

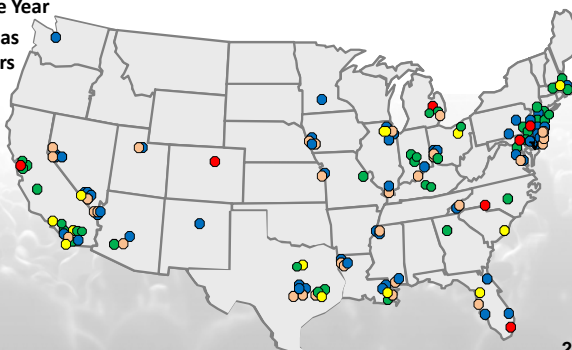


House of Blues Entertainment Overview – A Division of Live Nation

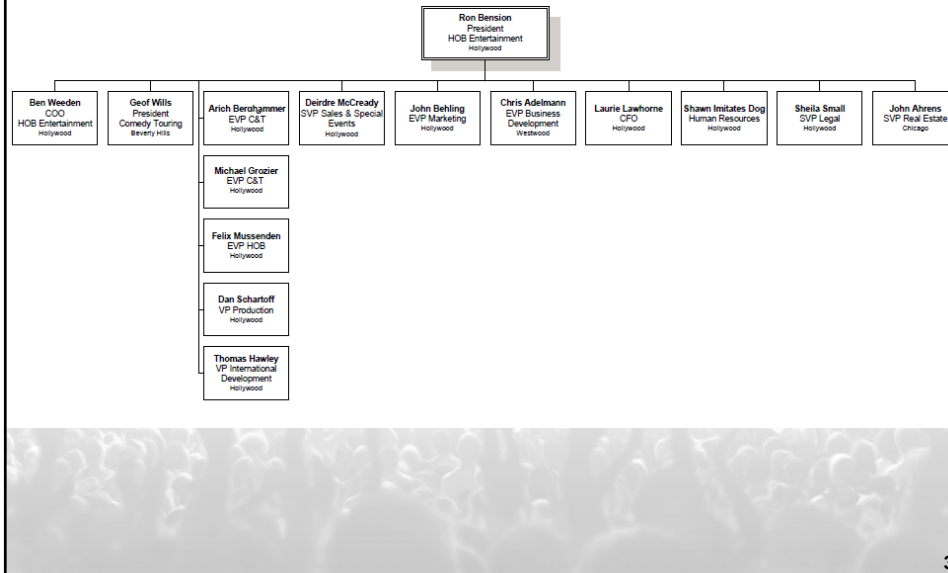
- Largest portfolio of clubs and theaters in the world
 - 56 Owned & Operated Clubs and Theaters
 - 39 exclusive / preferred 3rd party
 - 87 non-exclusive 3rd party
- 3,300 employees
- 8.5M guests per year
- HOBE operates 21 of Billboard's Top 25 clubs
 - HOB Orlando BB Club of the Year
- HOB Music Forward Foundation has dedicated \$20M in the last 15 years to youth arts education



- HOB Clubs
- Fillmore Clubs
- Other O/O Venues
- Exclusively Booked Venues
- C3 Venues

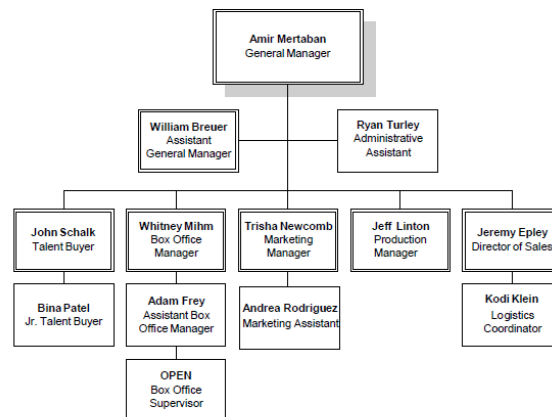


House of Blues Entertainment Organizational Chart



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Riverside Market Organizational Chart



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Competitive Overview

Venue Name	City	Distance	Capacity	Show Count	Broadway Series
Fox Performing Arts Center	Riverside, CA	-	1,600	185	Yes
Riverside Municipal Auditorium	Riverside, CA	-	1,776	72	No

CASINOS

Agua Caliente Casino	Rancho Mirage, CA	66 miles	2,032	52	No
Fantasy Springs Casino	Indio, CA	75 miles	3,500	15	No
Harrah's Resort So. Cal.	Valley Center, CA	62 miles	2,300	36	No
Morongo Casino Resort & Spa	Cabazon, CA	36 miles	3,000	40	No
Pala Casino	Pala, CA	52 miles	2,037	16	No
San Manuel Casino	Highland, CA	19 miles	3,700	34	No
Spotlight 29	Indio, CA	77 miles	2,400	31	No

PERFORMING ART CENTERS

California Theatre of Performing Arts	San Bernardino, CA	11 miles	1,718	6	Yes
Cerritos Center For The Perf. Arts	Cerritos, CA	45 miles	1,800	24	Yes
La Mirada Theatre For Perf. Arts	La Mirada, CA	46 miles	1,251	12	Yes
McCallum Theatre	Palm Desert, CA	68 miles	1,127	176	Yes
Seegerstrom Center For The Arts	Costa Mesa, CA	42 miles	2,000	92	Yes

GENERAL ADMSSION VENUES

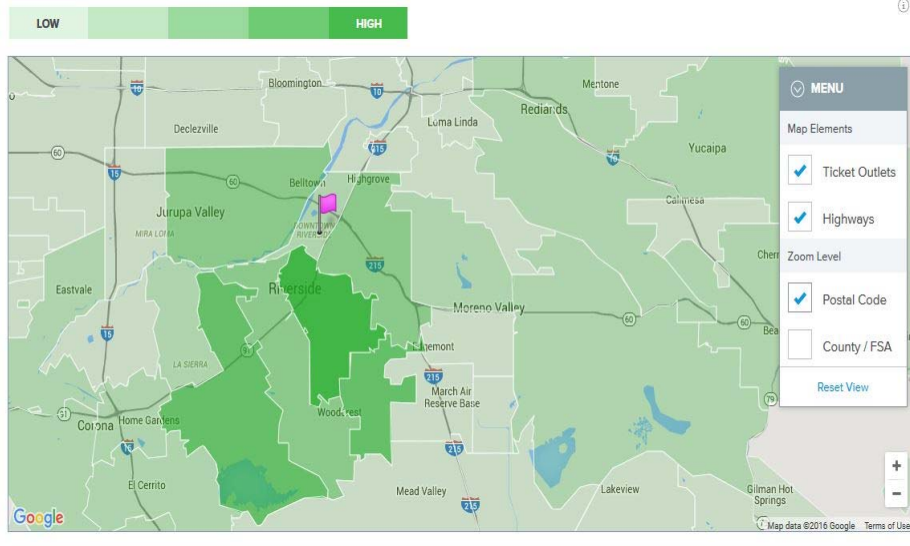
City National Grove Of Anaheim	Anaheim, CA	37 miles	1,700	118	Yes
Fox Theater Pomona	Pomona, CA	26 miles	2,000	39	No
The Observatory	Santa Ana, CA	45 miles	971	365	No

The Fox and RMA have made an immediate impact in Orange County / Riverside County / San Bernardino County even with 15 venues within a 75 miles radius of Riverside

* Showcounts include all promoted shows and rentals

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HEAT MAP OF TICKETS PURCHASED ONLINE



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PURCHASE BY COUNTY

County / FSA	All Sales Channels		
	Tickets ▼	% Total Tickets	Face Value
Riverside, CA, USA	37,829	43.31%	\$1,616,018.95
San Bernardino, CA, USA	15,949	18.26%	\$699,295.28
Los Angeles, CA, USA	11,507	13.17%	\$542,441.49
Orange, CA, USA	9,422	10.79%	\$441,944.81
San Diego, CA, USA	2,172	2.49%	\$103,358.05

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TOP SALES CHANNELS

TOP SALES CHANNELS			
Sales Channel	Face Value		% Total Sales
Internet	\$3.2M	<div></div>	51.6%
Box Office	\$2.1M	<div></div>	34.6%
Mobile	\$542.8K	<div></div>	8.8%
Channel Partners	\$177.8K	<div></div>	2.9%
Agent Assisted Phone	\$80.3K	<div></div>	1.3%

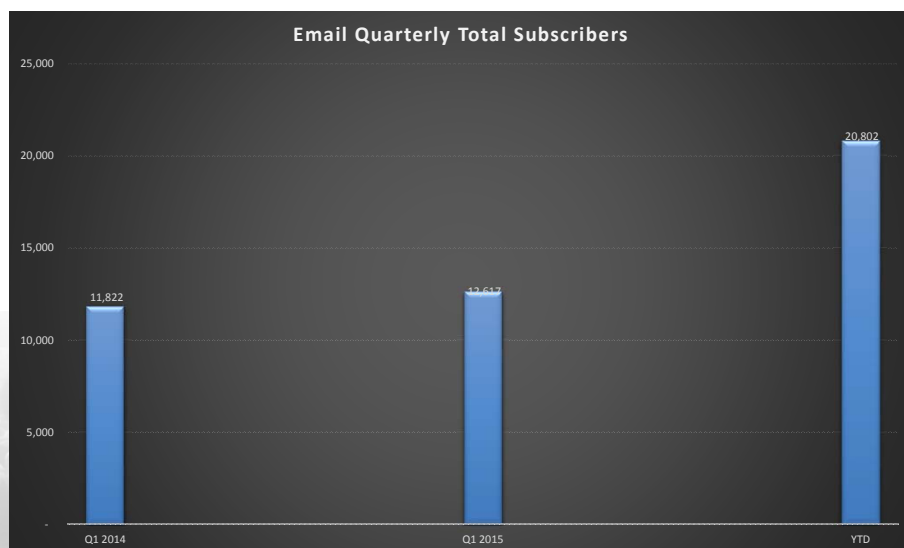
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LIFETIME FAN DATA



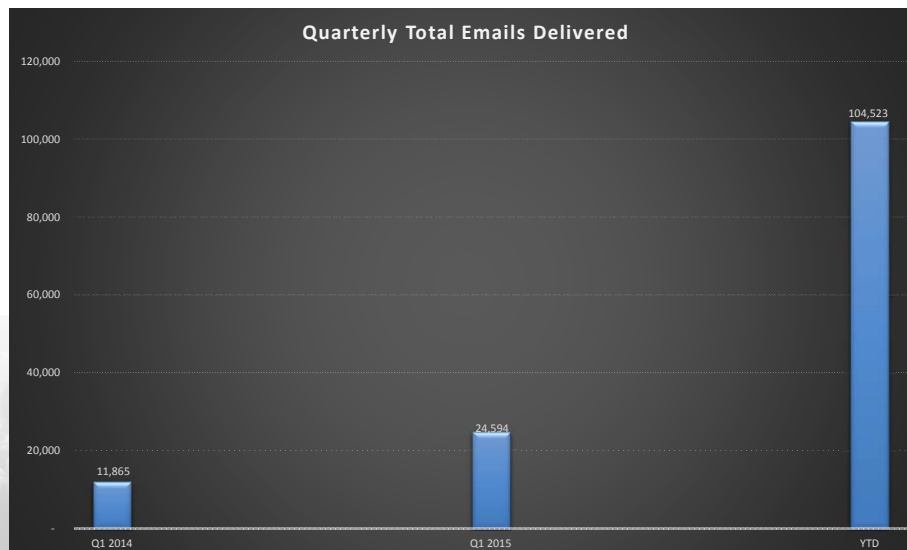
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EMAIL DATABASE



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EMAIL DELIVERY GROWTH



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EMAIL DIRECT REVENUE

- From a \$0 balance at the start of Q1 2014 to Q1 2016, \$58,318 has been generated in tickets and fees via email marketing
- From 0 tickets sold prior to Q1 2014, email marketing has generated an additional 896 tickets through Q1 2016 in this previously untapped revenue stream



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WEBSITE REVENUE

Fox Performing Arts Center

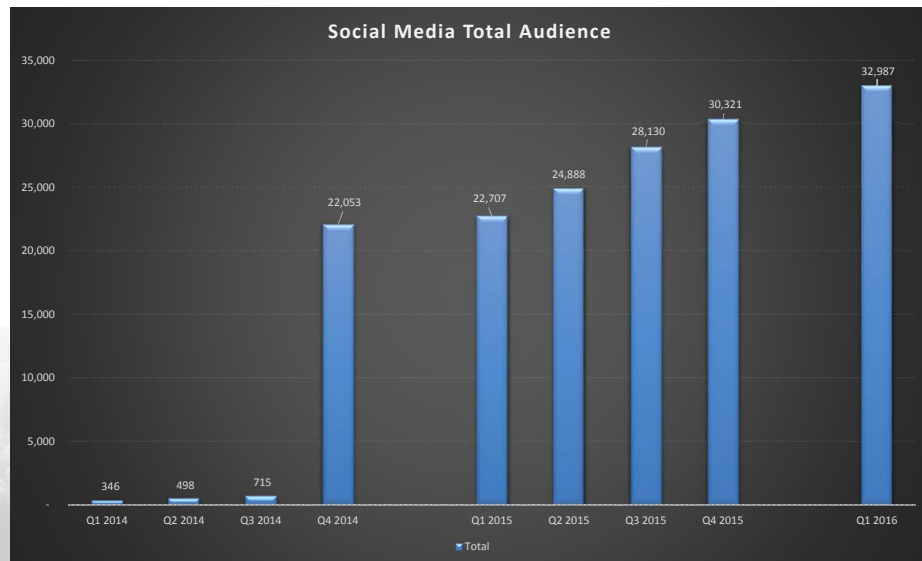
	Q1 2014	Q2 2014	Q3 2014	Q4 2014		Q1 2015	Q2 2015	Q3 2015	Q4 2015		Q1 2016
Visits	9,870	12,727	11,948	10,596		8,247	9,076	9,151	11,228		10,030
EDP Page Views	1,450	1,732	1,563	1,691		1,267	1,363	1,292	1,778		1,149
Page Views	15,999	16,378	15,151	13,459		12,427	11,909	12,083	14,692		13,086
Tickets Sold	2,538	3,273	2,752	3,353		1,777	1,855	1,802	3,720		1,974
Face Value Revenue	\$196,569	\$241,577	\$186,040	\$216,450		\$118,650	\$139,832	\$117,962	\$242,834		\$137,823

Riverside Municipal Auditorium

	Q1 2014	Q2 2014	Q3 2014	Q4 2014		Q1 2015	Q2 2015	Q3 2015	Q4 2015		Q1 2016
Visits	3,007	10,327	5,985	6,218		8,150	8,042	11,515	12,625		11,813
EDP Page Views	290	1,504	602	746		978	1,184	1,901	1,984		1,809
Page Views	4,199	12,945	7,425	7,568		9,926	9,955	14,479	15,763		14,831
Tickets Sold	94	192	417	463		441	550	394	507		233
Face Value Revenue	\$3,723	\$7,390	\$14,253	\$14,179		\$12,870	\$17,122	\$15,025	\$17,623		\$7,679

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SOCIAL GROWTH



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SOCIAL GROWTH

Total Audience	Q1 2014	Q2 2014	Q3 2014	Q4 2014		Q1 2015	Q2 2015	Q3 2015	Q4 2015		Q1 2016
Instagram				540		786	1,458	2,291	3,314		4,876
Facebook				20,470		20,783	22,088	24,404	25,490		26,480
Twitter	346	498	715	1,043		1,138	1,342	1,435	1,517		1,631
Total	346	498	715	22,053		22,707	24,888	28,130	30,321		32,987

Total Engagement	Q1 2014	Q2 2014	Q3 2014	Q4 2014		Q1 2015	Q2 2015	Q3 2015	Q4 2015		Q1 2016
Instagram			914	4,306		4,597	5,158	3,249	7,565		10,650
Facebook	23,988	28,392	28,203	20,710		8,892	8,998	12,561	9,421		10,303
Twitter	658	821	1,714	1,437		804	1,058	1,192	943		976
Total	24,646	29,213	30,831	26,453		14,293	15,214	17,002	17,929		21,929

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FORECAST FY 06/30/16

	YTD		
	F03	Budget	Variance
Promoted Show Count	32	48	(16)
Rentals/Special Events Count	61	74	(13)
Promoted Paid Count	32,195	48,000	(15,805)
Promoted Shows	\$273	\$57	\$215
Rentals/other	\$397	\$505	(\$107)
Total CM	\$670	\$562	\$108
Compensation	\$334	\$441	\$107
Utilities	\$103	\$145	\$42
R&M	\$48	\$90	\$42
Other	\$70	\$130	\$60
Total Fixed	\$555	\$805	\$250
AOI	\$115	(\$244)	\$358
	RMA		
	F03	Budget	Variance
Promoted Show Count	32	40	(8)
Rentals/Special Events Count	28	54	(26)
Promoted Paid Count	30,621	40,676	(10,055)
Promoted Shows	\$157	\$289	(\$132)
Rentals/other	\$250	\$326	(\$76)
Total CM	\$407	\$615	(\$208)
Compensation	\$286	\$415	\$129
Utilities	\$66	\$96	\$30
R&M	\$42	\$48	\$6
Other	\$55	\$67	\$11
Total Fixed	\$450	\$625	\$175
AOI	(\$43)	(\$10)	(\$32)
	Total		
	F03	Budget	Variance
Promoted Show Count	64	88	(24)
Rentals/Special Events Count	89	128	(39)
Promoted Paid Count	62,816	88,676	(25,860)
Promoted Shows	\$430	\$346	\$84
Rentals/other	\$647	\$831	(\$183)
Total CM	\$1,077	\$1,177	(\$100)
Compensation	\$620	\$856	\$235
Utilities	\$168	\$241	\$72
R&M	\$91	\$138	\$47
Other	\$125	\$197	\$71
Total Fixed	\$1,005	\$1,431	\$426
AOI	\$72	(\$254)	\$326

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CONTRACT

Term:

1. Commenced on December 1, 2013 and continues for three years;
2. Following the initial term, the Agreement shall automatically renew for two additional terms of three years each;
3. The City or Live Nation may cancel the agreement with prior written notice of at least 12 months prior to the end of the initial term or applicable renewal term;
4. The City nor Live Nation has chosen to not exercise the cancelation and the Agreement's first renewal period has been exercised; and
5. The current end date of the agreement is now November 30, 2019

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FINANCES

Operational:

1. The City assumes responsibility if the events do not make money and receives the benefit of any net revenue realized from events held at the Fox and RMA;
2. Live Nation funds the day-to-day operations and maintains a bank account and tracks all expenses and revenues; and
3. Monthly, Live Nation invoices the City if the revenues fall short of revenue and conversely writes the City a check if revenues exceed expenses.

****An item to be noted is that per the type of financing that the Fox has, the City is limited on the structure of the management fee and incentive bonus****

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FINANCES (CONT.)

Fox	FY 2013-14 (Actuals)	FY 2014-15 (Actuals)	FY 2015-16 (Projected)	FY 2016-17 Proposed	FY 2017-18 Proposed
Operating Revenue	\$2,852,016	\$3,678,067	\$3,648,133	\$3,500,000	\$3,500,000
Operating Expense	\$3,986,980	\$4,537,123	\$4,107,798	\$3,500,000	\$3,500,000
<i>Net Operating Expense/(Revenue)</i>	\$1,134,964	\$859,056	\$459,665	\$-	\$-
Management Fee	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Incentive Bonus				\$33,000	\$50,000
Total Fox Expense	\$1,634,964	\$1,359,056	\$959,665	\$533,000	\$550,000
RMA	FY 2013-14 (Actuals)	FY 2014-15 (Actuals)	FY 2015-16 (Projected)	FY 2016-17 Proposed	FY 2017-18 Proposed
Operating Revenue	\$-	\$1,750,986	\$2,028,004	\$2,000,000	\$2,000,000
Operating Expense	\$-	\$1,992,961	\$2,278,023	\$2,000,000	\$2,000,000
<i>Net Operating Expense/(Revenue)</i>	\$-	\$241,975	\$250,019	\$-	\$-
Management Fee	\$25,000	\$50,000	\$75,000	\$100,000	\$100,000
Incentive Bonus	\$-	\$-	\$-	\$31,000	\$47,000
Total RMA Expense	\$25,000	\$291,975	\$325,019	\$131,000	\$147,000
TOTAL CONTRACTUAL EXPENSE	\$1,659,964	1,651,031	\$1,284,684	\$664,000	\$697,000

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FINANCES (CONT.)

- Annual operational losses are projected to be reduced by 48% from FY 2015-16 to FY 2016-17
- Analysis does not include debt service for:
 - Fox (\$2,269,95)
 - Fox Parking Garage (\$85,344)

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REDUCTION MEASURES

In order to continue the growth of business and decrease net cost, the following steps will continue and/or be proposed:

1. Increase Performance/Show Count
2. Increase Special Events
3. Diversify the use and programming of the facilities
(i.e. special events, specialty nights, filming)
4. Review and propose potential fee increases for the Fox, this would be subject to City Council consideration and approval at a later date. Fees at the Fox have not been increased since 2010. The fees would address commercial and business use.

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EXECUTIVE SUMMARY

- Riverside
 - Forecasting to beat Budget, this fiscal year
 - Leads national average in food & beverage spend \$14.59 vs \$13.86 average
 - All cost control centers are forecasting to under budget
 - Growth in Special Events exceeds national trends
 - Social media has grown by 75% over prior year
 - Master Agreement with UCR being signed with FOX & RMA
 - Leads national average in attendance to movie series average 500 guest
- Growth of positive reputation within booking agencies
- Artist and management feedback on experience is far greater than expected
- Increase positive visibility has increased competition
 - Being more selective in bookings reduces risk

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EXECUTIVE SUMMARY (CONT.)

- HOBE executive overview and support of Riverside
- Executive overview in content creation and roll out
- National depth of leadership in all positions ensure long term strength
- Venue relationship with city is a model for club & theatre division national
- From baseline fiscal review in 2013 LN has reduced costs for the City from \$2 million to \$700 thousand inclusive of management fee's
 - Savings of **\$1 million** to the City

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RECOMMENDATION

That the City Council receive this presentation and provide input for FY 2016/17 and 2017/18.

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