RESOLUTION NO. 2007-266

Adopted by the Sacramento City Council

May 8, 2007

APPROVING THE SACRAMENTO HOTEL CORPORATION 2007 AMENDED 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.

B. On February 6, 2007, City Council approved the 2007 Sacramento Hotel Corporation Operating Budget.

C. On April 26, 2007, the Sacramento Hotel Corporation Board unanimously approved the proposed 2007 Amended Operating Budget to be presented to 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 Amended Operating Budget as presented in Exhibit B is approved for final adoption.

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Exhibit A – Adopted 2007 Operating Budget
Exhibit B – Proposed 2007 Amended Budget

Adopted by the City of Sacramento City Council on May 8, 2007 by the following vote:

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

Noes: None.

Abstain: None.

Absent: None.

Heather Fargo
Mayor Heather Fargo

Attest:

Shirley Concolino
Shirley Concolino, City Clerk

Exhibit A

Sacramento Hotel Corporation
Operating Budget - Detail
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 Operations:					
Revenue	$ 34,825,000	$ 33,451,932	$ 35,252,000	1,800,068	5.38%
Expenses:				-	
Operating Costs	15,005,000	13,192,150	13,679,000	486,850	3.69%
Administrative expenses and fees	7,699,000	6,515,873	6,608,000	92,127	1.41%
Management Fees	1,313,000	1,279,242	1,269,000	(10,242)	-0.80%
Total Expenses	24,017,000	20,987,265	21,556,000	568,735	2.71%
Available Revenue before Reserves	10,808,000	12,464,667	13,696,000	1,231,333	9.88%
Less Amounts Deposited to Reserves For:				-	
Hotel Taxes and Insurance	1,152,000	2,544,629	2,460,000	(84,629)	-3.33%
Hotel Replacement FF&E Fund	1,393,000	1,341,976	1,410,120	68,144	5.08%
Hotel Net Operating Income (NOI)	$ 8,263,000	$ 8,578,062	$ 9,825,880	1,247,818	14.55%
Garage Operations:					
Revenue	$ 2,066,000	$ 2,569,868	$ 2,704,140	134,272	5.22%
Expenses:					
Operating Costs	453,000	703,819	682,050	(21,769)	-3.09%
Management Fees	158,000	106,832	149,720	42,888	40.15%
Total Expenses	611,000	810,651	831,770	21,119	2.61%
Available Revenue before Reserves	1,455,000	1,759,217	1,872,370	113,153	6.43%
Less Amounts Deposited to Reserves For:					
Garage Taxes and Insurance	172,000	214,578	233,870	19,292	8.99%
Garage Repair and Replacement	62,000	82,548	81,120	(1,428)	-1.73%
Garage Net Operating Income	1,221,000	1,462,091	1,557,380	95,289	6.52%
Lease Payments	250,000	250,000	250,000		0.00%
Garage NOI After Lease Payments	$ 971,000	$ 1,212,091	$ 1,307,380	95,289	7.86%
Administration Expenses:					
Legal		$ 5,000	$ 10,000	5,000	100.00%
Hotel Consultant		26,000	27,000	1,000	3.85%
Accounting		34,320	34,320	-	0.00%
Administrator		60,000	60,000	-	0.00%
Board Stipends		20,000	20,000	-	0.00%
Trustee Fees		12,000	12,000	-	0.00%
Insurance Expenses		9,000	9,000	-	0.00%
Audit Expenses		12,500	13,600	1,100	8.80%
Other Expenses		3,000	3,000	-	0.00%
Total Administrative Expenses	$ 112,000	$ 181,820	$ 188,920	7,100	3.90%

EXHIBIT A

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	7.80%
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	-	-

EXHIBIT B

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

	2007 Offering Memorandum	2006 Actual Year-End	2007 Proposed Annual Budget	Increase/ Decrease Over 2006	Percent Increase/ Decrease Over 2006
Hotel Net Operating Income	$ 8,283,000	$ 8,578,277	$ 10,089,851	$ 1,511,574	17.62%
Garage Net Operating Income	$ 1,221,000	$ 1,469,195	$ 1,557,370	$ 88,175	6.00%
Administration Costs	$ (112,000)	$ (155,561)	$ (188,920)	$ (33,359)	21.44%
Interest Earnings	$ 913,760	$ 1,093,393	$ 800,360	$ 293,033	26.80%
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	1.83	1.96	0.13	6.97%
Required	1.30	1.30	1.30	-	-
Hotel Debt Service Coverage	1.32	1.43	1.61	0.18	12.87%
Required	1.15	1.15	1.15	-	-

Sacramento Hotel Corporation
Amended Operating Budget - Detail
For the Year Ended 12/31/07

	2007 Offering Memorandum	2006 Actual Year-End	2007 Proposed Annual Budget	Increase/ (Decrease) Over 2006	Percent Increase/ Decrease Over 2006
Hotel Operations:					
Revenue	$ 34,825,000	$ 33,451,932	$ 35,690,067	2,238,035	6.69%
Expenses:				-	
Operating Costs	15,005,000	13,249,977	13,886,199	638,222	4.80%
Administrative expenses and fees	7,899,000	6,455,756	6,558,080	102,324	1.59%
Management Fees	1,313,000	1,279,240	1,268,386	(10,854)	-0.85%
Total Expenses	24,017,000	20,984,973	21,712,665	727,692	3.47%
Available Revenue before Reserves	10,808,000	12,466,959	13,977,302	1,510,343	12.11%
Less Amounts Deposited to Reserves For:					
Hotel Taxes and Insurance	1,152,000	2,544,824	2,459,852	(84,772)	-3.33%
Hotel Replacement FF&E Fund	1,393,000	1,344,058	1,427,599	83,541	6.22%
Hotel Net Operating Income (NOI)	$ 8,263,000	$ 8,578,277	$ 10,089,851	1,511,574	17.62%
Garage Operations:					
Revenue	$ 2,066,000	$ 2,569,868	$ 2,704,140	134,272	5.22%
Expenses:					
Operating Costs	453,000	703,819	682,051	(21,768)	-3.09%
Management Fees	158,000	106,832	149,725	42,893	40.15%
Total Expenses	611,000	810,651	831,776	21,125	2.61%
Available Revenue before Reserves	1,455,000	1,759,217	1,872,364	113,147	6.43%
Less Amounts Deposited to Reserves For:					
Garage Taxes and Insurance	172,000	214,584	233,870	19,286	8.99%
Garage Repair and Replacement	82,000	75,438	81,124	5,686	7.54%
Garage Net Operating Income	1,221,000	1,469,195	1,557,370	88,175	6.00%
Lease Payments	250,000	249,996	250,000	4	0.00%
Garage NOI After Lease Payments	$ 971,000	$ 1,219,199	$ 1,307,370	88,171	7.23%
Administration Expenses:					
Legal		$ 489	$ 10,000	9,511	1944.99%
Hotel Consultant		27,189	27,000	(189)	-0.70%
Accounting		25,740	34,320	8,580	33.33%
Administrator		45,000	60,000	15,000	33.33%
Board Stipends		22,500	20,000	(2,500)	-11.11%
Trustee Fees		12,052	12,000	(52)	-0.43%
Insurance Expenses		8,427	9,000	573	6.80%
Audit Expenses		11,889	13,600	1,711	14.39%
Other Expenses		2,275	3,000	725	31.87%
Total Administrative Expenses	$ 112,000	$ 155,561	$ 188,920	33,359	21.44%