



MEETING OF THE BOARD OF DIRECTORS

Wednesday, January 28, 2026 at 4:00 pm
Pasadena Convention Center, Room 211
300 E. Green St., Pasadena, CA 91101

AGENDA

Board of Directors

Tyron Hampton, Chair
Kim Burbank, Vice-Chair
Phil Hosp, Secretary
Pat Amsbry, Treasurer
Joan Aarestad
Scott Boone
Richard Bussiere
Joseph Co
David Eads
Charles Fusco
Marlon Gonzalez
Katie Green
Dave Klug
Eleanor Lee
Jeff Michael

PCOC Staff

Michael Ross, CEO

PCOC Mission Statement

The mission of the Pasadena Center Operating company (PCOC) is to promote Pasadena as a meeting and travel destination in an effort to maximize economic impact through the development of meetings, conventions, entertainment events and tourism by providing professionally managed facilities and first-class service.

MEMBERS OF THE PUBLIC MAY PARTICIPATE IN THE OPEN SESSION PORTION OF THE MEETING AS FOLLOWS:

1) By submitting public comment of any length to the following email: publiccomment@pasadenacenter.com up to two hours prior to the start of the meeting. Please be aware that this email address will not be checked within the two hours prior to the start of the meeting or, 2) During the meeting, by submitting comments in writing to the Recording Secretary, or by raising their hand to be recognized to speak at the appropriate time.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please call 626/793-2122. Notification 72 hours prior to the meeting will enable the PCOC to make reasonable arrangements to assure accessibility to this meeting. Language translation services are available for this meeting by calling (626) 793-2122 at least 72 hours in advance. Habrá servicio de interpretación disponible para éstas juntas llamando al (626) 793-2122 por lo menos con 48 horas de anticipación.

CONVENTION CENTER • CIVIC AUDITORIUM • CONVENTION & VISITORS BUREAU • ICE SKATING CENTER
300 E. Green Street, Pasadena, CA 91101-2399 TEL: (626) 793-9311 PASADENACENTER.COM



MEETING OF THE BOARD OF DIRECTORS

Wednesday, January 28, 2026 at 4:00 pm
Pasadena Convention Center, Room 211
300 E. Green St., Pasadena, CA 91101

AGENDA

- I. Call to Order**
- II. Roll Call**
- III. Public Comment on Matters Not on the Agenda**
- IV. Approval of December 3, 2025, Board Meeting Minutes: *Motion to Approve***
- V. Executive Committee Report – Tyron Hampton**
- VI. FY 2025 Audit – Lance, Soll & Lunghard, LLP: *Motion to Accept***
- VII. Directors Reports**
 - Financial Report, December 2025 – Eric Happe; *Motion to Approve*
 - Sales - Center, Civic, CVB - Kristin McGrath
 - Marketing Update - Christine Susa
 - Operations – Michael Ross
 - Ice Rink - Michael Ross
- VIII. Chief Executive Officer Report - Michael Ross**
 - Brown Act Information
 - LA28 Olympic Update
- IX. Tournament of Roses Report - David Eads, CEO**
- X. Rose Bowl Operating Company Report - Aaron Milam**
- XI. Adjournment - Next meeting is Wednesday March 25, 2026 at 4:00 pm**



Copies of this agenda and past agendas are posted at Pasadena City Hall and available for download online at <https://www.visitpasadena.com/board-agendas/>

A handwritten signature in black ink, appearing to read 'T. Hampton'.

Tyron Hampton, Chair, Board of Directors

I HEREBY CERTIFY that this Agenda, in its entirety, posted on the City of Pasadena rotunda area bulletin board at 100 N. Garfield Ave., and on www.pasadenacenter.com.

A handwritten signature in blue ink, appearing to read 'Margie Christ'.

Margie Christ, Recording Secretary



Convention Center
Civic Auditorium
Ice Skating Center
Convention & Visitors Bureau

OFFICIAL MINUTES

BOARD OF DIRECTORS MEETING

Wednesday, December 3, 2025
4:00 p.m.

Pasadena Convention Center
300 E. Green Street
Pasadena, CA 91101

I. Call to Order:

Chairman Tyron Hampton called the December 3, 2025 Pasadena Center Operating Company (PCOC) Board of Directors Meeting to order at 4:04 p.m.

II. Roll Call:

Roll call was taken and recorded by Margie Christ. A quorum assembled.

Board Members

Tyron Hampton, Chair
Kim Burbank, Vice-Chair
Phil Hosp, Secretary
Pat Amsbry, Treasurer
Joan Aarestad
Scott Boone
Richard Bussiere (absent)
Joseph Co
David Eads (absent)
Charles Fusco
Marlon Gonzalez (absent)
Katie Green
Dave Klug
Eleanor Lee (absent)
Jeff Michael

PCOC Staff

Michael Ross, *CEO*
Kristin McGrath, *CVB Executive Director*
Naz Sabripour, *Convention Center Executive Director*
Eric Happe, *Director of Finance*
Margie Christ, *Director of Human Resources*
Christine Susa, *Director of Marketing & Communications*

RBOC

Aaron Milam, *RBOC Representative*

City Staff

Arnold Lee, *Assistant Attorney, City of Pasadena*

III. Public Comment on Matters Not on the Agenda

(None)

IV. Approval of September 24, 2025 Board of Directors Meeting Minutes

It was moved by Scott Boone and seconded by Kim Burbank, to approve the September 24, 2025, Board of Directors Meeting Minutes as submitted. The motion unanimously carried. Absent: Richard Bussierre; Marlon Gonzalez; Eleanor Lee.

V. Executive Committee Report – Tyron Hampton

Chair Tyron Hampton told the Board of Directors that the discussion at the Executive Committee meeting was primarily around the FY 2026 budget which would be reviewed and discussed next.

VI. Directors Reports

- **FY 2026 Revised Budget – Michael Ross:** *Motion to Approve*

Michael Ross, CEO directed the Board of Directors' attention to the last column labeled "FY2026 Revised BUDGET" of the exhibit provided in the meeting package. He pointed out that the only change in revenue is Investment Earnings which increased by \$100,000. He noted that TOT, based on results through September, 2025, is now budgeted to increase by about \$400,000 and it is expected to cover the bond payment. There was a question about the level of cash reserves. Michael Ross responded that reserves are at about \$20 million.

- **Financial Report, October 2025 – Eric Happe:** *Motion to Approve*

Eric Happe, Director of Finance, provided an update on PCOC financials year to date through October 2025. Operating revenue was \$4.6 million, which was \$164,000 over budget.

Operating expenses were \$3.8 million, \$185,000 better than budget. Net result is \$813,000 which was \$349,000 over budget.

TOT revenue collected as of October 2025 was \$4.4 million which was \$300,000 better than budget. Debt service expense was \$4.2 million, which was on budget. The result was a net gain of \$164,000 which was \$303,000 better than budget.

TBID assessment was \$1.5 million which was \$71,000 better than budget. CVB expenses were \$1.2 million, resulting in a net gain of \$359,000 which was \$320,000 better than budget.

The total net gain for the company was \$1.3 million, which was \$966,000 better than budget.

Michael Ross pointed out the audit letter to the Board of Directors. It was provided in their meeting package.

It was moved by Jeff Michael and seconded by Joan Aarestead, to approve the October 2025 financial report as presented. The motion unanimously carried. Absent: Richard Bussierre; Marlon Gonzalez; Eleanor Lee.

- **Sales - Kristin McGrath**

Kristin McGrath, Executive Director of the CVB, directed the Board of Directors to the information previously provided about the CVB, Center, and Civic Auditorium activity. She reported that the definite hotel room nights achieved to date in FY26 are 9,048, which is 19% of the 46,500-room annual goal. She pointed out some of the room night booking highlights. She noted one from the science community, American Astronomical Society, for September 2028 with over 800 rooms – that is in addition to their visit in June 2026. She also noted another one from the technology industry, GoMAC Tech returning in March 2029 with 1266 rooms. Furthermore, she stated that the new lead activity is strong with 48 leads representing over 30,000 rooms. Also, she said that room night bookings for 2026 and 2027 are ahead of the pace of 2024 and 2025 respectively.

McGrath pointed out that hotel occupancy by percentage is down from the prior year and ADR is continually increasing. She said that the addition of the AC Hotel to room night inventory is 7.2% which at least partially explains the lower occupancy percentage levels. Further, she said that room night demand by numbers of room nights is beyond 2024 levels. Also, she said that r

McGrath reported for September and October the Convention Center had 26 new definite bookings and Civic Auditorium had 8 new definite bookings. There was a question about whether there is any convention center comparative data available. Kristin McGrath said that she would look into it although large convention centers such as we have in California typically book fewer but longer conventions than we do here. As such, any data we could get from other convention centers may not really be comparative.

McGrath directed the Board's attention to several pages in the meeting package about the variety of activities the CVB sales team has had in recent months.

- **Marketing Update** - Christine Susa

Christine Susa, Director of Marketing, directed the Board to the steady and robust variety of marketing and communications efforts. She also mentioned that Visit Pasadena received two Silver Adrian Awards. The HSMAI Adrian Awards is the premiere global travel marketing awards competition celebrating the creativity, impact, and innovation that define the tourism industry.

- **Operations** - Naz Sabripour

Naz Sabripour, Executive Director of the Convention Center, directed the Board of Directors' attention to the materials that had previously been provided. Sabripour pointed out that the client satisfaction survey is currently 3.85 out of 4.00.

- **Ice Rink** - Michael Ross

Michael Ross, CEO reported that the Ice Rink activity has continued to be very strong. He directed the Board to the information previously provided about the ice rink.

VII. Chief Executive Officer Report - Michael Ross, CEO

Michael Ross reported that his update was discussed earlier in the meeting in the "FY 26 Revised Budget" item of the agenda

VIII. Tournament of Roses Report - David Eads, CEO

David Eads reminded the Board of Directors that the Rose Bowl will have the #1 seed of the College Football Playoff which would be announced December 7th. He said the other team would be the winner of one of the first round matchups on December 19th. David Eads said that the game will be at 1:00 PM Pacific this year which is requiring the ToFR to juggle some logistics. In any case he said, the planning for the game and the parade is coming along well.

IX. Rose Bowl Operating Company Report – Aaron Milam

Aaron Milam updated the Board of Directors on some of the events going on at the Rose Bowl including Pokemon-Go, CIF Championship, and Lead Women's Symposium. He said the slate of summer concerts will come out in May. There was a question from a hotel partner about how to get a calendar of Rose Bowl events. Aaron Milam answered that there is a "Stakeholder Calendar" and he would be sure that all hotel GM's are on the distribution list.

X. Adjournment

On order of the Chair, the Board Meeting adjourned at 5:03 p.m.

Approved for the Board of Directors By:

**Tyron Hampton
Chair, Board of Directors**

**Phil Hosp
Secretary, Board of Directors**

Respectfully submitted by:

Margie Christ, Recording Secretary

Date



December 23, 2025

To the Board of Directors
Pasadena Center Operating Company
Pasadena, California

We have audited the financial statements of the Pasadena Center Operating Company (the "Company") for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you August 20, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 1 to the financial statements. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Company's financial statements was:

Management's estimates of the derivative instrument liability is based on actuarial valuations. We evaluated the methods, assumptions, and data used to develop the derivative instrument liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We are pleased to report that no such misstatements were identified during the course of our audit.



To the Board of Directors
Pasadena Center Operating Company
Pasadena, California

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 23, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Future GASB Pronouncements

The following Government Accounting Standards Board (GASB) pronouncements will be effective for the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal Year 2025-2026

GASB Statement No. 103, *Financial Reporting Model Improvements*.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*.



To the Board of Directors
Pasadena Center Operating Company
Pasadena, California

Future Projects

Comprehensive Project, *Revenue and Expense Recognition*.

Major Project, *Going Concern Uncertainties and Severe Financial Stress*.

Major Project, *Infrastructure Assets*.

Practice Issue, *Classification of Nonfinancial Assets*.

Practice Issue, *Risks and Uncertainties Disclosures*.

Practice Issue, *Subsequent Events*.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Company and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

LSL, LLP
LSL, LLP



PASADENA CENTER OPERATING COMPANY (A COMPONENT UNIT OF THE CITY OF PASADENA, CALIFORNIA)

FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT

Focused
on YOU



WWW.LSLCPAS.COM

PASADENA CENTER OPERATING COMPANY
(A COMPONENT UNIT OF THE
CITY OF PASADENA, CALIFORNIA)

Financial Statements With
Independent Auditors' Report

For the Year Ended June 30, 2025

PASADENA CENTER OPERATING COMPANY
(A COMPONENT UNIT OF THE CITY OF PASADENA, CALIFORNIA)

Financial Statements with Independent Auditors' Report

For the Year Ended June 30, 2025

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows	11
Notes to the Basic Financial Statements	12
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	28



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pasadena Center Operating Company
Pasadena, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Pasadena Center Operating Company (the "Company"), a component unit of the City of Pasadena, California, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of June 30, 2025, and the changes in financial position, and cash flows thereof, as listed in the table of contents, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Pasadena Center Operating Company and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



To the Board of Directors
Pasadena Center Operating Company
Pasadena, California

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Board of Directors
Pasadena Center Operating Company
Pasadena, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025, on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

LSL, LLP

Irvine, California
December 23, 2025

PASADENA CENTER OPERATING COMPANY
(A Component Unit of the City of Pasadena)

Management's Discussions and Analysis

As the Pasadena Center Operating Company (the PCOC) management, we offer readers of the PCOC's financial statements, this narrative overview, and an analysis of the financial activities for the year ended June 30, 2025. The PCOC's financial statements consist of management's discussion and analysis (MD&A), statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows; and notes to the basic financial statements. We encourage readers to consider the information presented herein in conjunction with the accompanying basic financial statements and the accompanying notes.

BACKGROUND

The PCOC is a nonprofit 501(c) (4) corporation incorporated in 1973 to manage the Pasadena Convention Center, the Pasadena Civic Auditorium, the Pasadena Convention and Visitors Bureau, and the Pasadena Ice Skating Center. The PCOC was one of the first independent nonprofit organizations in the United States to combine its facility operations and destination marketing efforts.

The PCOC is funded by revenue from its facilities, proceeds from a Tourism Business Improvement District (2.9 percent), a self-imposed hotel assessment, and a 60 percent portion of the Transient Occupancy Tax (12.1 percent). In FY 2017, The City of Pasadena and the PCOC amended their operating agreement establishing a maximum amount of Transient Occupancy Tax revenue to be transferred to the PCOC annually. In FY 2018, the Pasadena Convention and Visitors Bureau converted the Pasadena TBID from the Parking and Business Area Law 1989 ('89 Law) to the Property and Business Improvement District Law of 1994 ('94 Law). The district assessment in fiscal year 2025 is (4.89 percent) with 2% allocated to the Rose Bowl Stadium for Sales and Marketing to secure additional major events and room night generation.

ABOUT OUR BUSINESS

The PCOC operates world-class state of the art public assembly facilities that generate significant regional economic activity by attracting conventions, tradeshow, entertainment, and other events to Pasadena. Our facilities include a 55,000 square foot Exhibition Hall, 25,000 square foot Ballroom, 18 meeting rooms of varying sizes, the Historic Civic Auditorium that seats 3,000, the Gold Room, and a 17,000 square foot Exhibit Hall. The PCOC also manages a regulation-sized ice-skating rink onsite.

The Pasadena Convention and Visitor's Bureau (PCVB) attracts hundreds of thousands of people to the City annually, enriching the local economy with hotel and retail spending and other direct spending on goods and services.

PCVB promotes economic development, provides marketing support to the City's art, culture, innovation, and special events, including operating a Visitor Information Center opened year-round.

MANAGEMENT OBJECTIVE AND STRATEGY

The Company's mission is to promote Pasadena as a meeting and travel destination by attracting conventions, tradeshow, entertainment events, and tourism to its professionally managed facilities and first-class service. The Company's management operates the business consistent with strategic business principles for success in both the short term and over more extended periods. PCOC focuses on unifying the management team, dedicated employees, and third-party contractors to achieve its priority and remain competitive in the meeting industry.

PASADENA CENTER OPERATING COMPANY
(A Component Unit of the City of Pasadena)

Management's Discussions and Analysis

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to PCOC's basic financial statements. The annual financial report comprises three components: management's discussion and analysis, the financial statements, and the notes to the financial statements.

The Statement of Net Position presents all PCOC's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of June 30, 2025. The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of PCOC is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing PCOC's net position changes during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the related cash flow timing. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows presents information showing cash receipts and cash payments during the fiscal year, a reconciliation of operating income to net cash provided by operating activities, and detail of noncash investing, capital, and financing activities.

SUMMARY OF FINANCIAL PERFORMANCE

In fiscal year 2025, the PCOC core business continued to be strong. The major increase in revenue was mainly due to the one-time payment associated with housing the community during the Eaton fire.

During fiscal year 2025, the company's cash and cash equivalents rose by \$3 million due to operational activities. However, capital assets declined by \$2.3 million, primarily due to depreciation expense of \$4.1 million.

Deferred outflows of resources for PCOC are related to the accumulated decrease in fair value of hedging derivatives and amortization of deferred refunding charge. Deferred outflows of resources increased \$1.4 million from 2024 to 2025, mainly due to the change in the derivatives' fair value at year-end.

The Company's current liabilities, including accounts payable, other accrued liabilities, accrued salaries and benefits, deposits increased by \$1.1 million compared to the fiscal year 2024.

Deferred inflows of resources for PCOC are related to the deferred refunding charges and an upfront amount received as part of a service concession agreement with Sodexo Live! Deferred inflows of resources decreased by \$508,000 from 2024 to 2025.

PASADENA CENTER OPERATING COMPANY
(A Component Unit of the City of Pasadena)

Management's Discussions and Analysis

The net position represents the residual interest in PCOC's assets, and deferred outflows of resources after all liabilities and deferred inflows of resources are deducted. PCOC's net position at the end of FY 2025 totaling \$25,355,877 increased by \$10,864,280 during the year. Net position is reported in three major categories: net investment in capital assets, restricted, and unrestricted. A full explanation is in Note 8 to the basic financial statements.

The portion of net position classified as net investment in capital assets, representing capital assets net of accumulated depreciation and net of related outstanding liabilities is \$17.8 million at year end. Although PCOC's net investment in capital assets is net of related liabilities, the resources used to repay the debt must be from other sources; the capital assets cannot be used to liquidate these liabilities.

The restricted net position increased to \$2.3 million in fiscal year 2025. \$867,000 of this amount represents funds restricted to public art.

	<u>2025</u>	<u>2024</u>
Cash and investments	\$ 36,819,188	\$ 33,424,217
Receivables and other assets	<u>118,352,029</u>	<u>118,754,193</u>
Total assets	<u>155,171,217</u>	<u>152,178,410</u>
Deferred outflows of resources	<u>4,721,080</u>	<u>3,288,799</u>
Current liabilities	13,278,126	12,158,119
Noncurrent liabilities	<u>118,497,057</u>	<u>125,548,254</u>
Total liabilities	<u>131,775,183</u>	<u>137,706,373</u>
Deferred inflows of resources	<u>2,761,237</u>	<u>3,269,239</u>
Net position (deficit)		
Net Investments in Capital Assets	17,834,305	12,908,481
Restricted	2,362,438	870,240
Unrestricted	<u>5,159,134</u>	<u>712,876</u>
Net position (deficit)	<u>\$ 25,355,877</u>	<u>\$ 14,491,591</u>

RESULTS OF OPERATIONS

Operating Revenues

Fiscal year 2025 operating revenue equaled \$14.4 million, representing a 12% increase from the previous fiscal year. Revenues for PCOC were recognized through space rental and all ancillary services (such as food & beverage, parking, etc.). The major increase in revenue was mainly due to fire related revenues associated with housing the community from January 7th, 2025 through February 17th, 2025 during the Eaton Fire. Key revenue drivers were:

- Television production, Award shows, Conferences, and Conventions
- Pasadena Ice Skating Center skating classes and hockey league games
- Parking from events at the facility and short-term leases
- One-time payment for housing fire victims during the Eaton Fire

PASADENA CENTER OPERATING COMPANY
(A Component Unit of the City of Pasadena)

Management's Discussions and Analysis

Operating Expenses

In fiscal year 2025, total operating expenses increased to \$19 million from \$17.5 million, an increase of 8%. The increase was driven by events, an increase in occupancy-related expenses, and one-time Eaton Fire expenses. Depreciation/amortization expense, primarily for the convention center building, amounted to \$4.1 million.

PCVB contracted and direct expenses in the fiscal year 2025 totaled \$4.1 million, an increase of 12% compared to \$3.7 million in 2024. The increase in PCVB spending is a direct effort to refocus on maximizing the return of the tourism, meeting and conventions industry.

Non-operating Revenues (Expenses), Net

Non-operating revenues, mainly from the Transient Occupancy Tax and the Tourism Business Improvement Tax, reached \$17 million, which is an increase of 8%. Interest and other operating expenses rose by \$820,000 compared to FY24.

Capital Contributions

Capital contributions include \$42,276, which is recognized as revenue from the \$1.6 million contribution paid by SodexoLive!. The remainder of the \$5,347 unamortized amount paid by SodexoLive! will be recognized in equal monthly installments over the life of the agreement with PCOC.

	2025	2024
Operating revenues	\$ 14,405,928	\$ 12,877,474
Operating expenses	<u>19,056,880</u>	<u>17,562,552</u>
Operating loss	(4,650,952)	(4,685,078)
Nonoperating revenues, net	<u>15,472,506</u>	<u>14,999,303</u>
Income before capital contributions	10,821,554	10,314,225
Capital Contributions	<u>42,276</u>	<u>69,390</u>
Change in net position	10,864,280	10,383,615
Net position, beginning of year	<u>14,491,597</u>	<u>4,107,982</u>
Net position, end of year	<u>\$ 25,355,877</u>	<u>\$ 14,491,597</u>

CAPITAL ASSETS

PCOC's investment in capital assets as of June 30, 2025 and 2024, amounts to \$114,394,138 and \$116,662,066, respectively (net of accumulated depreciation). This investment in capital assets includes building and improvements, machinery and equipment, furniture and fixtures, land, and construction in progress. The net decrease in PCOC's investment in capital assets, net of depreciation, for the current fiscal year was \$2.3 million. Additional information on PCOC's capital assets can be found in Note 4 of the financial statements.

PASADENA CENTER OPERATING COMPANY
(A Component Unit of the City of Pasadena)

Management's Discussions and Analysis

CAPITAL ASSETS (CONTINUED)

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Buildings and improvements	\$ 108,210,378	\$ 111,966,630
Machinery and equipment	613,780	666,535
Furniture and fixtures	84,675	104,735
Lease assets	142,751	14,742
Subscription assets	312,910	502,304
Land	2,423,473	2,423,473
Construction in progress	2,606,171	983,648
Total	<u>\$ 114,394,138</u>	<u>\$ 116,662,066</u>

DEBT ADMINISTRATION

As of June 30, 2025, PCOC's long-term debt outstanding balance amounted to \$123,167,381, a decrease of \$7.7 million from 2024 due to current year principal payments. There were no major debt events during the current fiscal year. For additional information on PCOC's long-term debt activity, refer to Note 5 of the financial statements' notes.

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
COP 2008 Series A Capital Appreciation Bonds	\$ 120,465,000	\$ 127,945,000
COP Capital Improvement Loan	2,281,924	2,500,000
Lease Payable	144,488	14,476
Subscriptions Payable	<u>275,969</u>	<u>437,976</u>
Total	<u>\$ 123,167,381</u>	<u>\$ 130,897,452</u>

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of PCOC's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Director of Finance, Pasadena Center Operating Company, 300 E. Green Street, Pasadena, California 91101.

PASADENA CENTER OPERATING COMPANY
Statement of Net Position
June 30, 2025

Assets

Current:

Cash and investments	\$ 4,161,495
Investments	23,709,175
Accounts receivable (net of allowance of \$203,744)	3,481,951
Due from the City of Pasadena	342,821
Prepaid assets	133,119

Restricted:

Cash and investments with fiscal agent	8,948,518
--	-----------

Total Current Assets

40,777,079

Noncurrent:

Capital assets not being depreciated	5,029,644
Capital assets, net of accumulated depreciation/amortization	109,364,494

Total Noncurrent Assets

114,394,138

Total Assets

155,171,217

Deferred Outflows of Resources

Accumulated decrease in fair value of hedging derivatives	4,042,429
Deferred charge on refunding	678,651

Total Deferred Outflows of Resources

4,721,080

Liabilities

Current:

Accounts payable and other liabilities	1,451,657
Interest payable	454,718
Accrued salaries and benefits	1,039,147
Advance deposits payable	1,619,851
Leases payable	77,041
Subscriptions payable	151,093
Long-term debt - due within one year	8,484,619

Total Current Liabilities

13,278,126

Noncurrent:

Leases payable	67,447
Subscriptions payable	124,876
Derivative instrument liability	4,042,429
Long-term debt	114,262,305

Total Noncurrent Liabilities

118,497,057

Total Liabilities

131,775,183

Deferred Inflows of Resources

Deferred charge on refunding	2,755,890
Service concession arrangement	5,347

Total Deferred Inflows of Resources

2,761,237

Net Position

Net investment in capital assets	17,834,305
Restricted	2,362,438
Unrestricted	5,159,134

Total Net Position

\$ 25,355,877

PASADENA CENTER OPERATING COMPANY
Statement of Revenues, Expenses,
And Changes in Net Position
For the Year Ended June 30, 2025

Operating Revenues

Occupancy fees	\$ 6,785,328
Ice skating center	3,131,475
Parking	2,070,551
Commissions	2,418,574

Total Operating Revenues	14,405,928
---------------------------------	-------------------

Operating Expenses

Pasadena center	8,754,015
Ice skating center	2,084,382
Pasadena convention and visitors bureau	4,103,680
Depreciation/amortization expense	4,114,803

Total Operating Expenses	19,056,880
---------------------------------	-------------------

Operating Loss	(4,650,952)
-----------------------	--------------------

Nonoperating Revenues (Expenses)

Transient occupancy taxes	12,348,046
Tourism business improvement district tax	4,700,123
Facility restoration fee	122,580
Investment income	2,792,728
Interest expense	(4,160,791)
Loss on disposal of capital assets	(57,600)
Miscellaneous	(272,580)

Total Nonoperating Revenues (Expenses)	15,472,506
---	-------------------

Income before Capital Contributions	10,821,554
--	-------------------

Capital contributions	42,726
-----------------------	--------

Changes in Net Position	10,864,280
--------------------------------	-------------------

Net Position, Beginning of Year	14,491,597
---------------------------------	------------

Net Position, End of Year	\$ 25,355,877
----------------------------------	----------------------

PASADENA CENTER OPERATING COMPANY
Statement of Cash Flows
For the Year Ended June 30, 2025

Cash Flows from Operating Activities

Cash received from customers	\$ 12,375,220
Cash paid to suppliers of goods and services	(6,599,926)
Cash paid to employees for services	(8,641,277)

Net Cash Used in Operating Activities **(2,865,983)**

Cash Flows from Non-Capital Financing Activities

Contributions from the City of Pasadena (Transient Occupancy Taxes)	12,973,946
Receipt of Tourism Business Improvement District Taxes	4,683,546
Miscellaneous nonoperating	(272,580)

Net Cash Provided by Non-Capital Financing Activities **17,384,912**

Cash Flows from Capital and Related Financing Activities

Acquisition and construction of capital assets	(1,439,558)
Principal paid on long-term debt	(8,012,184)
Interest paid on long-term debt	(4,509,533)
Facility restoration fee for capital improvements	122,580

Net Cash Used in Capital and Related Financing Activities **(13,838,695)**

Cash Flows from Investing Activities

Investment income received	(4,863,192)
Change in fair value of cash equivalents	7,577,929

Net Cash Provided by Investing Activities **2,714,737**

Net Increase in Cash and Cash Equivalents **3,394,971**

Cash and Cash Equivalents at Beginning of Year 33,424,217

Cash and Cash Equivalents at End of Year **\$ 36,819,188**

**RECONCILIATION OF CASH AND CASH EQUIVALENTS
TO THE STATEMENT OF NET POSITION**

Cash and cash equivalents	\$ 4,161,495
Investments	23,709,175
Restricted cash and investments with fiscal agent	8,948,518

Total cash and cash equivalents **\$ 36,819,188**

**Reconciliation of Operating Loss to Net Cash
Used in Operating Activities**

Operating Loss	\$ (4,650,952)
----------------	----------------

**Adjustments to Reconcile Operating Loss to
Net Cash Used in Operating Activities**

Depreciation and amortization	4,114,803
(Increase) decrease in accounts receivable	(2,367,078)
Increase (decrease) in prepaid assets	(30,019)
Increase (decrease) in accounts payable and other liabilities	(381,845)
Increase (decrease) in salaries and benefits	112,738
Increase (decrease) in advance deposits payable	336,370

Total Adjustments **1,784,969**

Net Cash Used in Operating Activities **\$ (2,865,983)**

Non-Cash Investing, Capital, and Financing Activities:

Amortization of deferred refunding charges	\$ 387,716
Amortization of service concession arrangement	42,726
Purchase of capital assets on account	(182,965)
Acquisition of subscription and lease assets	(281,952)
Gain/(Loss) on disposal of capital assets	(57,600)

See Notes to Financial Statements.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Pasadena Center Operating Company (the Company) was formed in 1973 as a nonprofit corporation under Section 501 (c)(4) of the Internal Revenue Code for the purpose of managing and operating the Pasadena Center and the Pasadena Convention and Visitors Bureau. The Pasadena Center is comprised of the Civic Auditorium, which includes the auditorium and adjacent land, and the Conference Center, which includes the Conference Center, Exhibition Hall, and related parking facilities.

The Company operates under an agreement with the City of Pasadena (the City) whereby the Company maintains and operates the Pasadena Center and the Pasadena Convention and Visitors Bureau. The Pasadena City Council appoints the members of the Company's Board of Directors. The Company's operations constitute part of the overall financial reporting entity of the City and are accounted for as a discretely presented component unit in the City's Comprehensive Annual Financial Report consistent with accounting principles generally accepted in the United States of America.

B. Basis of Presentation

The Company's basic financial statements are presented in conformance with Governmental Accounting Standards Board (GASB) Statement No. 34, which established standards for external financial reporting for all state and local governmental entities. The basic financial statements include the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows.

C. Basis of Accounting

The Company is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Company utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

D. Classification of Revenues and Expenses

The Company classifies its revenues and expenses into the following classifications: operating revenues, operating expenses, nonoperating revenues, and nonoperating expenses.

Operating revenues consist of charges to customers for sales and use of the facilities, with the relating costs considered operating expenses. Nonoperating revenues consist of transient occupancy taxes and tourism business improvement district taxes received from the City, investment income, and other nonoperating income. Capital contributions consist of contributed capital assets.

E. Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity date of 3 months or less.

F. Investments

Investments are reported in the accompanying statements at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during the fiscal year are recognized as *investment earnings* reported for that fiscal year.

PASADENA CENTER OPERATING COMPANY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment earnings includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

G. Prepaid Assets

Certain payments to vendors, which reflect costs applicable to future accounting periods are recorded as prepaid assets.

H. Lease/Subscription Assets

Lease/subscription assets are assets are recorded at the present value of the lease/subscription liability, including expenses to place the asset into service, and are amortized over the lesser of the lease/subscription term or the asset's useful life.

I. Capital Assets

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated fair value on the date received. The Company capitalizes all assets with a historical cost of at least \$10,000 consistent with City practice. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Depreciation/amortization is computed utilizing the straight-line method over the following estimated useful lives:

Buildings	50 years
Buildings improvements	3-30 years
Machinery and equipment	3-30 years
Furniture and fixtures	10 years
Lease and subscription assets	2-5 years

J. Compensated Absences

The Company has a paid time off (PTO) policy in effect. It is the Company's policy to permit employees to accumulate earned but unused PTO benefits. PTO hours can accrue up to a maximum of one and one-half times the annual allowable amount (maximum of 27 to 42 days, 216 to 336 hours). The Company pays all earned PTO benefits upon termination. All accumulated PTO is recorded as an expense and a liability at the time the benefit is earned. This is included in accrued salaries and benefits on the Statements of Net Position.

K. Net Position

Net position represents the difference between assets and liabilities on the Statement of Net Position. Net positions were classified in the following categories: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of the cost of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets, as applicable.

Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislation adopted by the Company's Board of Directors, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

When both restricted and unrestricted resources are available for use, it is the Company's policy to use unrestricted resources first, and then restricted resources as they are needed.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Company has two items that qualify for reporting in this category:

The deferred accumulated decrease in fair value of hedging derivatives represents the negative fair value of the Company's hedging interest rate swap.

The deferred charge on refunding results in the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Company has three items that qualify for reporting in this category. These items relate to leases, the deferred inflows for deferred charge on the refunding of debt, and service concession arrangements, and are reported in the statement of net position for business-type activities.

N. New GASB Pronouncements Effective during Fiscal Year

The following Government Accounting Standards Board (GASB) pronouncement was effective for and implemented for the fiscal year ended June 30, 2025:

1. GASB Statement No. 101, Compensated Absences

The requirements of this Statement will improve financial reporting by implementing a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. Establishing the unified model will result in consistent application to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. This Statement will also result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

2. GASB Statement No. 102, Certain Risk Disclosures

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

Management has assessed the impact of this Statement on the Company's financial statements and determined that it did not have a material impact.

PASADENA CENTER OPERATING COMPANY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 2: CASH AND INVESTMENTS

A. Summary of Cash and Investments

Cash and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 4,161,495
Investments	23,709,175
Cash and investments with fiscal agent	<u>8,948,518</u>
Total cash and investments	<u>\$ 36,819,188</u>

Cash and investments as of June 30, 2025, consist of the following:

Cash on hand	\$ 13,900
Deposits with financial institutions	4,147,595
City of Pasadena Investment Pool	23,709,175
Cash and investments with fiscal agent:	
Federal agency securities	7,812,815
Money market mutual funds	1,023,924
Cash held for investments	<u>111,779</u>
Total cash and investments	<u>\$ 36,819,188</u>

B. Deposits

At June 30, 2025, the carrying amount of the Company's deposits were \$4,147,595 and the bank balance was \$4,374,607. The \$227,012 difference represents outstanding checks and other reconciling items. All the Company's cash and cash equivalents as of June 30, 2025, were collateralized or insured with securities held by pledging financial institutions in the Company's name.

C. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Company's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

PASADENA CENTER OPERATING COMPANY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

D. Investments Authorized by the California Government Code

The table below identifies the investment types that are authorized for the Company by the California Government Code. Other than what is in the Government Code, the Company has no other investment policy.

Authorized Investment Type	by Investment Policy	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer	Maximum Investment in One Issuer
Local Agency Bonds	Yes	5 years	None	None	None
United States (U.S.) Treasury Obligations	Yes	5 years	None	None	None
U.S. Government Agency Securities	Yes	5 years	None	None	None
Bankers Acceptance	Yes	180 days	40%	30%	30%
Commercial Paper	Yes	270 days	25%	10%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None	None
Repurchase Agreements	Yes	1 years	None	None	None
Reverse Repurchase Agreements	Yes	92 days	20% of base value	None	None
Medium Term Notes	Yes	5 years	30%	None	None
Mutual Fund	Yes	None	20%	10%	10%
Money Market Mutual Fund	Yes	None	20%	10%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None	None
County Pooled Investment Funds	Yes	None	None	None	None
Local Agency Investment Fund (LAIF)	Yes	None	None	None	None
Joint Powers Agency (JPA) Pools	Yes	None	None	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

E. Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Company's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Rating
United States (U.S.) Treasury Obligations	None	N/A
U.S. Government Agency Securities	None	N/A
State and Local Agency Bonds	None	Aa
Bankers Acceptance	360 days	Aa
Commercial Paper	270 days	Aa
Negotiable Certificates of Deposit	None	Aa
Repurchase Agreements	None	Aa
Money Market Mutual Fund	N/A	Aaa
Investment Contracts	None	Aa

F. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Company manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

PASADENA CENTER OPERATING COMPANY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the Company's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Company's investments by maturity:

Investment Type	Remaining Maturity (in Months)			Total	Concentration of Credit Risk
	12 Months or Less	12 Months to 60 Months	More than 60 Months		
City of Pasadena Investment Pool	\$ 23,709,175	\$ -	\$ -	\$ 23,709,175	72.85%
Fiscal Agent:					
Federal Agency Securities	-	-	7,812,815	7,812,815	24.01%
Money Market Mutual Fund	1,023,924	-	-	1,023,924	3.15%
Total Investments	\$ 24,733,099	\$ -	\$ 7,812,815	\$ 32,545,914	100.00%

G. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Company's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	Ratings at End of Year	
			Aaa	Not Rated
City of Pasadena Investment Pool	\$ 23,709,175	N/A	\$ -	\$ 23,709,175
Fiscal Agent:				
Federal Agency Securities	7,812,815	N/A	7,812,815	-
Money Market Mutual Fund	1,023,924	Aaa	-	1,023,924
Total Investments	\$ 32,545,914		\$ 7,812,815	\$ 24,733,099

H. Concentration of Credit Risk

The investment policy of the Company contains no limitations on the amount that can be invested in anyone issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investment pools) that represent 5% or more of total Company investments are as follows:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	Federal Agency Securities	\$ 7,812,815

I. Fair Value Hierarchy

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments in the City investment pool are valued by the underlying assets in the investment pool. The underlying assets include Local Agency Investment Funds, money market funds, municipal bonds, federal agency issues, treasury securities, corporate bonds and supranationals, all of which are Level 2 or better.

NOTE 3: TRANSIENT OCCUPANCY TAXES AND TOURISM BUSINESS IMPROVEMENT DISTRICT TAXES

A. Transient Occupancy Taxes (TOT)

The Company receives support from the City equal to the sum of the annual debt service payments on the 2008A expansion project bonds and an allowance of \$500,000 to be used by the Company for maintenance, repairs, capital improvements and or debt service. Annual capital improvements to the Convention Center, Civic Auditorium, and Ice Skating Center are approved by the City. For the year ended June 30, 2025, net TOT revenue was \$12,348,046 of which \$192,815 was due to the City at June 30, 2025.

B. Tourism Business Improvement District (TBID)

The TBID was established in March 2003. The TBID is an assessment levied against each hotel and motel business in the City. The assessment is calculated as a percentage of each day's Gross Occupancy Revenue and is passed through to guests. The rate of assessment is set annually by resolution of the City Council but cannot exceed 4.89%. For the fiscal year ended June 30, 2025, the rate was set at 4.89%. The purpose of the TBID is to fund activities, programs, expenses, and services to market the City as a destination. Marketing activities of the Pasadena Convention and Visitors Bureau and the Pasadena Conference Center can be financed by the TBID. For the year ended June 30, 2025, TBID revenue was \$4,700,123 of which \$402,299 was due from the City at June 30, 2025.

PASADENA CENTER OPERATING COMPANY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, is as follows:

	Balance at June 30, 2024	Transfers	Additions	Deletions	Balance at June 30, 2025
Capital Assets, Not Depreciated/Amortized:					
Land	\$ 2,423,473	\$ -	\$ -	\$ -	2,423,473
Construction in Progress	983,648	-	1,622,523	-	2,606,171
Total Capital Assets, Not Depreciated/Amortized	3,407,121		1,622,523	-	5,029,644
Capital Assets Being Depreciated/Amortized:					
Buildings and improvements	185,066,677	944	-	-	185,067,621
Machinery and equipment	1,956,809	-	-	-	1,956,809
Furniture and fixtures	443,911	-	-	-	443,911
Subscription assets-software	746,428	-	76,469	(168,035)	654,862
Lease assets-machinery and equipment	125,129	(944)	205,483	(101,015)	228,653
Total Capital Assets Being Depreciated/Amortized	188,338,954	-	281,952	(269,050)	188,351,856
Less Accumulated Depreciation/Amortization:					
Buildings and improvements	(73,100,992)	-	(3,756,251)	-	(76,857,243)
Machinery and equipment	(1,290,274)	-	(52,754)	-	(1,343,028)
Furniture and fixtures	(339,176)	-	(20,060)	-	(359,236)
Subscription assets-software	(244,124)	-	(208,264)	110,435	(341,953)
Lease assets-machinery and equipment	(109,443)	-	(77,474)	101,015	(85,902)
Total Accumulated Depreciation/Amortization	(75,084,009)	-	(4,114,803)	211,450	(78,987,362)
Net Depreciable/Amortizable Assets	113,254,945	-	(3,832,851)	(57,600)	109,364,494
Capital Assets, Net	\$ 116,662,066	\$ -	\$ (2,210,328)	\$ (57,600)	\$ 114,394,138

NOTE 5: LONG-TERM DEBT

Long-term debt for the year ended June 30, 2025, is as follows:

	Balance at June 30, 2024	Additions / Accretion	Principal Payments/ Prepayments	Balance at June 30, 2025	Due in One Year
Certificates of Participation					
2008 Series A	\$ 127,945,000	\$ -	\$ (7,480,000)	\$ 120,465,000	\$ 8,260,000
DI - Deferred charge on refunding	3,221,166	-	(465,276)	2,755,890	-
DO - Deferred charge on refunding	(756,211)	-	77,560	(678,651)	-
COP Capital Improvement Loan	2,500,000	-	(218,076)	2,281,924	224,619
Subscriptions payable	437,976	76,469	(238,476)	275,969	151,093
Leases Payable	14,476	205,644	(75,632)	144,488	77,041
Total Long-Term Liabilities	\$ 130,897,452	\$ 282,113	\$ (8,399,900)	\$ 125,244,620	\$ 8,712,753

A. 2008 Certificates of Participation

On April 15, 2008, the City issued the 2008 Refunding Certificates of Participation, 2008 Series A in the amount of \$127,945,000. These certificates of participation were issued to refund the City's Certificates of Participation (Conference Center Project), 2006 Series B Certificates of Participation and finance the costs of execution of the 2008 Series A Certificates of Participation. The refunded certificates of participation were repaid in April 2008 and the liability has been removed from the statement of net position. Interest on 2008 Series A Certificates of Participation were issued

PASADENA CENTER OPERATING COMPANY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 5: LONG-TERM DEBT (CONTINUED)

at a variable rate with the reassignment of the synthetic fixed rate swap of 3.536%. Principal is payable in annual installments ranging from \$7,480,000 to \$11,445,000 commencing February 1, 2025, and ending February 1, 2035. The City has a line of credit that is used to satisfy the reserve requirement.

The annual requirements to repay the outstanding Certificates of Participation 2008 Series A at June 30, 2025, are as follows:

June 30	Principal Payment	Interest Payment	Hedging Derivative, Net	Total
2026	\$ 8,260,000	\$ 4,077,450	\$ 448,428	\$ 12,785,878
2027	9,045,000	3,774,312	426,955	13,246,267
2028	9,900,000	3,442,664	400,522	13,743,186
2029	10,810,000	3,080,224	368,568	14,258,792
2030	11,790,000	2,741,726	317,433	14,849,159
2031-2036	70,660,000	6,040,195	793,984	77,494,179
	<u>\$ 120,465,000</u>	<u>\$ 23,156,571</u>	<u>\$ 2,755,890</u>	<u>\$ 146,377,461</u>

The above table incorporates the net receipts/payments of the hedging derivative instrument associated with this debt issue. These amounts assume that current interest rates on variable rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. Refer to Note 6 for additional information regarding the derivative instruments associated with the debt of the Company.

B. Capital Improvement Loan

On August 8, 2023, the City issued a Capital Improvement Loan in the amount of \$2,500,000. This loan was issued to help fund major capital improvement project needs including waterproofing and painting of the Civic Auditorium. The loan will be structured as a 10-year borrowing and bear an interest rate equal to the current ten-year treasury yield, which is 3% as of July 21, 2022. Principal is payable in annual installments commencing June 5, 2025, and ending June 5, 2034.

The annual requirements to repay the outstanding CoP Capital Improvement Loan at June 30, 2025, are as follows:

June 30	Principal Payment	Interest Payment	Total
2026	\$ 224,619	\$ 68,458	\$ 293,077
2027	231,357	61,719	293,076
2028	238,298	54,778	293,076
2029	245,447	47,630	293,077
2030	252,810	40,266	293,076
2031-2036	1,089,393	82,912	1,172,305
	<u>\$ 2,281,924</u>	<u>\$ 355,763</u>	<u>\$ 2,637,687</u>

NOTE 6: DERIVATIVE INSTRUMENT LIABILITY

The Company has entered into a floating to fixed interest rate swap in order to hedge the change in cash flows with respect to certain variable debt as described below. This structure results in a lower borrowing cost by accessing interest rate markets more attractive than traditional fixed rate debt structures of the time. The greater liquidity and flexibility of the swap market has offered the Company significant cost savings opportunities in the swap the Company has engaged in.

PASADENA CENTER OPERATING COMPANY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6: DERIVATIVE INSTRUMENT LIABILITY (CONTINUED)

Conference Center Variable Rate Demand Refunding Certificates of Participation (COP)

On September 18, 2006, the Company entered into an interest rate swap agreement with DEPFA Bank related to the \$135,500,000 Conference Center Auction Rate Certificates Series 2006B. The objective was to effectively change the Company's variable interest rate to a synthetic fixed rate of 3.536%. Under the terms of the swap, the Company pays the counterparty the fixed rate of 3.536% and receives a floating rate equal to 64% of the one-month LIBOR rate. The swap has a notional amount of \$133,000,000 representing a hedge ratio of 98.7% and declines according to the schedule set forth in the contract until the final principal payment on the certificates in 2034.

A. Objective and Terms

The following table displays the objective and terms of PCOC's hedging derivative instruments outstanding at June 30, 2025, along with the credit rating of the associated counterparty:

Type	Objective	National Amount	Effective Date	Maturity Date	Term	Counterparty Credit Rating
Pay fixed interest rate swap	Hedge of changes in cash flows on the 2008A COPs	\$ 126,225,000	4/1/2011	2/1/2034	Pay 3.536% receives 64% LIBOR index	A1/AA-

In 2011, due to its declining credit ratings, DEPFA Bank was replaced by RBC as the counterparty for the swap. Pursuant to GASB Statement No. 64, the replacement did not require any change in accounting treatment.

On April 15, 2008, the Company issued the 2008 Refunding COPs, Series 2008A in the amount of \$134,720,000. These certificates were issued to refund the Company's Certificates of Participation (Conference Center Project), Series 2006B and finance the cost of execution of the 2008A Certificates of Participation backed by a letter of credit from Bank of America. The final maturity on the 2008A COPs was extended by one year to 2035 in order to reduce the reserve requirement and consequently, reduce the size of the issue by approximately \$800,000. The refunded certificates are considered to be defeased, and the liability has been removed from the Company's Statement of Net Position and recorded as a deferred amount upon refunding.

During the fiscal year ending June 30, 2011, the Company entered into a new agreement to take advantage of an more advantageous interest rate adjustment mode than the 2008 Series Bonds previously had. As a result, the former derivative instrument terminated, and the new instrument has off-market terms. As a result, an up-front payment was received. The up-front payment is reported as a borrowing. The borrowing is amortized over the life of the swap and amortizes using the effective interest method for the life of the swap with adjustments to interest expense during each fiscal year. The original balance of the borrowing was \$8,935,613. As of the year ended June 30, 2025, the balance was \$2,755,890.

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

PASADENA CENTER OPERATING COMPANY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6: DERIVATIVE INSTRUMENT LIABILITY (CONTINUED)

The deferred amount is amortized over the life of the swap using the effective interest method for the life of the swap with adjustments to interest expense during each fiscal year as follows:

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
2026	\$ 2,755,890	\$ 115,332	\$ (563,760)	\$ 2,307,462
2027	2,307,462	95,455	(522,410)	1,880,507
2028	1,880,507	76,649	(477,171)	1,479,985
2029	1,479,985	59,153	(427,720)	1,111,418
2030	1,111,418	43,226	(373,774)	780,870
2031	780,870	29,157	(315,009)	495,018
2032	495,018	17,259	(251,141)	261,136
2033	261,136	7,876	(181,804)	87,208
2034	87,208	1,487	(88,695)	-
Total	<u>\$ 11,159,494</u>	<u>\$ 445,594</u>	<u>\$ (3,201,484)</u>	<u>\$ 8,403,604</u>

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Company has the following recurring fair value measurements as of June 30, 2025:

Measurements by fair value level	Total	Level 2
Derivative instrument liability	\$ 4,042,429	\$ 4,042,429

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2025, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

	Changes in Fair Value		Fair Value at June 30, 2025		Notional
	Classification	Amount	Classification	Amount	
Cash flow hedge:					
Pay-fixed interest					
rate swaps	Deferred outflow	\$ 1,509,840	Liability	\$ (4,042,429)	\$ 118,750,000

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit risk: The Company is exposed to credit risk on hedging derivative instruments to the extent the value of the swap is positive from the Company's perspective. The aggregate fair value of hedging derivative instruments was negative as of June 30, 2025, and therefore the Company had no credit risk exposure.

Interest rate risk: The purpose of the swap is to eliminate interest rate risk on the associated hedged bonds and therefore the swap, in combination with related bonds does not create interest rate risk for the Company.

PASADENA CENTER OPERATING COMPANY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6: DERIVATIVE INSTRUMENT LIABILITY (CONTINUED)

Basis risk: The Company is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payments received by the Company on these hedging derivative instruments are based on a rate or index other than interest rates the Company pays on its hedged variable-rate debt, which is typically remarketed every 7 days. As of June 30, 2025, the weighted-average interest rate on the Company's hedged variable-rate debt is 2.89100%, while 64% of LIBOR is 3.4876%.

Termination risk: The Company or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The derivative contract uses the International Swap Dealers Association Master Agreement which includes standard termination events such as failure to pay and bankruptcy. In addition, the Company may optionally terminate the agreement on any date. If at the time of a termination, the Company may be required to make a termination payment to its counterparty. If the Company had to terminate the Swap for any reason on June 30, 2025, the maximum exposure/loss would have been \$7,002,827.

Rollover risk: The Company is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate prior to the maturity of the related debt, the Company will be re-exposed to the risks being hedged by the hedging derivative instrument.

NOTE 7: NET POSITION

Net position at June 30, 2025, consisted of the following:

Net investment in capital assets:	
Capital assets, net of accumulated depreciation/amortization	\$ 114,394,138
Plus:	
Bond reserve account - cash held with fiscal agent	7,382,447
Less:	
Accounts payable related to capital assets	(182,965)
Leases and subscriptions payable	(420,457)
Outstanding debt issued to construct capital assets	(103,338,858)
Total net investment in capital assets	<u>17,834,305</u>
Restricted net position:	
Public art	2,359,575
Organ repair and maintenance	2,863
Total restricted net position	<u>2,362,438</u>
Unrestricted net position	<u>5,159,134</u>
Total net position	<u><u>\$ 25,355,877</u></u>

Net position restrictions and designations are as follows:

Public Art – The \$1.2 million capital public art project was originally appropriated for the development of onsite public art. The funds, less monies spent on artist selection, were reallocated for permanent public art in the Civic Center area through the 2013 Public Art Master Plan, which also established the Civic Center Public Art Advisory Group comprised of arts and historic preservation professional.

Organ Repair and Maintenance – This is the remaining balance of a \$15,000 grant which was received for the repair and maintenance of the Moller organ located in the Pasadena Civic Auditorium.

NOTE 8: SERVICE CONCESSION ARRANGEMENTS

Sodexo Live!

In the fiscal year ended June 30, 2009, the Company entered into an agreement with Boston Culinary Group, which then changed to Distinctive Gourmet Services, then called Centerplate, and now Sodexo Live! ("Sodexo") that allows Sodexo the exclusive right to operate the food services concession for the Company. The agreement covered the period March 1, 2009, through June 30, 2014. In exchange for this exclusive right, Sodexo agreed to contribute up to \$1,000,000 for capital asset purchases at the new kitchen in the Conference Center Expansion Project. An amendment to the agreement was made and entered into on January 6, 2012, to extend the term of the agreement for five years, expiring on June 30, 2025, with an additional five-year extension that is eligible, contingent upon mutual agreement between Sodexo and the Company.

With the amended agreement, Sodexo was additionally granted the exclusive right to operate a Starbucks Café at the Pasadena Center in the space formerly leased by Lovebirds Café & Bakery. Sodexo's ability to operate the Starbucks Café runs concurrently with the initial agreement entered into on March 1, 2009, and covers the period through June 30, 2025. Prior to July 1, 2015, Sodexo provided capital improvements to the café space totaling \$975,000. For the year ended June 30, 2016, Sodexo provided capital improvements to the café space in the amount of \$399,960.

As of June 30, 2025, Sodexo has contributed a total of \$1,580,184. This has been recorded as advances on contracts and is being amortized over 120 months starting March 1, 2009. The sum of \$1,574,834 has been recognized as capital contributions to date. The remaining \$5,347 is recorded as a deferred inflow of resources.

NOTE 9: DEFINED CONTRIBUTION RETIREMENT PLAN

Plan Description

Eligible employees of the Company participate in the Pasadena Center Operating Company 401 (k) Profit Sharing Plan (the Plan), which is a defined contribution retirement plan covering all employees except those whose employment is governed by a collective bargaining agreement. To be eligible to participate in the Plan, an employee must have completed 90 days of employment. To be eligible for the employer's match, an employee must have completed one full year of employment and must have 1,000 hours of service in a twelve-month period.

Funding Policy

The employee may defer up to 100% of compensation into the Plan, subject to certain limitations. The Company makes contributions each payroll period equal to 5% of eligible employees' compensation. Employee contributions are vested immediately. Employer contributions prior to July 1, 2004, are subject to vesting on a graduating basis, beginning at two years and becoming fully vested after five years of service. Employer contributions after July 1, 2004, are vested immediately. The Company paid \$346,519 for the fiscal year ended June 30, 2025.

NOTE 10: RELATED PARTY TRANSACTIONS

During the current year, the Company incurred charges for the use of the City's building maintenance, electricians, plumbers, locksmiths, printing, and mail services. These nonevent expenses totaled \$2,588,677 and are included within general and administrative expenses. During the current year, the Company also paid the City for police, fire, and public works services, primarily for events, amounting to \$121,142, for a grand total of related party expenses of \$2,709,819. At June 30, 2025, amounts payable to the City totaled \$166,638.

In addition to the revenues and receivables described in Note 3, the Company has \$133,337 due from the City related to interest earned on cash and investments pooled with the City at June 30, 2025.

PASADENA CENTER OPERATING COMPANY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11: RISK MANAGEMENT

The Company is entitled to indemnity from the City; however, the Company purchases a Special Liability Insurance Program (SLIP) for general liability and employment practice coverage. The City manages the Company's claims and tenders to the insurance carrier third party administrator. The Company carries statutory workers' compensation insurance with no retention. The company requires licensees to provide insurance or purchase Special Events Liability Insurance from the Company. The City buys liability insurance on the parking structures at the Convention Center. The Company buys separate liability insurance on the ice rink. There are lawsuits pending that are being defended by an insurance company without a reservation of rights.

NOTE 12: INCOME TAXES

The Company is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code and applicable state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Company and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal year ending June 30, 2025.

The Company files Form 990 in the U.S. federal jurisdiction and Form 199 in the State of California.

NOTE 13: LEASES

Leases Payable

The Company entered into lease agreements as lessee for the use of various equipment. As of June 30, 2025, the value of the lease liability was \$144,488. The leases have an interest rate ranging from 0.185% to 2.024%.

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	\$ 77,041	\$ 2,814	\$ 79,855
2027	33,047	1,360	34,407
2028	16,938	813	17,751
2029	17,462	290	17,752
Total	<u>\$ 144,488</u>	<u>\$ 5,277</u>	<u>\$ 149,765</u>

The value of the lease assets as of June 30, 2025, of \$228,653 with accumulated amortization of \$85,902 is included on the Capital Assets activities table found in note 4.

PASADENA CENTER OPERATING COMPANY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 14: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Company entered into subscription agreements for the use of various information technology systems and program. As of June 30, 2025, the value of the subscription liability was \$275,969. The subscriptions have interest rates ranging from 0.000% to 2.656%.

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	\$ 151,093	\$ 7,151	\$ 158,244
2027	77,047	3,241	80,288
2028	47,829	1,270	49,100
Total	<u>\$ 275,969</u>	<u>\$ 11,662</u>	<u>\$ 287,632</u>

The value of the subscription assets as of June 30, 2025, of \$654,862 with accumulated amortization of \$341,953 is included on the Capital Assets activities table found in note 4.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Pasadena Center Operating Company
Pasadena, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Pasadena Center Operating Company (the "Company"), a component unit of the City of Pasadena, California, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements, and have issued our report thereon dated December 23, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Company's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.




To the Board of Directors
Pasadena Center Operating Company
Pasadena, California

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Irvine, California
December 23, 2025

	/----- Year - to - Date Through			December 2025 /			FY 2026 Revised Budget
	Actual	Budget	Actual vs. Budget	Prior Year	CY vs. PY	% Change CY vs. PY	
<u>Operating Revenue</u>							
Convention Center Rental	\$ 1,409,000	\$ 1,525,000	\$ (116,000)	\$ 1,644,000	\$ (235,000)	-14.3%	\$ 3,050,000
Civic Auditorium Rental & Facility Fee	769,000	657,000	112,000	717,000	52,000	7.3%	1,330,000
Other Rentals & Commissions	1,239,000	1,183,000	56,000	1,301,000	(62,000)	-4.8%	2,350,000
Subtotal Facility Revenue	3,417,000	3,365,000	52,000	3,662,000	(245,000)	-6.7%	6,730,000
Food Service Commission	701,000	675,000	26,000	711,000	(10,000)	-1.4%	1,350,000
Parking Garage	984,000	950,000	34,000	974,000	10,000	1.0%	1,900,000
Ice Skating Center	1,787,000	1,650,000	137,000	1,776,000	11,000	0.6%	3,300,000
Total Operating Revenues	6,889,000	6,640,000	249,000	7,123,000	(234,000)	-3.3%	13,280,000
Investment Earnings	200,000	200,000	-	276,000	(76,000)	-27.5%	400,000
Total Revenues	7,089,000	6,840,000	249,000	7,399,000	(310,000)	-4.2%	13,680,000
<u>Center Operating Expenses</u>							
Convention Center / Civic Auditorium	4,176,000	4,478,000	302,000	3,910,000	(266,000)	-6.8%	9,059,000
Parking Garage	203,000	240,000	37,000	193,000	(10,000)	-5.2%	401,000
Ice Skating Center	998,000	1,133,000	135,000	1,006,000	8,000	0.8%	2,267,000
Total Center Operating Expense	5,377,000	5,851,000	474,000	5,109,000	(268,000)	-5.2%	11,727,000
Operating Results	1,712,000	989,000	723,000	2,290,000	(578,000)	-25.2%	1,953,000
Civic Project Loan	147,000	147,000	-	147,000	-	0.0%	293,000
Net Gain (Loss)	\$ 1,565,000	\$ 842,000	\$ 723,000	\$ 2,143,000	\$ (578,000)	-27.0%	\$ 1,660,000
<u>TOT / Bonds Debt Services</u>							
Transient Occupancy Tax	6,562,000	6,325,000	237,000	6,506,000	56,000	0.9%	12,649,000
Debt Service	6,325,000	6,325,000	-	6,174,000	(151,000)	-2.4%	12,649,000
Net Gain (Loss) (1) (2)	\$ 237,000	\$ -	\$ 237,000	\$ 332,000	\$ (95,000)	-28.6%	\$ -
<u>Convention Visitors Bureau</u>							
TBID Assessment (2)	2,223,000	2,124,000	99,000	2,182,000	41,000	1.9%	4,248,000
Convention Visitors Bureau Expenses	1,758,000	2,095,000	337,000	1,808,000	50,000	2.8%	4,187,000
Net Gain (Loss)	\$ 465,000	\$ 29,000	\$ 436,000	\$ 374,000	\$ 91,000	24.3%	\$ 61,000
<u>Total PCOC</u>							
Total Revenue	\$ 15,874,000	\$ 15,289,000	\$ 585,000	\$ 16,087,000	\$ (213,000)	-1.3%	\$ 30,577,000
Total Expenses	13,607,000	14,418,000	811,000	13,238,000	(369,000)	-2.8%	28,856,000
Toal Net Gain (Loss)	\$ 2,267,000	\$ 871,000	\$ 1,396,000	\$ 2,849,000	\$ (582,000)	-20.4%	\$ 1,721,000

Note: (1) TOT is annually capped based on Debt Service expenses plus \$500K.

Note: (2) December 2025 TOT and TBID are estimated.

Capital Improvements Programs

Fiscal Year 2026

As of December 2025

<u>Projects</u>	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Over / (Under)</u>	<u>Status</u>
Restoration, Upgrades, and Repairs of the Civic Auditorium, Convention Center, and Ice Rink	<u>3,000,000</u>	<u>1,043,390</u> ⁽¹⁾	<u>(1,956,610)</u>	

Notes: (1) Civic waterproofing and painting project \$862,615
 Downpayment for repair of ice rink south wall \$63,478
 Water heater replacement \$13,244
 Conference center lighting upgrades \$13,690
 Elevator motor repair \$22,369
 Chiller repairs \$24,999
 Ice rink compressor replacement \$42,995



DIRECTORS REPORT

January 2026



DIRECTORS REPORT

PROFESSIONAL MEETINGS AND EVENT SALES

CVB

November & December Definite Bookings:
12 Bookings; 10,264 Total Room Nights
5 of the 12 bookings are repeat clients
19,701 YTD total definite rooms: 42% to FY25 goal of 46,500

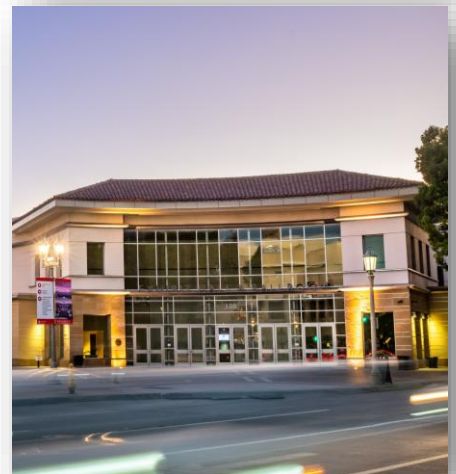
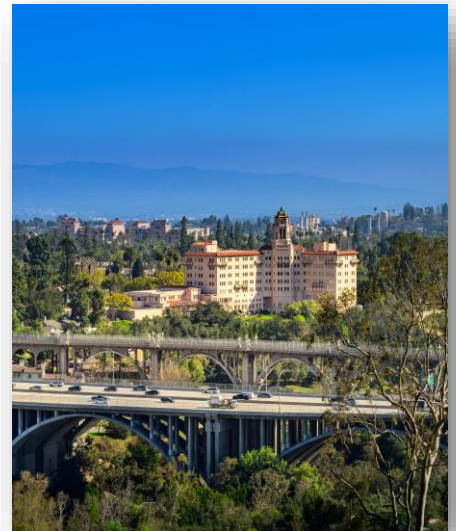
Highlights:

- Industrial Designers Society, August 2026, 380 total rooms
- Intl Society for Laboratory Hematology, May 2027, 828 total rooms
- Ntl Organization of Minority Architects, October 2027, 1980 total rooms
- CA Assn for the Education of Young Children, April 2028, 940 total rooms
- Public Agency Risk Management Assn, February 2030, 3304 total rooms

November & December New Leads:
25 new leads: 14,071 total room nights

Highlights:

- OVG Impact Summit, February 2026, 1500 total rooms
- Royal Industrial Solutions Summit, June 2026, 240 total rooms
- Intl Microelectronics Assembly and Packaging Society, Sept 2029, 1290 total rooms



CONVENTION CENTER

November & December Definite Bookings (24):

Highlights:

- Grueninger Travel Group, December 2025
- ALS Network, January 2026
- American Consumer Shows, March 2026
- SoCal Gaming Expo, June 2026

CIVIC AUDITORIUM

November & December Definite Bookings (7):

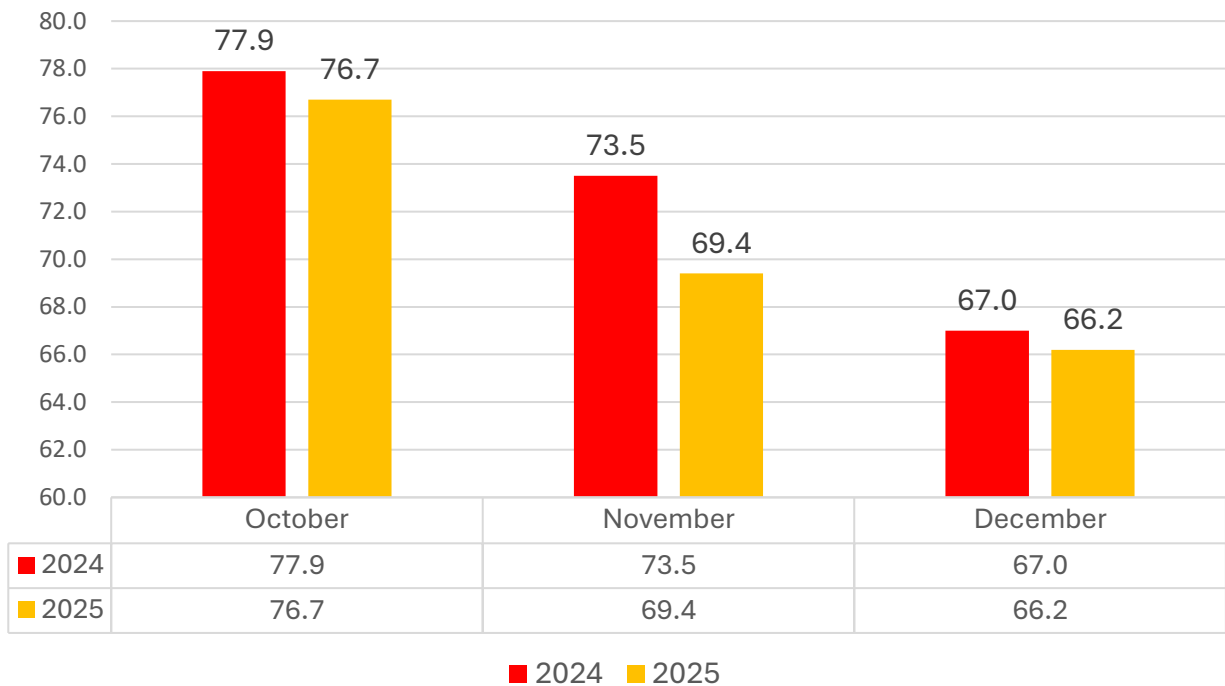
Highlights:

- Greenridge Productions, December 2025
- United States District Court, January 2026
- Child Care Resource Center, May 2026
- KP Bernard J Tyson School of Medicine, May 2026

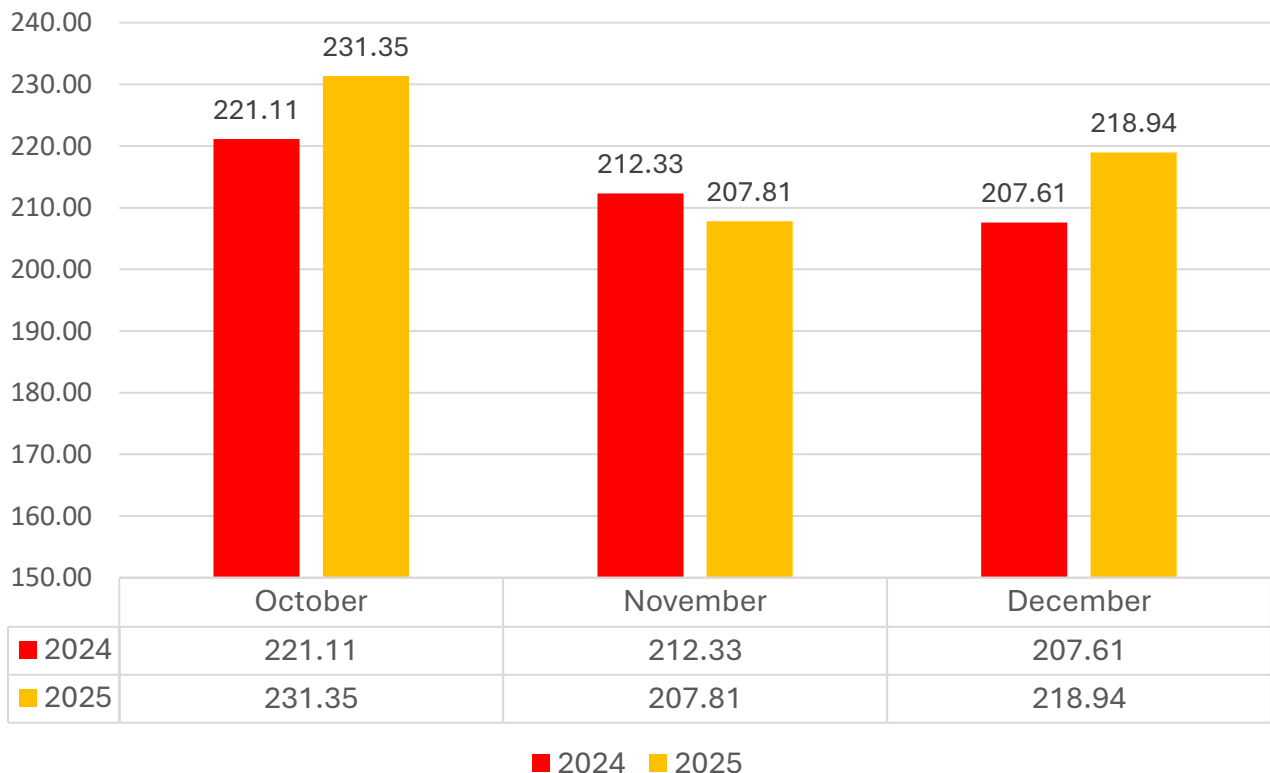
DIRECTORS REPORT

VISIT PASADENA UPDATE

HOTEL OCCUPANCY (%)



HOTEL ADR (AVERAGE DAILY RATE \$)

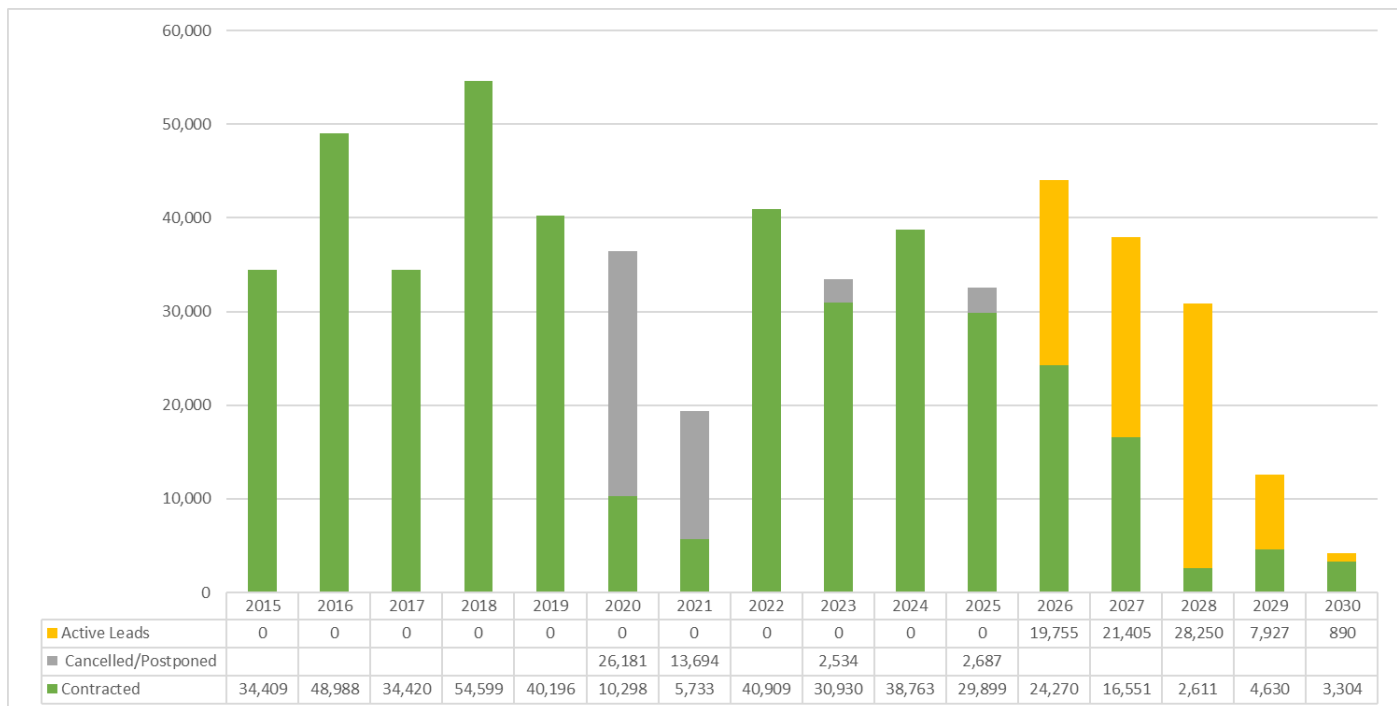


Source: STR

DIRECTORS REPORT

PROFESSIONAL MEETINGS AND EVENT SALES

CONTRACTED ROOM NIGHTS & ACTIVE LEADS 2015-2030



NOTES:

- The distribution of short-term opportunities versus long-term opportunities remains healthy. In calendar year 2025, the Visit Pasadena team placed contracted rooms into the following years:
 - 2025 – 11,000 rooms
 - 2026 – 10,000 rooms
 - 2027 – 11,000 rooms
 - 2028 – 2,600 rooms
 - 2029 – 4,600 rooms
 - 3030 – 3,300 rooms

DIRECTORS REPORT

PROFESSIONAL MEETINGS AND EVENT SALES

CONNECT WINTER MARKETPLACE

Matt Hourihan attended Connect Winter Marketplace in Washington, DC from December 1 – 3. The three-day event featured one-on-one appointments, networking and education. Matt conducted 22 appointments with meeting planners responsible for organizing or placing events for national and international associations.

EXPO! EXPO!

This event is the International Association of Exhibitions and Events (IAEE) Annual Meeting & Exhibition that attracts thousands of professionals from the exhibitions and events industry, including organizers of B2B, B2C and other live events. The 2025 event took place in Houston from December 8-10.

AMEX INTERACTION

INTERaction is American Express Global Business Travel's premier annual conference and tradeshow for over 550 AMEX GBT planners. The 2025 event took place in Las Vegas. Visit California is a major sponsor of the event and Visit Pasadena was able to conduct 15 prescheduled one-on-one appointments within the Visit California pavilion on the show floor. Education sessions and food and beverage events allowed for networking with the GBT planners.

SEASONAL SPECTACULAR

This annual two-day event is organized by Associations West (formerly CalSE) and is a combination of appointments on the first day and a traditional tradeshow on the second day. The December 2025 event broke an attendance record with over 500 association members in attendance. Karalee Adams received 5 RFPs at the show. Visit Pasadena was joined by the Westin Pasadena and Hotel Dena for the tradeshow portion of the event.



DIRECTORS REPORT

MARKETING & COMMUNICATIONS

VISITOR HOTLINE

Visit Pasadena continued to support the Tournament of Roses by hosting the annual Visitor Hotline from December 18 to January 2. During that time, Visit Pasadena staff and volunteers answered calls regarding parking, directions, bag policies, weather-related questions, and ticketing. Additionally, the team sent information via a linked Google Voice account so callers could receive information via text and email.

STATS

- 414k website views
- 56 second session duration
- 157 chatbot questions
- 202 phone calls

ROSE CROWN ACTIVATION

In addition to the Visitor Hotline, the Visit Pasadena marketing team designed a "Step Up, Queen" photo activation to accompany the Tournament of Roses and Visitor Hotline. From December 18 – 29th, visitors could enter to win two tickets to the Rose Parade by taking a photo and tagging @VisitPasadena on social media. In addition to dozens of entries, the photo op also had a steady stream of non-contest visitors that took photos in anticipation of the Tournament of Roses. Passersby, visitors, locals, and Lululemon 5K participants all utilized the photo op.



Views by Page title and screen class

PAGE TITLE AND SCREEN ...	VIEWS
Floatfest Rose Parade Float...	68K
Rose Parade 2026 Parade ...	53K
Pasadena Things To Do Vis...	41K
Rose Bowl 2026 Tickets & ...	20K



DIRECTORS REPORT MARKETING & COMMUNICATIONS

VISITOR GUIDE

The Visit Pasadena team, in partnership with Wanderlust, released the 2026 Inspiration Guide that highlights Pasadena's top attractions, annual events, dining scene, neighborhoods, and lodging options. This year's edition also prominently highlights The Route 66 Centennial and associated events and attractions along the route.

BRAND USA MEXICO SALES MISSION

Christine Susa participated in Brand USA's 2026 Mexico Sales Mission, engaging key trade and media contacts across the Mexican travel industry. Over the four-day mission, she conducted 90 one-on-one appointments with Brand USA's top clients and presented to approximately 300 travel agents and tour operators.

NORDIC TOUR OPERATOR FAM

Visit Pasadena hosted a Visit California Nordic Travel Trade Fam in January. The group included five tour operators and two Visit California representatives. The group stayed at the Courtyard, visited The Huntington, toured the Gamble House, and attended the Rose Bowl Flea Market. The program was themed around a Southern California Road Trip with a Route 66 focus. Their journey brought them from Pasadena to Palm Springs and on to San Diego.

BELGIAN TOUR OPERATOR FAM

Visit Pasadena also hosted a luxury tour operator from Belgium that specializes in travel to the USA and Canada. The tour operator, Ruben Gryson, stayed at the Hotel Dena, did a walking tour of Old Pasadena, and toured the Rose Bowl Stadium. Christine Susa met Ruben in Amsterdam during Brand USA's Great USA Road Trip Mission in the Spring of 2025.



DIRECTORS REPORT

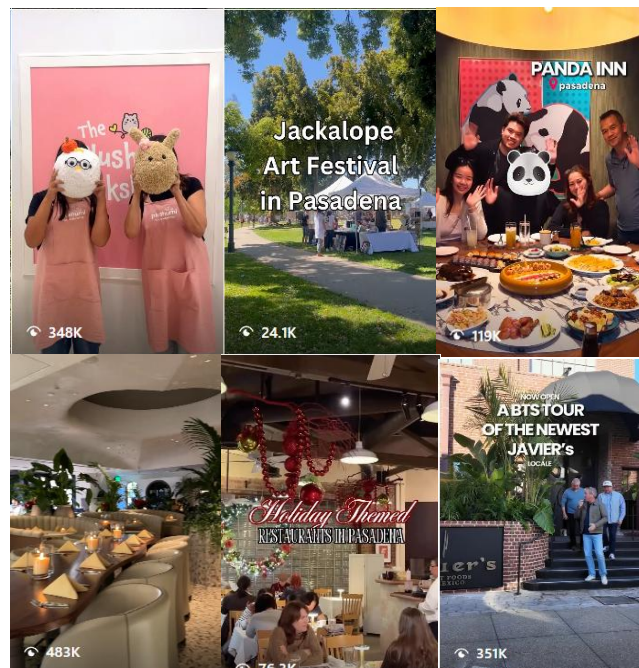
MARKETING & COMMUNICATIONS

SOCIAL MEDIA

Visit Pasadena's strategy blends visual storytelling, engagement, and targeted marketing to position the city as a vibrant travel destination. Our feed highlights Pasadena's architecture, cultural landmarks, local food, and events, appealing to travelers seeking unique, authentic experiences.

REEL HIGHLIGHTS

- **Plushumi** (Unpaid Collab w/@socalfam.explores)
 - 348k views
 - 14.4k likes
- **Jackalope Festival**
 - 24.1k views
 - 937 likes
- **Panda Inn** (Unpaid collab w/@hangrydrew)
 - 119k views
 - 948 likes
- **Javier's** (unpaid collab with @cityofpasadena)
 - 483k views
 - 15.4k likes
- **Holiday Restaurants** (unpaid collab with @cityofpasadena)
 - 76.3k views
 - 2,916 likes
- **Javier's** (unpaid collab with @localemagazine)
 - 351k views
 - 14.8k likes



WEBSITE STATS (Nov. - Dec. 2025)

	Pageviews	Users
Nov.	223K	111K
Dec.	227K	153K

SOCIAL STATS (Sept - Nov)

	Audience	Net Audience Growth	Published Posts	Impressions	Engagements	Engagement Rates	Video Views
All	113,206	2,394	304	1,681,479	33,604	2.0%	427,921
Instagram – Visit Pasadena	50,443	1,456	89	687,187	17,704	2.6%	222,407
Facebook – Visit Pasadena	34,910	893	41	991,130	15,226	1.5%	172,240

DIRECTORS REPORT MARKETING & COMMUNICATIONS

TRAVMEDIA INTERNATIONAL MEDIA MARKETPLACE

Mandi Prince participated in TravMedia's International Media Marketplace, the leading global networking event connecting the travel industry with top journalists, editors, influencers, and broadcasters. Mandi had 24 one-on-one appointments to pitch Pasadena stories including the Route 66 Centennial and LA28 Olympics.

VISIT CALIFORNIA NEW YORK CITY MEDIA MISSION

Mandi Prince represented Visit Pasadena at a New York City Media Mission facilitated by Visit California. The programming provided California destinations the opportunity to develop relationships with top media contacts in the market.

MEDIA VISITS

JORDAN SIMON, MEN'S JOURNAL

From January 11-13, Pasadena welcomed Jordan Smith, a news writer for Men's Journal. Men's Journal is a general interest lifestyle magazine for travel, health, fitness, food, and style.

EARNED MEDIA

NBC LOS ANGELES: STEP UP, QUEEN: VISIT A PHOTO BACKDROP FOR A CHANCE TO WIN ROSE PARADE TICKETS -

Link: [Step Up, Queen: Visit a photo backdrop for a chance to win Rose Parade tickets](#)

PASADENA WEEKLY: VISIT PASADENA LAUNCHES ANNUAL VISITOR HOTLINE - 62K WEEKLY CIRCULATION

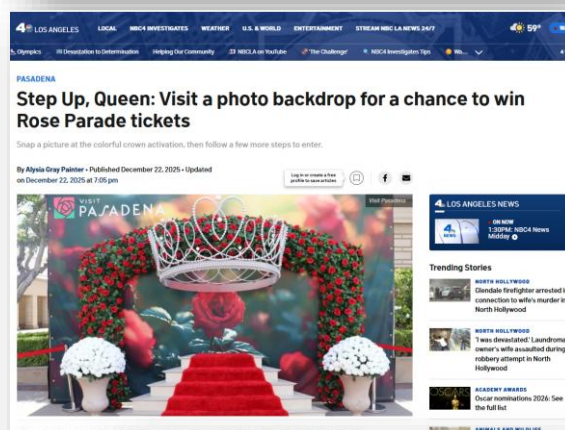
Link: [Visit Pasadena launches Annual Visitor Hotline](#)

PASADENA NOW: THE WORLD IS CALLING, PASADENA

Link: [The World is Calling, Pasadena](#)

PASADENA MEDIA: VISIT PASADENA'S VISITOR HOTLINE LAUNCH

Link: [Visit Pasadena's Visitor Hotline Launch](#)



DIRECTORS REPORT

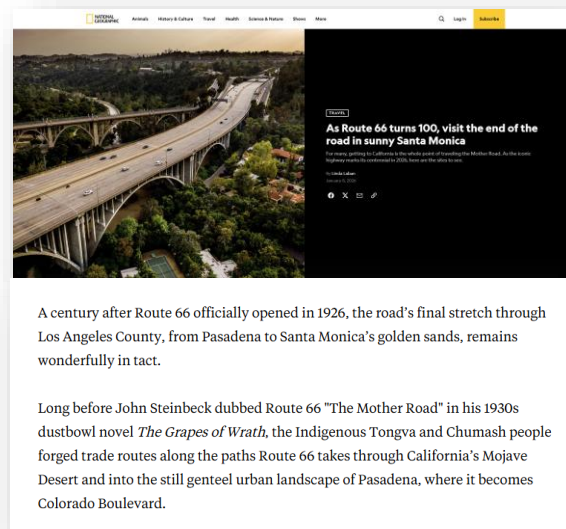
MARKETING & COMMUNICATIONS

MEDIA COVERAGE

NATIONAL GEOGRAPHIC TRAVELER: AS ROUTE 66 TURNS 100, VISIT THE END OF THE ROAD IN SUNNY SANTA MONICA – 1.8M UVM

Pasadena was featured in a recent National Geographic Traveler article on traveling the California segment of Route 66. The article shared rich insight into Pasadena's unique place along the Mother Road and its vibrant blend of history, architecture, and modern charm. Along with route, the article also featured Pasadena Walking Tours, and The Langham Huntington, Pasadena. Linda Laban stayed in Pasadena in late 2025.

LINK: [As Route 66 turns 100, visit the end of the road in sunny Santa Monica](#)



BEST OF CALIFORNIA WITH PAT PATTISSON – 22K VIEWS

Pat Pattison interviewed Kristin McGrath on his program, Pat Pattison's Best of California, which highlights premier destinations and experiences across the state. During the segment, Kristin showcased the attractions and events that distinguish Pasadena, including the Rose Bowl Stadium, Pasadena Civic Auditorium, and the city's vibrant arts and culture scene. She also highlighted Pasadena's role in the Route 66 Centennial and the LA28 Olympic Games.

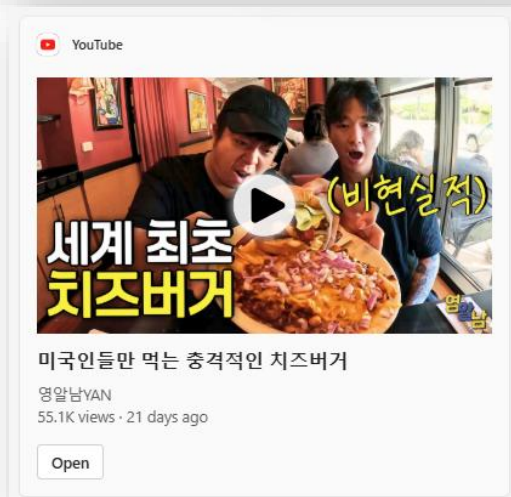
Link: [Part I](#) and [Part II](#)



SEUNGJUN YANG, YouTuber (Youngalnam) – THE SHOCKING CHEESEBURGER THAT ONLY AMERICANS EAT - 56K VIEWS

From October 5-8, Visit Pasadena in partnership with Visit California South Korea welcomed Youngalnam, a popular Korean YouTube creator with over 1.2 million subscribers. Known for his engaging long-form videos centered on sports, food culture, road trips, and lifestyle, Youngalnam stayed at Hotel Dena while capturing his experience in the city. During his visit, he explored Pasadena's dynamic culinary scene, local landmarks, and vibrant community, while sharing authentic moments that highlight that city's unique blend of culture and charm with his global audience.

Link: [The shocking cheeseburger that only Americans eat](#)



DIRECTORS REPORT CONVENTION CENTER

EVENT STATS

	Number of Events	Attendance
November	16	39,855
December	15	9,800

FEATURED EVENTS

- CA School Nutrition Assn. 73rd Annual Conference
- Anime Pasadena
- Solution Tree 2025 PLC at Work Institute
- Tom Segura: Come Together
- Front Row Card Show
- International Gem & Jewelry Show
- DevFest 2025
- Art Center College of Design Graduation Ceremony
- Grueninger Travel Group Band Party

FACILITY HIGHLIGHTS

The Public Safety Department and Guest Services Department had trainings in December reviewing key safety measures such as crowd management, de-escalation techniques, and situational awareness enhancing overall public safety and guest services.

The Pasadena Convention Center exhibited at IAEE Expo! Expo! 2025 December 8 -10. This was a valuable opportunity to showcase the Pasadena Convention Center and Pasadena on a national stage, connect with event organizers and industry partners, and stay current on emerging trends impacting the meetings and events industry.



Anime Pasadena



Tom Segura: Come Together



ArtCenter College of Design Grad Show & Ceremony

DIRECTORS REPORT

ICE SKATING CENTER

ICE SKATING CENTER HIGHLIGHTS

- On November 24-25th, the rink successfully installed a new compressor, improving operations.
- On Thanksgiving Day, the rink closed early to observe the holiday. The rink hosted a two-hour Public Session and welcomed 54 skaters.
- The Pasadena Maple Leafs annual Holiday Skate event was held on December 16th. The local community had an eventful time as the L.A. Kings provided their game truck.
- During the holiday period (Christmas and New Year's weeks), we extended Public Sessions and welcomed 11,952 skaters.
- The rink hosted over 35 group activities over the months of November and December.

PML Holiday Skate



Arcadia native and former Pasadena Maple Leaf Jason Roberston was named the NHL's First Star of the Week.

PROGRAM REGISTRATIONS

Skating School	Number of Skaters	Number of Drop-Ins
2025-26 Winter Semester	921	31

Hockey Adult League	Number of Teams	Number of Skaters	Number of Drop-Ins
2025 Fall	28	336	455

SESSION REGISTRATIONS

November	Number of Skaters
Public Sessions	5,132
Freestyle Sessions	1,024
Hockey Coach Lesson Sessions	73
Stick Time Sessions	199
December	Number of Skaters
Public Sessions	13,187
Freestyle Sessions	1,114
Hockey Coach Lesson Sessions	123
Stick Time Sessions	215

Pasadena Figure Skating Club member Elyce Lin-Gracey is proudly part of the U.S. Figure Skating Team and she's also been included in the 2026 Leave Your Mark by U.S. Figure Skating.

