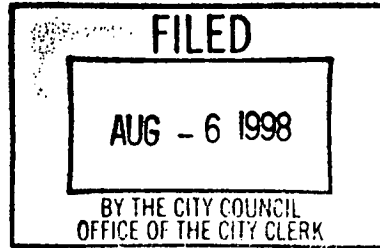


Officers-Directors
PRESIDENT
 David M. Higgins
 Harbison-Mahony-Higgins
PRESIDENT-ELECT
 Larry Dicke
 Blue Diamond Growers
VICE PRESIDENT and CHIEF
FINANCIAL OFFICER
 Maggie Ferrari
 Ferrari Color, Inc.
VICE PRESIDENT and SECRETARY
 Randy Gorrell
 USCS International
VICE PRESIDENT for
DEVELOPMENT
 Charles W. Trainor
 Trainor Robertson
CHIEF EXECUTIVE OFFICER
 Alan R. Gianini



July 16, 1998

MEMORANDUM

TO: Governmental Organization Members

FROM: Alan R. Gianini
 Executive Director

RE: SACTO QUARTERLY REPORT
 April, May, June 1998

Enclosed is SACTO's Quarterly Report for April, May, and June 1998.

Your thoughts are important to us. Please let us know if SACTO is accomplishing what you expect and if you would like us to include any additional information in this report.

Thank you in advance for your time.

Enclosure

Directors-at-Large
 Larry R. Booth
 Frank M. Booth, Inc.
Ted Grebltus
 Grebltus & Sons, Inc., E.A.
 Richard Hall
 Intel Corporation
Grog Kelly
 KCRA TV - Channel 3
Sadayuki Kishi
 NEC Electronics Inc.
Timothy P. Madden
 Fidelity National Title
Anthony Mansour
 The Mansour Company
Steven J. Nichols
 PG&E
Kristen E. Pigman
 The Pigman Companies
Kevin M. Ramirez
 Sierra College
Jeanne Reeves
 River City Bank
Ron Robinett
 The Marketing Store
James Shelby
 Sacramento Urban League
Phillip A. Stohr
 Downey Brand Seymour
 & Rohwer
Bob Woods
 AT&T Wireless Services

Appointed Directors
Hon. Dick Akin
 County of Sutter
Hon. Wes Beers
 City of West Sacramento
Bernard Bowler
 IBM
Dr. Donald R. Gerth
 CSUS
Hon. Don Nottoll
 County of Sacramento
Robert Parnell
 SMUD
Hon. Joe Serna, Jr.
 City of Sacramento
Hon. Walt Shultz
 County of El Dorado
Hon. Bill Simmons
 County of Yuba
Dr. Larry N. Vanderhoef
 UC Davis
Hon. James T. Williams
 County of Placer

Ex-Officio Directors
Robert W. Bell
 Helner, Stark & Marois
Robert D. Dean
 Grubb & Ellis Company
Edward J. Hurley, M.D.
 UCDCM
Edward J. Quinn, Jr.
 McDonough, Holland & Allen
IMMEDIATE PAST PRESIDENT
James A. Whillock
 Patterson Travel/American Express

SACTO LEGAL COUNSEL
Jeffrey M. Koewler
 Downey Brand Seymour
 & Rohwer

Barbara Hayes, Dep. Dir. SACTO

**REPORT TO THE GOVERNMENTAL ORGANIZATION MEMBERS
by the
SACRAMENTO AREA COMMERCE AND TRADE
ORGANIZATION (SACTO)**

For the Period Covering
April, May, June 1998

CONTENTS

EXECUTIVE SUMMARY

I. STATEMENT OF SERVICES

- A. Purposes of Fund Expenditures
- B. Any Direct Personal Benefits
- C. Number of Performances, Appearances, or Publications
 - 1. Performances and Appearances
 - 2. Publicity
 - 3. Publications
- D. Estimated Amount of Funds Expended Upon Services

II. ADDITIONAL INFORMATION COVERING PREVIOUS THREE MONTHS

- A. General Activities
- B. Prospect Activity

APPENDIX I Financial Statements Quarter Ending June 30, 1998

APPENDIX II Prospect Activity

SACTO
Sacramento Area Commerce and Trade Organization

EXECUTIVE SUMMARY - QUARTER ENDED JUNE 30, 1998

HIGHLIGHTS: CALED Conference, San Diego, April 1998
Marketing Trip to Asia, April - May 1998
New York Marketing Mission, April 1998
Inside Business '98 held May 19, 1998

LOCATIONS/ EXPANSIONS **AIRTOUCH** will be locating a regional office campus at Silverbrook Business Park in Folsom, CA. AirTouch will be hiring 300 people and is expected to occupy two buildings totaling 115,000 square feet.
MARMON KEYSTONE purchased eight acres of property in the city of Sacramento for their new West Coast facility for pipe distribution. The company will build a 30,000 square foot facility and employ 25 people.
PARK.NET has leased 15,000 square feet in Prospect Park in Rancho Cordova to operate a state parks reservation call center. They will initially employ 100 people.
POWELL & COMPANY, fly rod manufacturer, has recently leased 9,800 square feet on Trade Center Drive in Rancho Cordova. The company, which manufactures high-end fly fishing rods, will initially employ 10 people.
THE VALSPAR CORPORATION has chosen Sacramento to manufacture and distribute latex-based paint products for the Western U.S. The company will build a 140,000 square foot facility in the Poweridge Industrial Park and will employ 100 people.
VIDEO PRODUCTION DISTRIBUTORS is building a three-story, 41,000 square foot building in Folsom that will be the site of their new headquarters. They will employ 100 people.
EDS selected Rancho Cordova as the site for their new 65,000 square foot facility. The new facility will be an expansion of EDS' Management Center, and they will employ 300.
NEC ELECTRONICS INC. will build a \$1.4 billion next generation semiconductor production facility in Roseville, California. This facility will be located adjacent to NEC's existing facility in Roseville and will initially employ 700 people.

STATISTICAL:

	Quarter Ending <u>June 30</u>	YTD <u>Actual</u>	Previous <u>Year - YTD</u>
Members	425	425	392
Member Support (cash basis)			
- private	\$158,574	\$562,170	\$393,304
- public	\$92,388	\$212,654	\$216,776
- other	\$120,523	\$316,916	\$228,427
Total Receipts (cash)	\$371,485	\$1,091,740	\$838,507
Expenses			
- administration*	\$97,012	\$331,449	\$273,366
- marketing*	\$133,795	\$450,927	\$386,221
- membership & misc.	\$107,144	\$244,850	\$141,249
SACTO Assisted Companies Announced	8	16	10
Direct Jobs Expected	1,635	2,875	1,639
Active Prospects	147	147	131

* Includes personnel costs.

NOTES

AND DATES:

Marketing Trips planned to Bay Area
Brown Bag Lunches Scheduled, July - September 1998
Meeting of Members/Salute to New Companies Scheduled for September 16, 1998
Trainor Robertson/SACTO Golf Tournament Scheduled for September 28, 1998
Board of Directors Retreat Scheduled for October 1998
Marketing Trips planned to Germany and Japan, October 1998
IDRC World Congress Conference, November 1998

REPORT TO GOVERNMENTAL ORGANIZATION MEMBERS
SACRAMENTO AREA COMMERCE AND TRADE ORGANIZATION
April, May, June 1998

I. STATEMENT OF SERVICES

A. Purpose of Fund Expenditure

The overall purpose of the Sacramento Area Commerce and Trade Organization (SACTO) is to encourage the economic growth of the six-county Greater Sacramento Area.

B. Any Direct Personal Benefits

SACTO bylaws prohibit any direct personal gain from any of its activities or funds. Consistent with its bylaws, no direct personal gain accrued to any individual during the reporting period, and none will accrue in future reporting periods.

C. The Number of Performances, Appearances, or Publications

1. Performances and Appearances

- Made quarterly presentation to City of Sacramento.
- Attended IDRC Bay Area Chapter Meeting.
- Held Four Brown Bag Lunch Sessions.
- Made marketing trip to Germany.

2. Publicity

SACTO's efforts were publicized in the following media articles:

- The Sacramento Bee, "Folsom is Site for AirTouch Campus," May 7, 1998.
- The Sacramento Bee, "South Korean Firms Show Interest in Capital Region," May 8, 1998.
- The Sacramento Bee, "Regional Development is Possible With Community Support," May 10, 1998.
- The Sacramento Bee, "Global Best Puts Knowledge to the Test," May 18, 1998.
- The Sacramento Bee, "Social Concern Tastes Sweet for Ben & Jerry's Founders," May 20, 1998.
- The Sacramento Bee, "Firms Draw Praise for Better Way in Business," May 20, 1998.

- The Sacramento Bee, "McClatchy Co. Pledges Aid for Regional Center," May 30, 1998.
- The Sacramento Bee, "NEC to Expand Roseville Plant," May 30, 1998.
- The Business Journal, "NEC Hopes it Has Timing Together in Plant Expansion," June 5, 1998.
- The Sacramento Bee, "Bay Area Software Firm Finds Davis Appealing," June 19, 1998.
- The Sacramento Bee, "New Terminal's a Gateway to Growth," June 29, 1998.

3. Publications

SACTO has developed and made available a full-spectrum of publications. A description of publications and their contents and costs is available upon request.

This quarter the following publications were updated: *Political Contacts List*, and *Located Companies List*.

D. The Estimated Amount of Funds Expended Upon Services

Appendix I will reveal the breakdown of expenditures on services.

II. ADDITIONAL INFORMATION COVERING PREVIOUS THREE MONTHS

A. General Activities

There were numerous SACTO activities during the past reporting period of interest to public sector members. SACTO met with and made presentations to elected bodies of local governments in region. Activities related to organizational management, including committee meetings, membership meetings and planning sessions were also conducted. Much time and effort is spent on research, which represents a significant portion of SACTO's activities.

REPORT TO THE GOVERNMENTAL ORGANIZATION MEMBERS

April, May, June 1998

Page 3

B. Prospect Activity

This quarter five companies located bringing 535 jobs to the region and three companies expanded bringing an additional 1,100 jobs to the region.

Locations

AirTouch will be locating a regional office campus at Silverbrook Business Park in Folsom, CA. Services will include finance, accounting, sales, material management and other back office operations. AirTouch will hiring 300 people and is expected to occupy two buildings totaling 115,000 square feet.

Contact: Jeff Sweeney
Phone: (206) 603-7779

Marmon Keystone purchased eight acres of property in the City of Sacramento for their new West Coast facility for pipe distribution. The company will build a 30,000 square foot facility and employ 25 people.

Contact: Robert Kaniecki
(724) 283-3000

Park.Net has leased 15,000 square feet in Prospect Park in Rancho Cordova to operate a state parks reservation call center. They will initially employ 100 people.

Contact: John Weaver
(518) 885-4282

Powell & Company has recently leased approximately 9,800 square feet on Trade Center Drive in Rancho Cordova for their new headquarter/manufacturing site. Powell & Company manufactures high-end fly fishing rods. The company anticipates initially employing 10 people.

Contact: Ric Rudgers
(916) 852-2152

The Valspar Corporation has chosen Sacramento to manufacture and distribute latex-based paint products for the Western U.S. The company will build a 140,000 square foot facility in the Poweridge Industrial Park and will employ 100 people.

Contact: Nate Medoff
(847) 520-8714

Expansions

Video Production Distributors is building a three-story, 41,000 square foot building in Folsom that will be the site of their new headquarters. They will employ 100 people.

Contact: Russ Frazier
(916) 386-2220

EDS selected Rancho Cordova as the site for their new 65,000 square foot facility. The new facility will be an expansion of EDS' Management Center, which provides end-to-end delivery of desktop, mid-range and mainframe computer services. They will employ 300.

Contact: Steve Wall
(916) 636-4098

NEC Electronics Inc. will build a \$1.4 billion next generation semiconductor production facility in Roseville, California. This facility will be located adjacent to NEC's existing facility in Roseville and will initially employ 700 people.

Contact: Russ Childs
(916) 786-3900

SACRAMENTO AREA COMMERCE
AND TRADE ORGANIZATION

JUNE 30, 1998

SACRAMENTO AREA COMMERCE AND TRADE ORGANIZATION
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
JUNE 30, 1998

ASSETS

CURRENT ASSETS:

CASH - UNRESTRICTED	256,935
RESTRICTED RESERVES (SEE NOTE 1)	100,000
CAPITAL RESERVE	25,554
PREPAID EXPENSES	6,852

TOTAL CURRENT ASSETS	389,341
----------------------	---------

PROPERTY AND EQUIPMENT

OFFICE FURNITURE AND EQUIPMENT	119,949
--------------------------------	---------

LESS ACCUMULATED DEPRECIATION	119,949
	68,327

TOTAL PROPERTY AND EQUIPMENT	51,622
------------------------------	--------

440,963

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES:

ACCOUNTS PAYABLE-RENT	8,898
ACCRUED EMPLOYEE VACATION LIABILITY	22,861

TOTAL CURRENT LIABILITIES	31,759
---------------------------	--------

DEFERRED EARNINGS	10,460
-------------------	--------

TOTAL LIABILITIES	42,219
-------------------	--------

FUND BALANCE

UNRESTRICTED	351,853
YEAR TO DATE EXCESS REVENUE OVER (EXPENDITURES)	46,889

ENDING FUND BALANCE	398,742
---------------------	---------

DIFFERENCE ON ROUNDING	2
------------------------	---

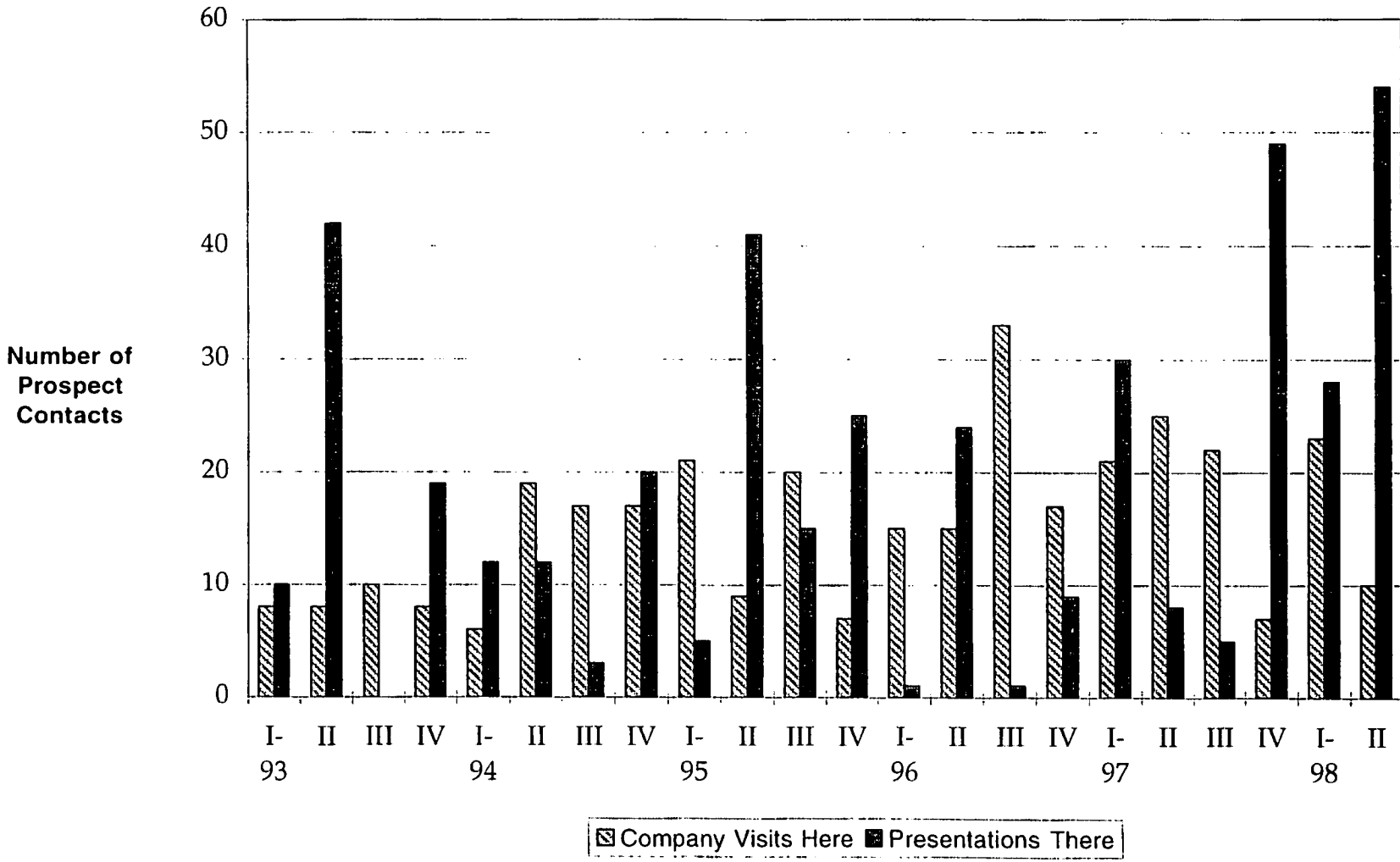
440,963

NOTE 1: AVAILABLE IN THE EVENT OF A REVENUE-SHORT FISCAL YEAR, SPECIAL OPPORTUNITIES OR SPECIAL PROJECTS WITH A MAJORITY VOTE OF THE BOARD OF DIRECTORS OR EXECUTIVE COMMITTEE

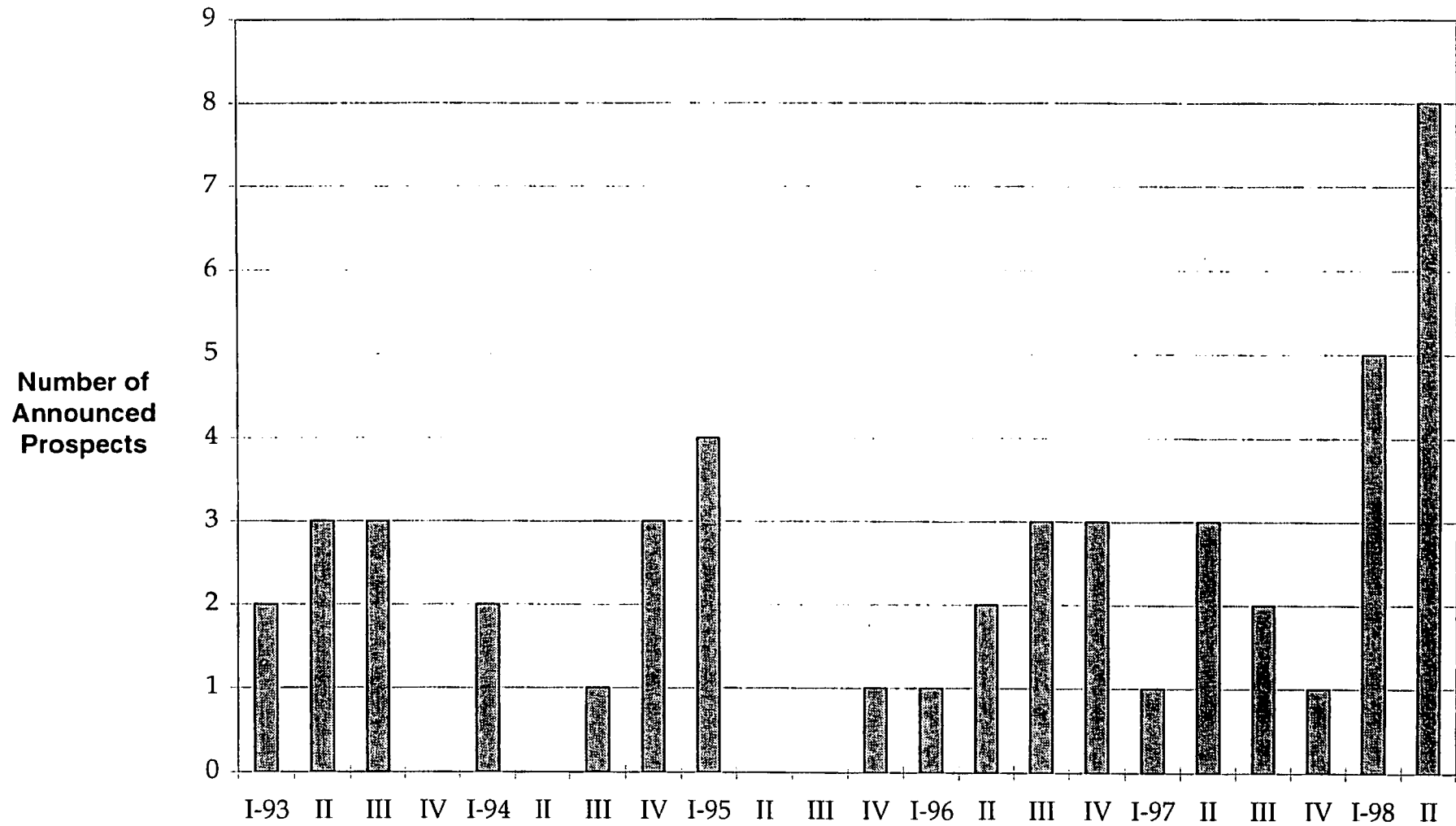
SACRAMENTO AREA COMMERCE AND TRADE ORGANIZATION
 STATEMENT OF REVENUE COLLECTED, EXPENDITURES AND FUND BALANCE-CASH BASIS
 12 MONTHS ENDED JUNE 30, 1998

	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	OVER (UNDER) BUDGET	PRIOR YEAR TO DATE
REVENUE						
PRIVATE SECTOR	57,933	26,750	562,170	484,529	77,641	430,386
PUBLIC SECTOR	55,250	14,069	212,654	193,776	18,878	216,776
MEETING REVENUE	58,796	20,000	229,349	162,000	66,349	189,181
PUBLICATIONS SALES	1,801	1,250	17,990	15,000	2,990	19,572
INTEREST INCOME	810	1,200	15,553	14,400	2,153	12,785
OTHER INCOME	20,050	100	54,034	25,200	29,334	30,399
TOTAL REVENUE	194,640	63,369	1,091,740	894,905	196,835	900,089
EXPENDITURES						
SALARIES	25,635	26,500	309,538	305,400	4,138	250,749
DISCRETIONARY EMPLOYEE COMPENSATION	25,500	30,000	25,500	30,000	(4,500)	24,961
EMPLOYEE BENEFITS	4,336	3,815	41,222	42,990	(1,768)	34,359
PAYROLL TAXES	3,460	2,000	23,947	22,800	1,147	20,081
TOTAL STAFF MAINTENANCE EXPENDITURES	58,931	62,315	400,207	401,190	(983)	340,650
INSURANCE	523	795	9,567	8,220	1,347	8,082
OFFICE EXPENSE	7,185	1,800	36,025	21,500	14,425	29,964
TRANSPORTATION-AUTO	1,759	875	6,664	7,999	(1,334)	6,994
EXECUTIVE COMMITTEE AND BOARD MEETINGS	577	50	3,774	4,150	(376)	6,096
RENT	4,289	3,800	46,144	45,600	544	36,572
PARKING	665	820	9,241	9,300	(39)	6,812
PROFESSIONAL SERVICES	965	0	19,581	14,000	5,581	38,215
PERSONAL PROPERTY TAXES	0	0	390	500	(120)	390
TOTAL ADMINISTRATIVE EXPENDITURES	15,963	8,140	131,396	111,368	20,028	132,105
POSTAGE	1,300	1,200	17,240	19,400	(2,160)	15,251
TELEPHONE	855	1,200	10,527	14,400	(3,873)	15,435
DUES AND SUBSCRIPTIONS	1,026	106	6,119	8,200	(2,081)	4,798
PRINTING	2,026	600	17,124	10,400	6,724	8,978
RESEARCH	2,643	0	43,856	58,756	(14,900)	29,729
PROMOTIONAL MATERIALS	28,398	750	72,873	36,000	36,873	56,875
SPECIAL PROJECTS-MKTG.	0	0	0	0	0	22,417
SPECIAL MEETINGS-PROSPECTS	2,614	1,000	78,514	55,000	23,514	55,456
TRAVEL	0	100	1,425	1,200	225	648
ADVERTISING	0	0	3,144	0	3,144	2,933
TARGET 10,000	0	0	0	0	0	3,460
TOTAL MARKETING EXPENDITURES	38,872	4,956	250,823	203,356	47,467	214,980

Prospect Visits and Presentations January 1, 1993 - June 30, 1998



SACTO Assisted Companies January 1, 1993 - June 30, 1998



SACTO Active Prospects January & July 1998

<i>Type of Company</i>	<i>Number of Prospects July 1998</i>	<i>Square Feet July 1998</i>	<i>Jobs July 1998</i>	<i>Number of Prospects January 1998</i>	<i>Square Feet January 1998</i>	<i>Jobs January 1998</i>
Call Center - Information Technology	32	1,585,000	11,105	36	2,165,000	8,200
Electronics	13	1,780,000	1,700	27	3,640,000	4,550
Distribution	18	1,740,000	1,895	13	2,750,000	1,020
Software	19	355,000	900	9	425,000	1,450
Bio-Science Medical Device	6	500,000	1,320	9	575,000	1,850
General Manufacturing	22	1,524,000	1,370	5	460,000	335

Note: Also included in the prospect database are six foreign firms and three headquarters.