



APPROVED

DEC 14 1999

OFFICE OF THE
CITY CLERK

1.19

ECONOMIC DEVELOPMENT
DEPARTMENT

CITY OF SACRAMENTO
CALIFORNIA

1030 15TH STREET
SUITE 250
SACRAMENTO, CA
95814-4009

PH 916-264-7223
FAX 916-264-8161

December 9, 1999

City Council Sacramento, California

Honorable Members in Session

**SUBJECT: APPROVAL OF THE SACRAMENTO HOTEL CORPORATION FOR
THE CALENDAR YEARS 1999 AND 2000.**

LOCATION AND COUNCIL DISTRICT: Sheraton Grand, Convention Center Hotel, 13th & J
Streets, Sacramento Hotel Corporation, Citywide.

STAFF RECOMMENDATION: Staff recommends that the City Council adapt the attached
Resolution approving the Sacramento Hotel Corporation budgets for the calendar/fiscal years
1999 and 2000.

CONTACT PERSONS: Kristan Otto, Economic Development Manager, 264-7948
Susan Mayer, Accounting Division Manager, 264-5058

FOR THE COUNCIL MEETING OF: December 14, 1999

SUMMARY: At the December 2, 1999 regularly scheduled Board meeting of the Sacramento
Hotel Corporation (Corporation), the Board of Directors adopted by Resolution the attached
proposed budget of expenditures and appropriations (Attachment 1). This budget is being
submitted to the City Council for review and approval. Upon approval of the budget by the City
Council, the Board of Directors is scheduled to approve the budget in final form at its January 6,
2000 Board meeting.

COMMITTEE/COMMISSION ACTION: None

BACKGROUND INFORMATION: On February 16th, 1999, the City Council adopted
Resolution No. 99-062 approving the Articles of Incorporation and By Laws of the Sacramento
Hotel Corporation. The Corporation was created by the City Council to be the entity that owns
the Sheraton Grand Hotel being constructed on the southwest corner of the 13th & J Streets. The
Corporation's By Laws require the City Council to approve the Corporation's budget. Once the

City Council has approved the budget, the Board of Directors will approve the budget in its final form. In the event that the final budget presented to the Board contains any material differences between it and the budget as approved by the Sacramento City Council, the Board will resubmit the budget to the City Council for its approval prior to taking final action.

FINANCIAL CONSIDERATIONS: The proposed budget is a balanced budget that meets the financial targets established in the April, 1999 City of Sacramento Finance Authority bond offering that is financing this hotel's development and construction.

POLICY CONSIDERATIONS: The Sacramento Hotel Corporation is a self-supporting non-profit organization. The debt service on the bonds is secured only by the Garage and Hotel operations and is not an obligation of the City's General Fund.

ENVIRONMENTAL CONSIDERATIONS: The recommended action is not a project in accordance with the California Quality Act (CEQA) and therefore does not require environmental review.

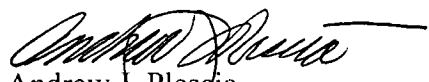
ESBD CONSIDERATIONS: Not applicable

Respectively submitted,



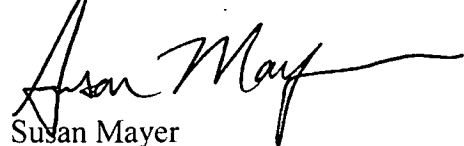
Kristan Otto
Economic Development Manager

Approved:



Andrew J. Plescia
Economic Development Director

Respectively submitted,



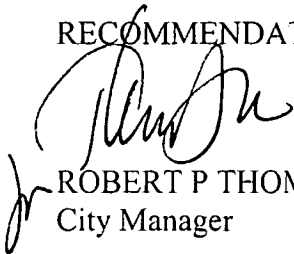
Susan Mayer
Accounting Division Manager

Approved:



Thomas V. Lee
Deputy City Manager

RECOMMENDATION APPROVED



ROBERT P THOMAS
City Manager

EXHIBIT A
Sacramento Hotel Corporation
Budget for 1999 and 2000

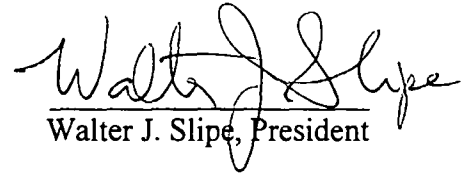
	1999	2000	Total
Sources of Funds			
Bond proceeds:			
Construction account	70,614,299		
Costs of Issuance	3,440,687		
Capitalized interest	12,727,641		
Accrued interest	451,111		
Subsidy from SHRA	8,088,000		
Construction period interest:			
Construction account	2,083,714	2,117,412	
Capitalized interest account	424,892	389,155	
Debt service reserve account	193,695	421,241	
Total Sources	<u>98,024,039</u>	<u>2,927,808</u>	<u>100,951,847</u>
Development Costs			
Construction	(76,903,888)	(2,476,567)	
Land	(4,953,961)		
Total, Development Costs	<u>(81,857,849)</u>	<u>(2,476,567)</u>	<u>(84,334,416) (1)</u>
Debt Service Costs			
Interest payments	(1,450,000)	(5,800,000)	
Total, debt service costs	<u>(1,450,000)</u>	<u>(5,800,000)</u>	<u>(7,250,000)</u>
Costs of Issuance			
Underwriter's Discount	(1,914,320)		
Legal and consulting services	(1,313,450)		
Title insurance	(126,389)		
Structuring Fee	(115,000)		
Other	(59,528)		
Total, costs of issuance	<u>(3,528,687)</u>	-	<u>(3,528,687)</u>
Garage Operations			
Garage Revenue	658,236	1,548,000	
Operating expenses and fees	(208,991)	(629,000)	
Reserve for replacement (3% of revenue)		(46,000)	
Net Operating Income (NOI)	449,245	873,000	<u>1,322,245</u>
Lease payments to City	(50,000)	(100,000)	
NOI after lease payment to City	<u>399,245</u>	<u>773,000</u>	<u>1,172,245</u>
Administration Expenses			
Legal Counsel	(35,000)	(20,000)	
Construction Engineer	(25,000)	(40,000)	
Accounting	(12,500)	(25,000)	
Administrator	(30,000)	(60,000)	
Administrative expenses	(16,044)	(25,000)	
Board stipends	(20,000)	(20,000)	
Subtotal	<u>(138,544)</u>	<u>(190,000)</u>	
Proceeds for start up costs	85,000		
Total, administration	<u>(53,544)</u>	<u>(190,000)</u>	<u>(243,544)</u>
Trustee Reserve Activity			
Netwithdrawal from (deposit to) capitalized interest	(11,137,733)	5,378,759	
City contribution to reserve for replacement	210,000		
Garage deposit to reserve for replacement	(210,000)	(134,000)	
Garage deposit to working capital fund	(300,000)	(500,000)	
Garage deposit to Sr debt service fund		(66,000)	
	<u>(11,437,733)</u>	<u>4,678,759</u>	<u>(6,758,974)</u>
Net Activity	<u>95,471</u>	<u>(87,000)</u>	<u>8,471</u>
Memo:			
NOI Budget	449,245	873,000	
NOI Bond Documents Forecast	420,000	873,000	
Favorable (Unfavorable) Variance	<u>29,245</u>	-	

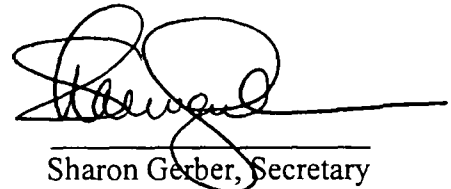
(1) Total construction contract is \$84,560,000. The balance will be funded by 2001 interest earnings on bond proceeds.

SACRAMENTO HOTEL CORPORATION

RESOLUTION ADOPTING THE 1999 AND 2000 FISCAL YEAR BUDGETS

Be it resolved that the 1999 and 2000 fiscal year budgets, as presented in Exhibit A, are hereby adopted.


Walter J. Slipe, President


Sharon Gerber, Secretary

RESOLUTION NO. 99-728
ADOPTED BY THE SACRAMENTO CITY COUNCIL



ON DATE OF _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO
APPROVING THE SACRAMENTO HOTEL CORPORATION BUDGETS FOR THE
CALENDAR YEARS 1999 AND 2000**

WHEREAS, In accordance with the Bylaws of the Sacramento Hotel Corporation (the Corporation), the Corporation's Chief Financial Officer shall present a proposed fiscal budget to the Board of Directors of the Sacramento Hotel Corporation (the Board) and following public budget hearings, the Board shall adopt by resolution a budget of proposed expenditures and appropriations necessary therefor for the ensuing fiscal year; and

WHEREAS, The proposed budget as adopted by the Board, together with the resolution of proposed expenditures and appropriations, shall be submitted to the Sacramento City Council for its approval at least thirty days prior to the commencement of the fiscal year covered by the proposed budget; and

WHEREAS, Upon approval of the proposed budget by the Sacramento City Council, the Board shall approve the budget in final form. In the event that the final budget presented to the Board contains any material differences between it and the budget as approved by the Sacramento City Council, the Board shall resubmit the budget to the Sacramento City Council for its approval prior to taking action on the final budget; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Sacramento, that the City Council hereby approves the Sacramento Hotel Corporation budgets for the calendar years 1999 and 2000 as presented in Exhibit A.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO: _____

DATE ADOPTED: _____

EXHIBIT A
Sacramento Hotel Corporation
Budget for 1999 and 2000

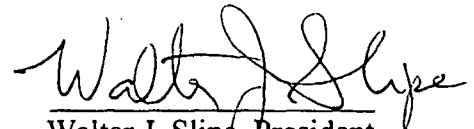
	1999	2000	Total
Sources of Funds			
Bond proceeds:			
Construction account	70,614,299		
Costs of Issuance	3,440,687		
Capitalized interest	12,727,641		
Accrued interest	451,111		
Subsidy from SHRA	8,088,000		
Construction period interest:			
Construction account	2,083,714	2,117,412	
Capitalized interest account	424,892	389,155	
Debt service reserve account	193,695	421,241	
Total Sources	98,024,039	2,927,808	100,951,847
Development Costs			
Construction	(76,903,888)	(2,476,567)	
Land	(4,953,961)		
Total, Development Costs	(81,857,849)	(2,476,567)	(84,334,416) (1)
Debt Service Costs			
Interest payments	(1,450,000)	(5,800,000)	
Total, debt service costs	(1,450,000)	(5,800,000)	(7,250,000)
Costs of Issuance			
Underwriter's Discount	(1,914,320)		
Legal and consulting services	(1,313,450)		
Title insurance	(126,389)		
Structuring Fee	(115,000)		
Other	(59,528)		
Total, costs of issuance	(3,528,687)	-	(3,528,687)
Garage Operations			
Garage Revenue	658,236	1,548,000	
Operating expenses and fees	(208,991)	(629,000)	
Reserve for replacement (3% of revenue)		(46,000)	
Net Operating Income (NOI)	449,245	873,000	1,322,245
Lease payments to City	(50,000)	(100,000)	
NOI after lease payment to City	399,245	773,000	1,172,245
Administration Expenses			
Legal Counsel	(35,000)	(20,000)	
Construction Engineer	(25,000)	(40,000)	
Accounting	(12,500)	(25,000)	
Administrator	(30,000)	(60,000)	
Administrative expenses	(16,044)	(25,000)	
Board stipends	(20,000)	(20,000)	
Subtotal	(138,544)	(190,000)	
Proceeds for start up costs	85,000		
Total, administration	(53,544)	(190,000)	(243,544)
Trustee Reserve Activity			
Netwithdrawal from (deposit to) capitalized interest	(11,137,733)	5,378,759	
City contribution to reserve for replacement	210,000		
Garage deposit to reserve for replacement	(210,000)	(134,000)	
Garage deposit to working capital fund	(300,000)	(500,000)	
Garage deposit to Sr debt service fund.		(66,000)	
	(11,437,733)	4,678,759	(6,758,974)
Net Activity	95,471	(87,000)	8,471
Memo:			
NOI Budget	449,245	873,000	
NOI Bond Documents Forecast	420,000	873,000	
Favorable (Unfavorable) Variance	29,245	-	

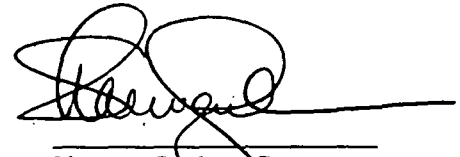
(1) Total construction contract is \$84,560,000. The balance will be funded by 2001 interest earnings on bond proceeds.

SACRAMENTO HOTEL CORPORATION

RESOLUTION ADOPTING THE 1999 AND 2000 FISCAL YEAR BUDGETS

Be it resolved that the 1999 and 2000 fiscal year budgets, as presented in Exhibit A, are hereby adopted.


Walter J. Slipe, President


Sharon Gerber, Secretary