

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.

Table of Contents:

- 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.



 Mayor Heather Fargo

Attest:



 Shirley Concolino, City Clerk

**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	13,182,150	13,878,000	496,850	3.69%
Administrative expenses and fees	7,899,000	6,515,873	6,608,000	92,127	1.41%
Management Fees	1,313,000	1,279,242	1,289,000	(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	9.89%
Less Amounts Deposited to Reserves For:					
Hotel Taxes and Insurance	1,152,000	2,544,829	2,480,000	(84,829)	-3.33%
Hotel Replacement FF&E Fund	1,383,000	1,341,878	1,410,120	68,144	5.08%
Hotel Net Operating Income (NOI)	\$ 8,263,000	\$ 8,578,062	\$ 9,625,880	1,247,818	14.55%
Garage Operations:					
Revenue	\$ 2,068,000	\$ 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	148,720	42,688	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	82,000	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	260,000	260,000	260,000		0.00%
Garage NOI After Lease Payments	\$ 971,000	\$ 1,212,091	\$ 1,307,380	95,289	7.88%
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	\$ 8,283,000	\$ 8,578,082	\$ 8,826,880	\$ 1,247,818	14.55%
Garage Net Operating Income	\$ 1,221,000	\$ 1,482,091	\$ 1,587,380	\$ 95,289	6.52%
Administration Costs	\$ (112,000)	\$ (181,820)	\$ (188,820)	\$ (7,100)	3.90%
Interest Earnings	\$ 913,780	\$ 807,374	\$ 800,360	\$ (7,014)	0.87%
Debt Service	\$ (6,282,500)	\$ (5,993,750)	\$ (6,282,500)	\$ (288,750)	-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			(1,408,240)		
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	-	-

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	\$ 10,068,851	\$ 1,511,574	17.82%
Garage Net Operating Income	\$ 1,221,000	\$ 1,469,188	\$ 1,587,370	\$ 88,175	8.00%
Administration Costs	\$ (112,000)	\$ (155,581)	\$ (188,920)	\$ (33,359)	21.44%
Interest Earnings	\$ 913,780	\$ 1,093,393	\$ 800,360	\$ (293,033)	26.80%
Debt Service	\$ (8,282,800)	\$ (8,993,750)	\$ (8,262,800)	\$ 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			(1,408,240)		
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	12.67%
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	\$ 33,451,032	\$ 35,890,067	2,238,035	6.69%
Expense:					
Operating Costs	15,005,000	13,249,977	13,886,199	636,222	4.80%
Administrative expense 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	12,466,059	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)	-3.39%
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	882,051	(21,768)	-3.09%
Management Fees	158,000	106,832	149,725	42,893	40.16%
Total Expenses	811,000	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	239,870	10,286	4.99%
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	249,006	250,000	4	0.00%
Garage NOI After Lease Payments	\$ 971,000	\$ 1,219,189	\$ 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	13,800	1,711	14.39%
Other Expenses		2,275	3,000	725	31.87%
Total Administrative Expenses	\$ 112,000	\$ 155,581	\$ 188,020	33,350	21.44%