maximize proceeds. Assumes capitalized interest for two years.

(2) - Reflects direct investment, lease modifications, and estimated allocation of net bond proceeds.

III. Financial Analysis

Additional Funding Sources/Mechanisms

- 2014 BCS Investment – Tentatively Included
- Philanthropic/Fundraising/Charitable Contributions
- Stadium Donor Opportunities
- NFL Tenant – Interim
- Limited Seat License Program/Seat Equity Rights (Tournament of Roses Opposed to Concept)
- Tax Status of Bonds (Tax-Exempt vs Taxable)
- Debt Coverage Assumption
- Debt Service Reserve Fund/Surety/Letter of Credit
- Existing Debt Refinancing Proceeds
- Private Partner Investment
- Seat Naming Rights/Identification
- Refine Project Scope and Reduce Costs
- Favorable Construction Market Conditions

Limiting Conditions and Assumptions

Limiting Conditions and Assumptions

This analysis is subject to the following limiting conditions and assumptions:

- ✓ The analysis has been prepared for internal decision making purposes of the City of Pasadena/RBOC, UCLA, and the Tournament of Roses only and shall not be used for any other purposes without the prior written permission of Barrett Sports Group, LLC.
- ✓ Ownership and management of the stadium are assumed to be in competent and responsible hands.
- ✓ Any estimates of historical or future revenues, rents, expenses, occupancy, net operating income, mortgage debt service, capital outlays, cash flows, inflation, capitalization rates, yield rates or interest rates are intended solely for analytical purposes and are not to be construed as predictions of the analysts. They represent only the judgment of the authors based on information provided by operators and owners active in the market place, and their accuracy is in no way guaranteed.
- ✓ Our work has been based in part on review and analysis of information provided by unrelated sources which are believed accurate, but cannot be assured to be accurate.
- ✓ Current and anticipated market conditions are influenced by a large number of external factors. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors which might influence the operating potential of the facility. Due to rapid changes in the external factors, the actual results may vary significantly from estimates presented in this report.
- ✓ The analysts reserve the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data which may become available.
- ✓ The analysis is intended to be read and used as a whole and not in parts. Separation of any section or page from the main body of the report is expressly forbidden and invalidates the analysis.
- ✓ Possession of the analysis does not carry with it the right of publication. It shall be used for its intended purpose only and by the parties to whom it is addressed. Other parties should not rely on the findings of this report for any purpose and should perform their own due diligence.
- ✓ Our performance of the tasks completed does not constitute an opinion of value or appraisal, or a projection of financial performance or audit of the facility in accordance with generally accepted audit standards. Estimates of value (ranges) have been prepared to illustrate current and possible future market conditions.
- ✓ The analysis shall not be used in any matters pertaining to any financing, or real estate or other securities offering, registration, or exemption with any state or with the federal Securities and Exchange Commission.
- ✓ No liability is assumed for matters which are legal or environmental in nature.