

RESOLUTION NO. 2007-074

Adopted by the Sacramento City Council

February 6, 2007

APPROVING THE SACRAMENTO HOTEL CORPORATION 2007 OPERATING BUDGET

BACKGROUND

- A. The Sacramento Hotel Corporation Bylaws state in Section XI, Section (3)(a), that the Sacramento City Council is responsible for two items: (1) approving appointees to the Sacramento Hotel Corporation Board and (2) approving the Hotel Corporation Budget on an annual basis.
- B. The Corporation's Board of Directors is required to submit an annual budget to the Sacramento City Council prior to the beginning of each fiscal year. On December 8, 2006, the Hotel Corporation Board unanimously approved the proposed 2007 operating budget to be presented to the City Council for approval.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The Sacramento Hotel Corporation 2007 Operating Budget as presented in Exhibit A is approved for final adoption.

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Exhibit A – 2007 Operating Budget

Adopted by the City of Sacramento City Council on February 6, 2007 by the following vote:

Ayes: Councilmembers, Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Fargo.

Noes: None.

Abstain: None.

Absent: None.

Attest:


Shirley Concolino, City Clerk


Mayor, Heather Fargo

**Sacramento Hotel Corporation
Operating Budget - Summary
For the Year Ended 12/31/07**

	2007 Offering Memorandum	2006 Estimated Year-End	2007 Proposed Annual Budget	Increase/ Decrease Over 2006	Percent Increase/ Decrease Over 2006
Hotel Net Operating Income	\$ 8,263,000	\$ 8,578,062	\$ 9,825,880	\$ 1,247,818	14.55%
Garage Net Operating Income	\$ 1,221,000	\$ 1,462,091	\$ 1,557,380	\$ 95,289	6.52%
Administration Costs	\$ (112,000)	\$ (181,820)	\$ (188,920)	\$ (7,100)	3.90%
Interest Earnings	\$ 913,760	\$ 807,374	\$ 800,360	\$ 7,014	0.87%
Debt Service	\$ (6,262,500)	\$ (5,993,750)	\$ (6,262,500)	\$ 268,750	-4.48%
Reserve Transactions:					
Garage Lease Payment			(250,000)		
Supplemental Senior Debt Service Reserve			(243,750)		
Subordinate Management Fee			(625,000)		
Subordinate Debt Service Fund			(3,210,210)		
Cash Trap Fund			(1,403,240)		
Net Activity			-		
Debt Service Coverage Ratios:					
Total Debt Service Coverage	1.64	1.78	1.92	0.14	7.60%
Required	1.30	1.30	1.30	-	-
Hotel Debt Service Coverage	1.32	1.43	1.57	0.14	9.72%
Required	1.15	1.15	1.15	-	-