



AGENDA

VALLEJO CITY COUNCIL VALLEJO HOUSING AUTHORITY VALLEJO REDEVELOPMENT AGENCY VALLEJO PUBLIC FINANCING AUTHORITY MARINE WORLD JOINT POWERS AUTHORITY

MAYOR
Anthony Intintoli, Jr.

CITY COUNCIL
Tony Pearsall, Vice Mayor
Gary Cloutier
Gerald Davis
Tom Bartee
Hermie Sunga
Stephanie Gomes

City Hall
555 Santa Clara Street
Vallejo, CA 94590


DECEMBER 19, 2006

This AGENDA contains a brief general description of each item to be considered. The posting of the recommended actions does not indicate what action may be taken. If comments come to the City Council without prior notice and are not listed on the AGENDA, no specific answers or response should be expected at this meeting per State law. The City Council meets the 1st, 2nd, and 4th Tuesdays of the month unless otherwise posted.

Those wishing to address the Council on any matter for which another opportunity to speak is not provided on the AGENDA but which is within the jurisdiction of the Council to resolve may come forward to the podium during the "COMMUNITY FORUM" portion of the AGENDA. Those wishing to speak on a "PUBLIC HEARING" matter will be called forward at the appropriate time during the public hearing consideration.

Copies of written documentation relating to each item of business on the AGENDA are on file in the Office of the City Clerk and are available for public inspection. Information may be obtained by calling (707) 648-4527, TDD (707) 649-3562, or at our web site: <http://www.ci.vallejo.ca.us/>

The Vallejo Sanitation & Flood Control District is located at 450 Ryder Street, (707) 644-8949. A public agenda book is available at the District Office during regular business hours for those desiring additional information on agenda items.

 Vallejo City Council Chambers is ADA compliant. Devices for the hearing impaired are available from the City Clerk. Requests for disability related modifications or accommodations, aids or services may be made by a person with a disability to the City Clerk's office no less than 72 hours prior to the meeting as required by Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof.

ITEM **ACTION**

**VALLEJO CITY COUNCIL
SPECIAL MEETING /CLOSED SESSION
4:30 P.M. -- CITY COUNCIL CHAMBERS**

NOTICE: Members of the public shall have the opportunity to address the City Council concerning any item listed on this notice before or during consideration of that item. No other items may be discussed at this special meeting.

- 1. **CALL TO ORDER**

ROLL CALL
- 2. **CLOSED SESSION:** *May recess to consider matters of pending litigation (GC 54956.9), personnel (GC 54957), labor relations (GC 54957.6), and real property negotiations (GC 54956.8). Records are not available for public inspection.*
 - A. CONFERENCE WITH LABOR NEGOTIATIONS PURSUANT TO GOVERNMENT CODE SECTION 54957.6. NEGOTIATIONS: JOHN THOMPSON, CITY MANAGER; DENNIS MORRIS, HUMAN RESOURCES DIRECTOR, AND ROB STOUT, FINANCE DIRECTOR. EMPLOYEE ORGANIZATION(S): INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS, LOCAL 1186 (IAFF) , VALLEJO POLICE OFFICERS ASSOCIATION (VPOA), INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 2376 (IBEW) AND CONFIDENTIAL, ADMINISTRATIVE, AND MANAGERIAL PROFESSIONALS (CAMP)

- B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION: CITY ATTORNEY;
PURSUANT TO GOVERNMENT CODE SEFTION 54957 (b)(1)

3. ADJOURNMENT

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VALLEJO CITY COUNCIL
REGULAR MEETING
7:00 P.M. -- CITY COUNCIL CHAMBERS

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL
4. PRESENTATIONS AND COMMENDATIONS
 - A. NONE
5. PUBLIC COMMENT REGARDING CONSENT CALENDAR ITEMS

Members of the public wishing to address the Council on Consent Calendar Items are requested to submit a completed speaker card to the City Clerk. Each speaker is limited to three minutes pursuant to Vallejo Municipal Code Section 2.02.310. Requests for removal of Consent Items received from the public are subject to approval by a majority vote of the Council. Items removed from the Consent Calendar will be heard immediately after approval of the Consent Calendar and Agenda.

6. CONSENT CALENDAR AND APPROVAL OF AGENDA

All matters are approved under one motion unless requested to be removed for discussion by a Councilmember, City Manager, or member of the public subject to a majority vote of the Council.

- A. APPROVAL OF THE MINUTES OF AUGUST 30, 2005
- B. APPROVAL OF RESOLUTIONS ADOPTING 1) THE VALLEJO GOLF CLUB, INC. 2007 ANNUAL OPERATING BUDGET AND SCHEDULE OF CHARGES AND FEES FOR THE BLUE ROCK SPRINGS EAST AND WEST GOLF COURSES AND THE JOE MORTARA GOLF COURSE AND 2) THE VALLEJO GOLF CLUB, INC. 2007 ANNUAL CAPITAL IMPROVEMENT BUDGET

PROPOSED ACTION:

1. Adopt a Resolution approving the Vallejo Golf Club, Inc. 2007 Annual Operating Budget and Schedule of Charges and Fees as submitted.
 2. Adopt a Resolution approving the Vallejo Golf Club, Inc. 2007 Annual Capital Improvement Budget as submitted.
- C. APPROVAL OF A RESOLUTION ACCEPTING SUBDIVISION IMPROVEMENTS FOR BAYSIDE VILLAGE TOWNHOMES SUBDIVISION AS COMPLETE FROM BAYSIDE VILLAGE TOWNHOMES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

PROPOSED ACTION: Adopt a resolution accepting the subdivision improvements as complete in Bayside Village Townhomes Subdivision.

D. ACCEPTANCE OF REDEVELOPMENT AGENCY FY 2005-06 ANNUAL REPORT

State law and regulations require redevelopment agencies to submit an annual report to the State Controller's Office by December 31st of each year and to submit the report to the city's Redevelopment Agency for acceptance. A draft of the report will be sent to the State Controller's Office prior to December 31, 2006. The report is comprised of the Redevelopment Agencies Financial Transactions Report, the Redevelopment Agency's financial and compliance audit for FY 2005-06, the Statement of Indebtedness, the Annual Report of Housing Activity of Community Redevelopment Agencies, the Blight Alleviation Program Report, the Loan Report, and the Property Report.

PROPOSED ACTION: Adopt the resolution accepting the Redevelopment Agency Annual Report for FY 2005-06.

E. APPROVAL OF A RESOLUTION AMENDING THE FISCAL YEAR 2006-2007 WATER ENTERPRISE FUND BUDGET BY: 1) REDISTRIBUTING APPROVED CAPITAL APPROPRIATIONS INTO TWO CAPITAL PROJECTS, AND 2) INCREASING APPROPRIATIONS FOR THE HIGHWAY 12 JAMESON CANYON PIPELINE RELOCATION PROJECT TO BE REIMBURSED BY CALTRANS

PROPOSED ACTION: Adopt a resolution to amend the Fiscal Year 2006-2007 Water Enterprise Fund budget by: 1) redistributing approved capital appropriations totaling four hundred thousand dollars into two capital projects, and 2) increasing appropriations by one million and one hundred thousand dollars for the Highway 12 Jameson Canyon Pipeline Relocation Project to be reimbursed by Caltrans.

F. APPROVAL OF A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A SETTLEMENT AGREEMENT IN THE MATTER OF SAFECO INSURANCE COMPANY OF ILLINOIS V. CITY OF VALLEJO, SOLANO COUNTY SUPERIOR COURT, CASE NO. FCS027504 (CONFIDENTIAL MEMORANDUM WAS PROVIDED TO CITY COUNCIL AND A CLOSED SESSION HELD ON NOVEMBER 28, 2006)

PROPOSED ACTION: Approval of a Resolution authorizing the City Manager to execute a Settlement Agreement in the matter of Safeco Insurance Company of Illinois v. City of Vallejo, Solano County Superior Court, Case No. FCS027504.

G. FINAL READING AND ADOPTION OF AN ORDINANCE AMENDING THE VALLEJO MUNICIPAL CODE TO REMOVE THE RESIDENCE LOCATION REQUIREMENTS FOR MEMBERS OF THE ARCHITECTURAL HERITAGE AND LANDMARKS COMMISSION

Proposed ordinance was held on first reading and adopted by a unanimous vote at the Council meeting of December 12, 2006.

PROPOSED ACTION: Adopt on final reading an ordinance amending Section 2.48.020 of the Vallejo Municipal Code.

- H. APPROVAL OF RESOLUTION CONFIRMING THE LIST OF CITY COUNCIL APPOINTMENTS TO VARIOUS BOARDS, COMMISSIONS, AND COMMITTEES

PROPOSED ACTION: Approval of resolution confirming the List Of City Council Appointments To Various Boards, Commissions, And Committees.

- I. APPROVAL OF A RESOLUTION AUTHORIZING THE CITY MANAGER TO SIGN A SETTLEMENT AGREEMENT IN THE MATTER OF CITY OF VALLEJO V. GHILOTTI BROTHERS, INC., ET AL., SOLANO COUNTY SUPERIOR COURT, CASE NO. FCS 026051 AND GHILOTTI BROTHERS, INC. V. CITY OF VALLEJO, ET AL., SOLANO COUNTY SUPERIOR COURT, CASE NO. FCS 026376

PROPOSED ACTION: Approval of a Resolution authorizing the City Manager to sign a Settlement Agreement in the matter of City of Vallejo v. Ghilotti Brothers, Inc., et al., Solano County Superior Court, Case No. FCS 026051 and Ghilotti Brothers, Inc. v. City of Vallejo, et al., Solano County Superior Court, Case No. FCS 026376.

7. PUBLIC HEARINGS - NONE

8. POLICY ITEMS - NONE

9. ADJOURN TO A JOINT MEETING OF THE VALLEJO HOUSING AUTHORITY, REDEVELOPMENT AGENCY, VALLEJO PUBLIC FINANCING AUTHORITY, AND THE MARINE WORLD JOINT POWERS AUTHORITY

10. ADMINISTRATIVE ITEMS

- A. CONSIDERATION OF APPROVAL OF RESOLUTION APPROVING AMENDMENTS TO THE CITY OF VALLEJO'S LOCAL CONFLICT OF INTEREST CODE

The City of Vallejo, the Redevelopment Agency of the City of Vallejo, the Housing Authority of the City of Vallejo, and the Marine World Joint Powers Authority are required by the California Political Reform Act of 1974 (the "Act") to review and amend, if necessary, their Conflict of Interest Code biennially. Furthermore the Act requires the City Council to approve the Redevelopment Agency, the Housing Authority, and the Marine World Joint Powers Authority's Conflict of Interest Codes once those bodies have taken independent action to adopt their Codes. The actions to be taken tonight will permit these bodies to comply with the provisions of the Act.

PROPOSED ACTION:

Redevelopment Agency Board

- 1. Adopt the resolution approving the Redevelopment Agency's Amended Conflict of Interest Code.

Housing Authority Board

2. Adopt the resolution approving the Housing Authority's Amended Conflict of Interest Code.

Marine World Joint Powers Authority Board

3. Adopt the resolution approving the Marine World Joint Powers Authority's Amended Conflict of Interest Code.

City Council

4. Adopt the resolution approving the City of Vallejo's Amended Conflict of Interest Code.
5. Adopt the resolution approving the Housing Authority of the City of Vallejo Conflict of Interest Code, the Redevelopment Agency of the City of Vallejo's Conflict of Interest Code, and the Marine World Joint Powers Authority's Conflict of Interest Code.

11. ADJOURN TO A JOINT MEETING OF THE REDEVELOPMENT AGENCY, VALLEJO PUBLIC FINANCING AUTHORITY, AND THE MARINE WORLD JOINT POWERS AUTHORITY

- B. CONSIDERATION OF RESOLUTIONS AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$14,000,000 REVENUE ANTICIPATION NOTES FOR MARINE WORLD AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS

On an annual basis, the Marine World JPA has requested authorization to borrow funds for off-season cash flow requirements, as projected by Six Flags, Inc., the Park Manager. The Marine World JPA will repay the amounts borrowed from revenues received from attendance during the 2007 Park operating season.

RECOMMENDATION: Adopt the following Resolutions:

Vallejo Public Financing Authority

Adopt a Resolution of the Vallejo Public Financing Authority ("Authority") authorizing the issuance and sale of Taxable Revenue Anticipation Notes (RANs), and authorizing and directing execution and delivery of certain agreements and authorizing certain actions related thereto.

Marine World Joint Powers Authority

Adopt a Resolution of the Marine World Joint Powers Authority ("Marine World JPA") authorizing actions in connection with the issuance and sale of Taxable Revenue Anticipation Notes, and authorizing and directing execution and delivery of certain agreements and authorizing certain actions related thereto.

Vallejo Redevelopment Agency

Adopt a Resolution of the Vallejo Redevelopment Agency ("Agency") directing the execution and delivery of a Thirteenth Supplement to the Cash Flow Management Agreement and authorizing certain actions related thereto.

12. RECONVENE THE CITY COUNCIL MEETING

13. ADMINISTRATIVE ITEMS (Continued)

C. CONSIDERATION OF A RESOLUTION AMENDING THE FISCAL YEAR 2006-2007 BUDGET

On June 27, 2006, the City Council adopted the Budget for Fiscal Year 2006-2007. On December 12, 2006, the City Council adopted a Resolution of Intention to amend the Fiscal Year 2006-2007 Budget. During that meeting staff discussed the reasons for the adjustments. Tonight's proposed action would formally amend the budget. All of the proposed adjustments are listed in the Staff Report.

PROPOSED ACTION: Adopt a Resolution Amending the Fiscal Year 2006-2007 Budget.

D. CONSIDERATION OF AN ADDITION TO THE VALLEJO MUNICIPAL CODE TO CREATE A DESIGN REVIEW BOARD TO REVIEW DEVELOPMENT PROJECTS IN THE DOWNTOWN AND WATERFRONT PLANNING AREAS

The Downtown Vallejo Specific Plan and the Vallejo Waterfront Master Plan, both adopted by the City Council last fall, contain measures requiring the establishment of a Design Review Board (DRB). The primary role of the DRB is to review and take action on the design of development projects within the boundaries of the applicable Plans. A draft Ordinance has been prepared describing the duties and form of the DRB.

PROPOSED ACTION: Adopt the resolution holding for first reading, the draft Ordinance adding Chapter 2.39 to the Vallejo Municipal Code to create a Design Review Board for the Downtown and Waterfront planning areas.

E. UPDATE ON STATUS OF EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT BETWEEN THE CITY OF VALLEJO AND TOURO UNIVERSITY REGARDING NORTH MARE ISLAND

This agenda item provides a status report on the development of an approach to early transfer of Navy-owned Mare Island parcels and the proposed Touro exclusive right to negotiate agreement regarding North Mare Island.

PROPOSED ACTION: None. Information item only.

F. APPROVAL OF A RESOLUTION AUTHORIZING ISSUANCE OF HOUSING REQUEST FOR QUALIFICATIONS AND CONCEPTUAL PROPOSALS.

PROPOSED ACTION: Adopt the resolution authorizing issuance of Housing request for qualifications and conceptual proposals. The City of Vallejo's Housing and Community Development Division administers several funding programs from which funds have been designated specifically for affordable housing development. During the budget process for Fiscal Year 2006-2007, and as part of the two-year funding cycle for HOME and Community Development Block Grant (CDBG) funds from 2007-2009, the City has available up to \$5.5 million for new affordable housing development.

14. APPOINTMENTS TO BOARDS, COMMISSIONS, AND COMMITTEES - NONE

15. WRITTEN COMMUNICATIONS

Correspondence addressed to the City Council or a majority thereof, and not added to the agenda by the Mayor or a Council member in the manner prescribed in Government Code, Section 54954.2, will be filed unless referred to the City Manager for a response. Such correspondence is available for public inspection at the City Clerk's office during regular business hours.

16. CITY MANAGER'S REPORT

17. CITY ATTORNEY'S REPORT

18. COMMUNITY FORUM

Anyone wishing to address the Council on any matter for which another opportunity to speak is not provided on the agenda, and which is within the jurisdiction of the Council to resolve, is requested to submit a completed speaker card to the City Clerk. When called upon, each speaker should step to the podium, state his /her name, and address for the record. Each speaker is limited to three minutes pursuant to Vallejo Municipal Code Section 2.20.300.

19. REPORT OF THE PRESIDING OFFICER AND MEMBERS OF THE CITY COUNCIL

20. CLOSED SESSION: *May recess to consider matters of pending litigation (GC 54956.9), personnel (GC 54957), labor relations (GC 54957.6), and real property negotiations (GC 54956.8). Records are not available for public inspection.*

A. CONFERENCE WITH LABOR NEGOTIATIONS PURSUANT TO GOVERNMENT CODE SECTION 54957.6. NEGOTIATIONS: JOHN THOMPSON, CITY MANAGER; DENNIS MORRIS, HUMAN RESOURCES DIRECTOR, AND ROB STOUT, FINANCE DIRECTOR. EMPLOYEE ORGANIZATION(S): INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS, LOCAL 1186 (IAFF) , VALLEJO POLICE OFFICERS ASSOCIATION (VPOA), INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 2376 (IBEW) AND CONFIDENTIAL, ADMINISTRATIVE, AND MANAGERIAL PROFESSIONALS (CAMP)

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION: CITY ATTORNEY; PURSUANT TO GOVERNMENT CODE SECTION 54957 (b)(1)

21. ADJOURNMENT

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VALLEJO HOUSING AUTHORITY
SPECIAL JOINT MEETING
7:00 P.M. -- CITY COUNCIL CHAMBERS

NOTICE: Members of the public shall have the opportunity to address the Redevelopment Agency concerning any item listed on this notice before or during consideration of that item. No other items may be discussed at this special meeting.

1. CALL TO ORDER

A. ROLL CALL

2. ADMINISTRATIVE ITEMS

A. **CONSIDERATION OF RESOLUTION APPROVING AMENDMENTS TO THE CITY OF VALLEJO'S LOCAL CONFLICT OF INTEREST CODE (REFER TO COUNCIL AGENDA ITEM ADMIN A)**

The City of Vallejo, the Redevelopment Agency of the City of Vallejo, the Housing Authority of the City of Vallejo, and the Marine World Joint Powers Authority are required by the California Political Reform Act of 1974 (the "Act") to review and amend, if necessary, their Conflict of Interest Code biennially. Furthermore the Act requires the City Council to approve the Redevelopment Agency, the Housing Authority, and the Marine World Joint Powers Authority's Conflict of Interest Codes once those bodies have taken independent action to adopt their Codes. The actions to be taken tonight will permit these bodies to comply with the provisions of the Act.

PROPOSED ACTION:

Housing Authority Board

1. Adopt the resolution approving the Housing Authority's Amended Conflict of Interest Code.

3. ADJOURN TO A JOINT MEETING OF THE PUBLIC FINANCING AUTHORITY, REDEVELOPMENT AGENCY, MARINE WORLD JPA, CITY COUNCIL

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VALLEJO REDEVELOPMENT AGENCY
SPECIAL JOINT MEETING
7:00 P.M. -- CITY COUNCIL CHAMBERS

NOTICE: Members of the public shall have the opportunity to address the Redevelopment Agency concerning any item listed on this notice before or during consideration of that item. No other items may be discussed at this special meeting.

1. CALL TO ORDER

B. ROLL CALL

2. PUBLIC COMMENT REGARDING CONSENT CALENDAR ITEMS

Members of the public wishing to address the Council on Consent Calendar Items are requested to submit a completed speaker card to the City Clerk. Each speaker is limited to three minutes pursuant to Vallejo Municipal Code Section 2.02.310. Requests for removal of Consent Items received from the public are subject to approval by a majority vote of the Council. Items removed from the Consent Calendar will be heard immediately after approval of the Consent Calendar and Agenda.

3. CONSENT ITEMS: All matters are approved under one motion unless requested to be removed for discussion by a Councilmember, City Manager, or member of the public subject to a majority vote of the Council.

A. **ACCEPTANCE OF REDEVELOPMENT AGENCY FY 2005-06 ANNUAL REPORT(REFER TO COUNCIL AGENDA ITEM CONSENT D)**

State law and regulations require redevelopment agencies to submit an annual report to the State Controller's Office by December 31st of each year and to submit the report to the city's Redevelopment Agency for acceptance. A draft of the report will be sent to the State Controller's Office prior to December 31, 2006. The report is comprised of the Redevelopment Agencies Financial Transactions Report, the Redevelopment Agency's financial and compliance audit for FY 2005-06, the Statement of Indebtedness, the Annual Report of Housing Activity of Community Redevelopment Agencies, the Blight Alleviation Program Report, the Loan Report, and the Property Report.

PROPOSED ACTION: Adopt the resolution accepting the Redevelopment Agency Annual Report for FY 2005-06.

4. ADMINISTRATIVE ITEMS

A. **CONSIDERATION OF RESOLUTION APPROVING AMENDMENTS TO THE CITY OF VALLEJO'S LOCAL CONFLICT OF INTEREST CODE (REFER TO COUNCIL AGENDA ITEM ADMIN A)**

The City of Vallejo, the Redevelopment Agency of the City of Vallejo, the Housing Authority of the City of Vallejo, and the Marine World Joint Powers Authority are required by the California Political Reform Act of 1974 (the "Act") to review and amend, if necessary, their Conflict of Interest Code biennially. Furthermore the Act requires the City Council to approve the Redevelopment Agency, the Housing Authority, and the Marine World Joint Powers Authority's Conflict of Interest Codes once those bodies have taken

independent action to adopt their Codes. The action to be taken tonight will permit these bodies to comply with the provisions of the Act.

PROPOSED ACTION:

Redevelopment Agency Board

1. Adopt the resolution approving the Redevelopment Agency's Amended Conflict of Interest Code.

5. ADJOURN TO A JOINT MEETING OF THE PUBLIC FINANCING AUTHORITY, REDEVELOPMENT AGENCY, MARINE WORLD JPA, CITY COUNCIL

- A. CONSIDERATION OF RESOLUTIONS AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$14,000,000 REVENUE ANTICIPATION NOTES FOR MARINE WORLD AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS (REFER TO COUNCIL AGENDA ITEM ADMIN B)

On an annual basis, the Marine World JPA has requested authorization to borrow funds for off-season cash flow requirements, as projected by Six Flags, Inc., the Park Manager. The Marine World JPA will repay the amounts borrowed from revenues received from attendance during the 2007 Park operating season.

RECOMMENDATION: Adopt the following Resolution:

1. Adopt a Resolution of the Vallejo Redevelopment Agency ("Agency") directing the execution and delivery of a Thirteenth Supplement to the Cash Flow Management Agreement and authorizing certain actions related thereto.

6. ADJOURN TO THE VALLEJO CITY COUNCIL MEETING

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VALLEJO PUBLIC FINANCING AUTHORITY
SPECIAL JOINT MEETING
7:00 P.M. -- CITY COUNCIL CHAMBERS

NOTICE: Members of the public shall have the opportunity to address the Public Financing Authority concerning any item listed on this notice before or during consideration of that item. No other items may be discussed at this special meeting.

1. CALL TO ORDER

A. ROLL CALL

2. ADJOURN TO A JOINT MEETING OF THE PUBLIC FINANCING AUTHORITY, REDEVELOPMENT AGENCY, MARINE WORLD JPA, CITY COUNCIL

3. ADMINISTRATIVE ITEMS

A. CONSIDERATION OF RESOLUTIONS AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$14,000,000 REVENUE ANTICIPATION NOTES FOR MARINE WORLD AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS (REFER TO COUNCIL AGENDA ITEM ADMIN B)

On an annual basis, the Marine World JPA has requested authorization to borrow funds for off-season cash flow requirements, as projected by Six Flags, Inc., the Park Manager. The Marine World JPA will repay the amounts borrowed from revenues received from attendance during the 2006 Park operating season.

RECOMMENDATION: Adopt the following Resolution:

Vallejo Public Financing Authority

2. Adopt a Resolution of the Vallejo Public Financing Authority ("Authority") authorizing the issuance and sale of Taxable Revenue Anticipation Notes (RANs), and authorizing and directing execution and delivery of certain agreements and authorizing certain actions related thereto.

3. ADJOURN TO THE VALLEJO CITY COUNCIL MEETING

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MARINE WORLD JOINT POWERS AUTHORITY
SPECIAL JOINT MEETING
7:00 P.M. -- CITY COUNCIL CHAMBERS

NOTICE: Members of the public shall have the opportunity to address the Authority concerning any item listed on this notice before or during consideration of that item. No other items may be discussed at this special meeting.

1. CALL TO ORDER

A. ROLL CALL

2. ADMINISTRATIVE ITEMS

A. CONSIDERATION OF RESOLUTION APPROVING AMENDMENTS TO THE CITY OF VALLEJO'S LOCAL CONFLICT OF INTEREST CODE (REFER TO COUNCIL AGENDA ITEM ADMIN A)

The City of Vallejo, the Redevelopment Agency of the City of Vallejo, the Housing Authority of the City of Vallejo, and the Marine World Joint Powers Authority are required by the California Political Reform Act of 1974 (the "Act") to review and amend, if necessary, their Conflict of Interest Code biennially. Furthermore the Act requires the City Council to approve the Redevelopment Agency, the Housing Authority, and the Marine World Joint Powers Authority's Conflict of Interest Codes once those bodies have taken independent action to adopt their Codes. The actions to be taken tonight will permit these bodies to comply with the provisions of the Act.

PROPOSED ACTION:

Marine World Joint Powers Authority Board

1. Adopt the resolution approving the Marine World Joint Powers Authority's Amended Conflict of Interest Code.

3. ADJOURN TO A JOINT MEETING OF THE PUBLIC FINANCING AUTHORITY, REDEVELOPMENT AGENCY, MARINE WORLD JPA, CITY COUNCIL

B. CONSIDERATION OF RESOLUTIONS AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$14,000,000 REVENUE ANTICIPATION NOTES FOR MARINE WORLD AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS (REFER TO COUNCIL AGENDA ITEM ADMIN B)

On an annual basis, the Marine World JPA has requested authorization to borrow funds for off-season cash flow requirements, as projected by Six Flags, Inc., the Park Manager. The Marine World JPA will repay the amounts borrowed from revenues received from attendance during the 2007 Park operating season.

RECOMMENDATION: Adopt the following Resolution:

Marine World Joint Powers Authority

3. Adopt a Resolution of the Marine World Joint Powers Authority ("Marine World JPA") authorizing actions in connection with the issuance and sale of Taxable Revenue Anticipation Notes, and authorizing and directing execution and delivery of certain agreements and authorizing certain actions related thereto.

3. ADJOURN TO THE VALLEJO CITY COUNCIL MEETING

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**VALLEJO CITY COUNCIL
REGULAR MEETING MINUTES
AUGUST 30, 2005**

A special meeting/public hearing was held on the above date to hear an appeal from a decision of the Mobile Home Rent Review Board regarding a petition for rent increase based on a capital replacement pass through at Vallejo Mobile Estates (continued from the meeting of August 16, 2005). The meeting was called to order at 4:30 p.m. by Mayor Anthony J. Intintoli, Jr. Mayor Intintoli opened the public hearing.

RESOLUTION NO. 05-283 N.C. Offered by Mayor Intintoli to continue the matter to the regular meeting at 7:00 p.m. in the Council Chambers to be heard as Agenda Item 7A on the Council's regular meeting agenda.

The above resolution was adopted with the following vote:

AYES: Mayor Intintoli, Councilmembers Davis, Bartee, Cloutier, Pearsall
NOES: None
ABSENT: Vice Mayor Schivley, Councilmember Pitts; Excused
ABSTENTIONS: None

A special meeting/closed session of the Vallejo City Council was held on the above date for a public employee Performance Evaluation, Title: City Manager, Government Code: §54957. The meeting was called to order at 4:45 p.m. by Mayor Anthony J. Intintoli, Jr. No action was taken.

A special meeting/closed session of the Vallejo City Council scheduled at 6:45 p.m. for a conference with legal counsel – Pending Litigation: Kaumbulu v. City of Vallejo, et. al., United States District Court, Eastern District of California, Case No. CIV S 03-2235 MCE PAN, pursuant to Government Code Section 54956.9(a), was cancelled.

1. CALL TO ORDER

A regular meeting of the Vallejo City Council was held on the above date in the Council Chambers of the Vallejo City Hall. The meeting was called to order at 7:00 p.m. by Mayor Anthony J. Intintoli, Jr.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

Present: Mayor Intintoli, Vice Mayor Schivley, Councilmembers Bartee, Cloutier, Davis, Pearsall, and Pitts

Absent: None

Staff: City Manager Roger L. Kemp
City Attorney Fred Soley
City Clerk Allison Villarante

4. PRESENTATIONS AND COMMENDATIONS - None

5. PUBLIC COMMENT REGARDING CONSENT CALENDAR ITEMS - None

6. CONSENT CALENDAR AND APPROVAL OF AGENDA

Councilmember Davis commented on Consent Item E regarding the reinstatement of the Marina Advisory Committee.

Vice Mayor Schivley addressed Consent Item G, Approval of a resolution accepting a letter of resignation from Mary Fraser from the Beautification Advisory Commission, and requested City Council interview and appoint the candidate in two weeks.

Councilmember Barteo questioned whether the Beautification Advisory Commission resignation created another vacancy.

City Clerk Villarante stated the resignation was post facto, because the Commission member moved out of town and did not submit a resignation. However, City Clerk Villarante would check the list to confirm.

Hearing no additions or deletions, the agenda was approved and the following resolutions were offered by Vice Mayor Schivley:

RESOLUTION NO. 05-284 N.C. ADOPT THE RESOLUTION OF INTENTION TO AMEND THE FISCAL YEAR 2005-2006 GENERAL FUND BUDGET BY TWENTY TWO THOUSAND DOLLARS (\$22,000) AND AUTHORIZE THE CITY MANAGER TO EXECUTE A CONSULTANT AND PROFESSIONAL SERVICES AGREEMENT WITH MUNIFINANCIAL TO PREPARE A COST ALLOCATION PLAN AND A USER FEE STUDY.

RESOLUTION NO. 05-285 N.C. ADOPT THE RESOLUTION AWARDED CONTRACTS TO SYAR INDUSTRIES, AND GRANITE CONSTRUCTION FOR THE PURCHASE OF ROAD AND HIGHWAY CONSTRUCTION MATERIALS AS REQUIRED FOR FISCAL YEAR 2005/06.

RESOLUTION NO. 05-286 N.C. ADOPT A RESOLUTION APPROVING A PROPOSED SIX MONTH PROGRAM OF ELIMINATING THE CITY OF VALLEJO SUBSIDY OF THE MUNI MONTHLY STICKERS THAT ARE SOLD AFFIXED TO BAYLINK MONTHLY PASSES.

RESOLUTION NO. 05-287 N.C. ADOPT A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH NICHOLS BROTHERS BOAT BUILDERS, INC. FOR WARRANTY ALUMINUM PLATING REPAIRS TO M/V VALLEJO AND TO EXECUTE A CHARTER AGREEMENT WITH PHILLIPS CRUISES & TOURS, LLC FOR A COVER VESSEL.

RESOLUTION NO. 05-288 N.C. ADOPT THE ATTACHED RESOLUTION AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE A SERVICE AGREEMENT BETWEEN THE CITY OF VALLEJO AND SINCLAIR & ASSOCIATES FOR CONSULTING SERVICES RELATING TO THE EVALUATION AND SELECTION PROCESS FOR THE REQUEST FOR PROPOSALS FOR THE VALLEJO MUNICIPAL MARINA IN AN AMOUNT NOT TO EXCEED TWELVE THOUSAND DOLLARS (\$12,000).

RESOLUTION NO. 05-289 N.C. ADOPT A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE CONSULTANT SERVICES CONTRACTS FOR THE CONSTRUCTION OF THE MARE ISLAND SANITARY SEWER REHABILITATION PROJECT – PHASE 1.

RESOLUTION NO. 05-290 N.C. APPROVAL OF RESOLUTION ACCEPTING A LETTER OF RESIGNATION FROM MARY FRASER FROM THE BEAUTIFICATION ADVISORY COMMISSION

The above resolutions were adopted with the following vote:

AYES: Mayor Intintoli, Vice Mayor Schivley, Councilmembers Barteo, Cloutier, Pearsall, Davis, and Pitts
NOES: None
ABSENT: None
ABSTENTIONS: Vice-Mayor Schivley on those items pertaining to the companies/corporations/firms, in which their stock ownership is \$10,000 or more as listed in their current FPPC Form 700 Statement of Economic Interests.

7. PUBLIC HEARINGS

A. RECESSED SPECIAL MEETING CONCERNING AN APPEAL FROM DECISION OF MOBILE HOME RENT REVIEW BOARD REGARDING A PETITION FOR RENT INCREASE BASED ON A CAPITAL REPLACEMENT PASS THROUGH AT VALLEJO MOBILE ESTATES (CONTINUED FROM 4:30 P.M.)

On August 16, 2005 the Council opened the hearing for this item and continued the hearing to August 30, 2005.

Section 5.64.170 C of the Vallejo Municipal Code required that this hearing be a “de novo” hearing. As a de novo hearing, the Council may review the evidence and testimony provided to the Mobile Home Rent Review Board (MHRRB) and either “sustain, modify or reverse the board’s decision, and enter any order consistent with the policies of this chapter.” The Council “may consider any relevant evidence at the time of its hearing, including the record before the board. If any party seeks to introduce testimony that was not before the board, it must demonstrate good cause why that testimony was not presented to the board for its consideration.”

On April 20, 2005, the MHRRB conducted a hearing regarding a petition for a rent increase based on a capital replacement pass through at Vallejo Mobile Estates (“VME”), and rendered a decision. The issue was whether the owner of VME could pass-through expenses to the residents, under section 5.64.077 C, for the installation of a new mobile home for the on-site manager.

The MHRRB determined that the request from the owner of VME failed to qualify as a capital replacement. The MHRRB found and determined the installation of the mobile home for the on-site manager to be an operating expense and that it was not

a capital replacement as it was not for the primary benefit, use and enjoyment of the tenants of the entire park.

On May 3, 2005, the Owner appealed the decision of the MHRRB. Pursuant to section 5.64.170, the City Clerk set, after consultation with the parties, a tentative date for the hearing of July 12, 2005. The date was subsequently postponed to August 16, 2005. On August 16, 2005 the Council continued the hearing to August 30, 2005.

Staff recommended that the Council open the hearing and receive testimony and evidence regarding the appeal from the decision of the MHRRB regarding the petition for a rent increase based on a capital replacement pass through at VME. Based on the testimony and evidence, the Council may sustain, modify or reverse the MHRRB'S decision. If needed or desired, the Council may continue the hearing.

Mayor Intintoli reported receipt of the following correspondence relating to this matter which will be made a part of the record: documents from the attorney for the mobile home owners; two letters from Dana Dean, dated August 29, and August 30, 2005; a map of Vallejo Mobile Home Estates, which was received from Mr. Hoffman.

Gary Truelsen, Housing and Community Development Program Manager, introduced Dr. Kenneth Barr, outside Consultant, and Craig Whittom, Community Development Director.

Mr. Truelsen presented a brief slide presentation and stated the issue before Council was whether to uphold or reverse the decision of the Mobile Home Rent Review Board. If Council reverses the decision, the issue is then to determine the appropriate rent increase. Mr. Truelsen summarized the key facts, and enumerated the items that were in contention. He summarized the highlights of the testimony from the Mobile Home Rent Review Board hearing, and stated the material in the agenda packet was critical to understanding the testimony and evidence. Mr. Truelsen reviewed the allegations of the tenants, the allegations of the owner, and the decision of the Mobile Home Rent Review Board, who recommended that the replacement of the manager's unit was an operating expense. He elaborated on the Board's findings. In conclusion, staff recommended Council reverse the decision of the Mobile Home Rent Review Board. Mr. Truelsen cited reasons for the recommendation, relative to the City's ordinance, as well as ordinances of other cities. Further, staff recommended a rent increase, which would be retroactive, and described the applicable terms. Finally, Mr. Truelsen outlined Dr. Barr's qualifications and stated Dr. Barr concurred with staff's recommendation.

Dr. Barr, outside Consultant, stated he was asked to assume the mobile unit was a reasonable expense, and determine whether it was a capital replacement. He stated the Mobile Home Rent Review Board concluded it was not a capital replacement because it was not for the primary benefit of the tenants. He objects to this reasoning because although the tenants did not occupy the space, the park owner was required to provide a residence to an employee. This resident employee provided a service to the tenants. Therefore, he believes this is an allowable expense. Dr. Barr described the requirements for determining whether the expense was an operating expense or capital replacement.

Councilmember Bartee questioned whether the park manager could select a manager from an existing resident in the park, and questioned Dr. Barr's interpretation of the ordinance

with regard to improper maintenance or repair by management, and subsequently passing on the expense to the owners or tenants in the park.

Dr. Barr stated the park owner could have chosen a resident employee to provide the service. The issue was determining whether the expenditure for maintaining a residence for the manager was a reasonable type of expense.

Gary Truelsen, Housing and Community Development Program Manager, stated it was at the owner's discretion.

City Attorney Nagel stated the section of the Ordinance on which the rent increase petition was considered was very specific, and did not reference the section of the Ordinance in which Councilmember Bartee referred. Further, if it was deemed a capital replacement, then it was permitted unless substantial evidence showed that the replacement was either unnecessary or excessive.

Vice Mayor Schivley referenced the definition of capital improvement, and asked for clarification because it was not in the ordinance.

City Attorney Nagel referenced Publication 527 of the Internal Revenue Service which addresses rental income and the method to handle improvements. He elaborated on capital improvement versus repair. He stated that under the City's ordinance, it was deemed to be a capital replacement.

Discussion ensued regarding capital improvements, tenants' access to such improvements, and state law which required an on-site, compensated manager for access by the tenants, and other issues which pertained to tenants' rights in the mobile home park.

Mayor Intintoli confirmed that the Rent Review Board Hearings were part of the record.

Mr. Spangenberg, Attorney for the Park Owner, stated there were two issues in the appeal: the jurisdictional process and the replacement of the unit. He addressed both issues and concluded that the mobile unit was purchased at cost, there was no markup, and he contended it was a reasonable action by the owner.

Ms. Dievers_read a statement that described the condition of the home before the final decision was made to replace it, which included the mold and odor, and the efforts to repair the unit, including cost estimates.

Mayor Intintoli questioned the \$10,000 cost for purchase and installation of an awning, the \$3,152 installation of an air conditioning unit, and whether the original unit included this amenity.

Ms. Dievers_stated the \$10,000 included a carport awning, a patio awning and a porch awning. She stated the original unit had a covered carport and patio awning.

Attorney Spangenberg stated the original mobile unit had an evaporative system, with a replacement cost of \$1800, rather than the \$3100 for the air conditioning unit.

Councilmember Cloutier requested the manager's move-in date, the date the mold and

general disrepair of the mobile unit were discovered, and whether other tenants in the park had a \$10,000 awning.

Ms. Dievers stated the move-in date was January 2001; and, with the exception of the odor and mold, the problems were discovered over time. She reiterated the \$10,000 cost included the carport awning, the patio awning, and the porch, and that all tenants had similar amenities.

Discussion ensued regarding the progressive, ongoing issues associated with the disrepair of the unit, the extent of damage to the unit, the previous managers of the unit, and the expense associated with the awnings and porch.

Vice Mayor Schivley questioned when Mr. Biggs acquired ownership of Mobile Estates, and whether insurance companies required certified licensed inspectors to make a determination of the black mold.

Attorney Spangenberg stated Newell Properties owned/managed the park, and Mr. Biggs was an investor with an eight percent interest in Vallejo Mobile Estates. With regard to insurance, Attorney Spangenberg stated mobile home parks were exclusively regulated by HCD, which has a different set of rules.

Councilmember Bartee questioned the size of the old and new mobile units, and the corresponding features and amenities. Additionally, he requested clarification on the statute with regard to replacement parameters, and purchase of the unit.

Attorney Spangenberg stated the old unit was 24' x 56', the new unit is 24' x 61'. He stated the mobile unit was a low-end mobile home, similar in form and function to the old unit. Mr. Spangenberg stated he did not mean to imply that the unit was a sale between tenants, and elaborated on corollaries to the statute.

There was further discussion regarding explicit requirements for protection of the owner and protection of the tenants as outlined in the statute as well as conditions of noncompliance.

Vice Mayor Schivley questioned whether the 11 units were replaced with new units, who paid for the units, and whether the new units added to the value of the property.

Attorney Spangenberg stated the old units were replaced with new units and purchased by whoever wanted them. He stated the value of the property was predicated on the rental income only. Rather, the new mobile units added to the revitalization of the mobile home park and generally added to the value of other residents' units.

Dana Dean, Attorney for Lou Delgado and Vallejo Mobile Estates Tenants, briefly stated the tenants were not responsible for paying for the mobile unit, and she did not believe that under the State Statute, the Ordinance, or as a practical matter, it was necessary to replace the unit.

Ms. Dean cited the Health and Safety Code applicable to the removal and replacement of the unit, and stated arguments for refuting the requirements for a live-in, on-site manager.

Ms. Dean argued that state law did not require the park owner provide a residence for an

on-site manager. Staff believes it is customary, not required. Regarding the jurisdictional issue, Attorney Dean did not believe the tenants understood the requirements to appear before Council. Additionally, Attorney Dean disagreed with Dr. Barr's assessment, and stated the replacement of the unit should be based on the quality of the evidence.

Councilmember Pitts requested clarification on Attorney Dean's comment that the law did not require an on-site manager, yet it required someone to respond to problems within the park. She requested the current market price of an equivalent mobile unit; and whether there was any discussion among the tenants and the park owner prior to the purchase of the mobile unit.

Ms. Dean confirmed that the law did not require an on-site resident manager, nor did it require the tenants purchase a home for whoever was responsible for providing tenant services in the park. Prior to purchasing the mobile unit, there was never any discussion between the tenants and park owner. Further, the owner did not purchase a home for Mr. White, Assistant Manager, who resided in the park, and provided services for the tenants.

Attorney Spangenberg stated the park had 255 spaces. The manager who lived on-site responded to tenant issues and other emergency services. The designee, Mr. White, provided services in the managers' absence. Mr. White was paid by the hour, and had his own home; however, he was not the responsible person.

Ms. Dean clarified the language of the statute stating that the owner was not required to provide a home for the person who was responsible for emergency issues, whether it was owner or designee.

Councilmember Pitts requested clarification on "meet and confer".

Ms. Dean stated the manner in which the ordinance was defined, there was not an applicable section. Therefore, she requested Council recognize the difficulty a layperson encountered.

Gary Truelsen, Housing and Community Development Program Manager, stated the capital improvement and capital replacement provision did not require meet and confer. Capital improvement could be made, and then upon timely notice and following the objection and review process, the rent increase was permitted. Meet and confer was relevant only when the tenants objected and the landlord filed the petition to the Board for a rent increase. There was then meet and confer provisions, which would apply prior to the Board hearing the matter, and after the improvements have been applied.

The following people spoke in opposition to the petition:

Evelyn B. J. Davis, 307 San Marcus Drive, Tenant of Mobil Estates, Linda Matney, 306 San Marcus Drive, Mobile Estates, Bob Noyes, Representative for the Mobile Home Rent Review Board,

Anne Grant, 503 San Antonio Way, Vallejo Mobile Estates, Florence Hoffman, 97 Palm Drive, Olympia Mobile Lodge, Richard Hoffman, 97 Palm Drive, GSMOL, Virginia E. Shelton, 364 San Marcus Drive, Vallejo Mobile Estates, Stephen Cook, 802 Fahay Court, Vallejo Mobile Estates, Eldon B. Richey, 314 San Marcus Drive, Warren Acrey, 387 San Marcus Drive, Vallejo Mobile Estates, Sandy Salsbury, 121 San Miguel Road, Vallejo Mobile

Estates, Dagmar Riddle, 507 Acorn Street, Tall Trees/Broadway Mobile Home Park, John J. Burciaga, 349 San Marcus Drive, Vallejo Mobile Estates, Darrell W. Edwards, 228 Louisiana Street, Jean M. Phillips, 139 Garth Street, Napa, Golden State Manufactured Homeowners League.

RESOLUTION NO. 05-291 N.C. Offered by Mayor Intintoli to maintain jurisdiction of the case, for the various reasons contained in the record, and expressed in the resolution.

The above resolution was adopted with the following vote:

AYES:	Mayor Intintoli, Vice Mayor Schivley, Councilmembers Barte, Cloutier, Pearsall, Davis, and Pitts
NOES:	None
ABSENT:	None
ABSTENTIONS:	None

Mayor Intintoli reiterated the issues under consideration: (1) operating expense vs. capital replacement, (2) the necessity of the expense, and, (3) whether the costs were excessive. Mayor Intintoli questioned who had the burden of proof regarding the reasonableness of the cost.

Deputy City Attorney Nagel referenced the section of the code which indicated the park owner had the burden of proving the necessity and reasonable cost for capital replacements. He stated that the pass through was permitted unless substantial evidence on the record demonstrated that the capital replacement was not necessary or that the cost of the capital replacement was excessive.

Mayor Intintoli questioned Dr. Barr as to whether there was any testimony that indicated the expense was an operating expense, rather than a capital replacement; if this was deemed a capital replacement, and if the burden of proof was on the owner of the park to justify the expense, did Dr. Barr consider the awnings and air conditioning, which were one-third of the expense, an excessive expense?

Dr. Barr said the expense was not an operating expense.

Mr. Truelsen stated the costs were substantiated and documented by the owner, whether one-third was for awnings and air conditioning was not a consideration.

Mayor Intintoli recognized the replacement as a necessary capital replacement. However, the question was the reasonableness of the expense, and whether it was excessive.

Councilmember Cloutier concurred with Mayor Intintoli on the capital replacement issue. However, he questioned whether the expense was excessive, and asked whether the owner would stipulate that the expense was not excessive for the awnings and air conditioning.

Dr. Barr stated this issue was not defined in the ordinance.

Attorney Spangenberg suggested adjustments could be made for the air conditioning and

awnings, based on the evidence presented.

Councilmember Cloutier stated evidence indicated the \$10,000 awning and the \$3,000 air conditioning system were excessive, and he was prepared to make that finding without further evidence.

Mayor Intintoli stated additional evidence was not required to determine whether the air conditioning and awnings were excessive. The burden of proof was on the park owner, and there was no evidence in the file defending the two expenses.

Discussion ensued on the reasonableness of the expense, details of the ordinance, and associated tax deductions for the owner.

Councilmember Davis questioned whether there were other cases that disputed a mobile home for the resident manager.

Deputy City Attorney Nagel and Dr. Barr stated they were not aware of any cases. Additionally, Deputy City Attorney Nagel stated the court would hold the Council to the parameters established: the capital replacement over a fixed 30 year interest rate plus one percent.

In response to a question of Vice Mayor Schivley, Ms. Dean, who stated there was not a case, either for or against, as to whether the manager's residence should be characterized as an operating expense. As a supplemental matter, if Council was concerned about the threat of litigation that was more than subtly presented, she suggested Council consider it was not one-sided.

Vice Mayor Schivley raised issues of rent control, the responsibility of paying for the mobile unit, capital expense vs. operating expense, and the issue of the owner's IRS tax deduction. Ms. Schivley concluded that Mr. Biggs decision to require an on-site manager did not constitute a legal requirement. She supported the Mobile Home Rent Review Board's denial.

Mayor Intintoli stated two resolutions were required with appropriate findings that could be voted on in two weeks: (1) a resolution that sustained the Mobile Home Rent Review Board, as suggested by Vice Mayor Schivley, and (2) the resolution, as prepared, but which deleted the cost of the awnings and the air conditioner, and a resolution with appropriate changes reflecting the rent increase.

Deputy City Attorney Nagel suggested Council consider a series of administrative resolutions: (1) A resolution to determine whether it was a capital replacement. If the Council determined it was not a capital replacement, then further decisions were not required. (2) A second resolution to consider the reasonableness of the cost. Thereafter, staff could be directed to return with a resolution for Council to consider to deduct the awning and the HVAC system, and adjust the findings to support those adjustments in the rent.

Vice Mayor Schivley stated that it could simply be a cost of doing business. Discussion ensued regarding Council's requirements for consideration, and the ramifications of Council's decision on the owner and tenants.

Ms. Dean concurred it was either an improvement/replacement or an operating expense, however, Council had the option of determining that the operating expense would not be passed on to the tenants. In conclusion, if it was an operating expense, and that did not imply that it would cost the tenants \$240/year.

Attorney Spangenberg stated Council had staff's recommendation and a recommendation from Dr. Barr, however, Attorney Spangenberg believed Council was manipulating the ordinance such that Mr. Biggs would not get what the ordinance provided.

Vice Mayor Schivley objected to Attorney Spangenberg's comments.

Councilmember Cloutier requested clarification on supporting the decision of the Rent Review Board; any subsequent appeal by the owner; and any options of the owner for levying an expense against the tenants.

Deputy City Attorney Nagel advised the following: If the owner chose not to litigate the matter, and considered a new petition for rent increase effective January 1, 2006, it could be included as an operating expense or defined as a fair rate of return at that time. Additionally, if Council preferred not to consider an administrative resolution to determine whether this was a capital expenditure or operating expense, Council could offer a resolution sustaining the Mobile Home Rent Review Board's decision. Thus, the determination would be that it was an operating expense, and it did not benefit the tenants, so the rent issue would be complete. If the former failed, then it would be necessary to go to the administrative resolutions to determine that it was a capital replacement.

Councilmember Cloutier referenced the ordinance and questioned whether the mobile unit was necessary by statute or simply convenience to the owner.

Deputy City Attorney Nagel advised that state statute required the availability of an on-site person, which was the foundation for determining whether it was a capital improvement, because it was for the benefit of all the tenants. Whether the owner had the prerogative of including the compensation package, which included free rent for the manager, was outside the scope of Council. Council needs to determine whether it was a capital replacement which added value to the property, thus giving benefit to all the tenants.

RESOLUTION NO. 292 N.C. Offered by Councilmember Pearsall supporting the Mobile Home Rent Review Board's decision.

The above resolution was adopted with the following vote:

AYES:	Vice Mayor Schivley, Councilmembers Bartee, Pearsall, and Pitts
NOES:	Mayor Intintoli, Councilmembers Cloutier and Davis
ABSENT:	None
ABSTENTIONS:	None

Mayor Intintoli questioned whether the above decision disposed of all the issues, and requested whether additional resolutions were required.

Deputy City Attorney Nagel stated the decision disposed of all the issues, because Council sustained the decision of the Mobile Home Rent Review Board. However, it would be helpful to officially adopt the findings of the Mobile Home Rent Review Board.

RESOLUTION NO. 293 N.C. Offered by Councilmember Barteo adopting the findings of the Mobile Home Rent Review Board as stated in the Board's Resolution No. 05-03.

The above resolution was adopted with the following vote:

AYES: Vice Mayor Schivley, Councilmembers Barteo, Pearsall, and Pitts
NOES: Mayor Intintoli, Councilmembers Cloutier, Davis,
ABSENT: None
ABSTENTIONS: None

8. POLICY ITEMS - NONE

9. ADMINISTRATIVE ITEMS

A. APPROVAL OF SERVICE AGREEMENT WITH SOLANO COLLEGE SMALL BUSINESS DEVELOPMENT CENTER (SCSBDC) FOR THE PROVISION OF TECHNICAL ASSISTANCE TO VALLEJO SMALL BUSINESS DURING FY 2005-06

A service agreement was negotiated with the Solano College Small Business Development Center (SCSBDC) to ensure business assistance resources were directed to Vallejo small businesses. The proposed FY 2005-06 service agreements included requirements that SCSBDC provide free/low cost consulting, workshops and lenders fair to Vallejo businesses. The agreement also required that SCSBDC submits regular reports documenting the level of services provided to Vallejo businesses. The funding was budgeted in the approved FY 2005-06 Economic Development Division budget.

Craig Whittom, Community Development Director, stated this was the first in a series of partnership agreements. Funds were allocated for the agreements, however, the agreements were subject to Council consideration and approval. Each agreement included a service agreement with a scope of service for the City's partners with regard to assistance, recruitment, and tourism development.

Annette Taylor, Senior Community Development Analyst, provided a brief overview of the scope of service for each of the agreements.

In answer to a question of Vice Mayor Schivley, Ms. Taylor confirmed that Council's directive was only to review the service agreements, and these service agreements and fund allocations would be reviewed again in the next budget.

Councilmember Pitts commended those who were providing services to the new businesses in Vallejo.

In response to a question of Councilmember Pitts concerning the location that services were

delivered, Ms. Taylor stated services were delivered from the Chamber of Commerce Office and several other locations.

RESOLUTION NO. 05-294 N.C. Offered by Vice Mayor Schivley authorizing the City Manager or his designee to execute a service agreement with the Solano College Small Business Development Center (SCSBDC) for the provision of technical assistance to Vallejo small businesses for FY 2005-06.

The above resolution was adopted with the following vote:

AYES:	Mayor Intintoli, Vice Mayor Schivley, Councilmembers Bartee, Cloutier, Pearsall, Davis, and Pitts
NOES:	None
ABSENT:	None
ABSTENTIONS:	None

B. APPROVAL OF FY 2005/06 CONSULTANT SERVICE AGREEMENT WITH THE VALLEJO CHAMBER OF COMMERCE FOR PERFORMANCE-BASED BUSINESS RECRUITMENT/MARKETING PROGRAM

As a means of recruiting new businesses to Vallejo and increasing the City's tax base, a performance-based service agreement was negotiated with the Vallejo Chamber of Commerce. The service agreement had a term of July 1, 2005 to June 30, 2006. The scope of services for FY 2005-06 agreement included attracting high priority target markets which included a major bookstore retailer, an electronics company and a specialty grocery store; direct advertising and business recruitment initiatives; working directly with prospective businesses interested in locating in Vallejo; facilitating meetings of representatives involved in business recruitment for major development projects with City staff; conducting brokers tours and meeting with representatives of regional brokerage firms and developers, understanding and supporting marketing plans on Mare Island, in the downtown and with commercial property owners in Vallejo; complementing the regional marketing efforts of Solano EDC; utilizing the "Team Vallejo" process for involving political, business and community members on an as needed basis to assist with business recruitment activities; and ensuring the Vallejo Economic Development Information System (VEDIS) database of available property was updated on a monthly basis. The funding of this agreement (\$118,400) was budgeted in the Economic Development Division's approved FY 2005-06 Budget.

Councilmember Pitts commended the former and new EDC manager for bringing new business to the City of Vallejo, stating that economic development is an important function.

Vice Mayor Schivley questioned the reason goals were not defined for bringing in a specific number of businesses.

Ms. Taylor referenced Scope of Services, which indicated 12 new businesses were set as the objective.

Councilmember Cloutier stated it was the last time he would vote for the agreement, as he

did not see a return on investment.

RESOLUTION NO. 05-295 N.C. Offered by Councilmember Pitts authorizing the City Manager or his designee to execute a consultant service agreement with the Vallejo Chamber of Commerce for business recruitment/marketing services during FY 2004-05.

The above resolution was adopted with the following vote:

AYES: Mayor Intintoli, Vice Mayor Schivley, Councilmembers Barteo, Cloutier, Pearsall, Davis, and Pitts
NOES: None
ABSENT: None
ABSTENTIONS: None

C. APPROVAL OF FISCAL YEAR 2005-06 SERVICE AGREEMENT BETWEEN THE CITY OF VALLEJO AND SOLANO ECONOMIC DEVELOPMENT CORPORATION (SOLANO EDC)

The City of Vallejo made a matching contribution to Solano EDC in past years to help support its business attraction efforts. Solano EDC was a partnership of the cities of Vallejo, Benicia, Fairfield, Suisun, Vacaville, Rio Vista and Dixon, Solano County, business and industry, and education institutions to foster economic prosperity. Solano EDC goals was to create an awareness of Solano County as a unique business location; build an effective marketing organization, which would add value to local efforts for business recruitment and expansion; target manufacturers, suppliers, and emerging technology business to promote location availability; and generate quality business leads and recruit new businesses.

A performance-based agreement was negotiated with Solano EDC for services provided during FY 2005-06. The service agreement was designed to complement the business recruitment efforts of the Vallejo Chamber of Commerce and expose Vallejo to a range of prospective businesses. This agreement required Solano EDC to submit regular reports documenting its marketing efforts. A City Councilmember was a member of the Solano EDC Board. The cost during FY 2005-06 was \$19,800 which was approved in the Economic Development Division's Budget.

Ms. Taylor stated the Solano EDC report was attached, per the request of Councilmember Pearsall.

Councilmember Pearsall stated the EDC report identified Vallejo as having inadequate acreage and buildings suitable to meet the needs of potential prospects; and that property search was restricted to Fairfield and Vacaville. Councilmember Pearsall recommended not funding the current year due to lack of results and the budget deficit in the City of Vallejo.

Councilmember Pitts stated the City of Vallejo required an identity to attract the outside market, and without EDC it would be impossible.

Mayor Intintoli indicated that EDC was a county-wide organization that benefited all the cities, the county, and the people of Vallejo.

Councilmember Bartee stated there were many intangible benefits received from EDC, however, he requested EDC increase efforts with regard to relocation of businesses on Mare Island.

Councilmember Cloutier opposed funding the EDC, as there was no tangible evidence of EDC's results.

RESOLUTION NO. 05-296 N.C. Offered by Councilmember Pitts authorizing the City Manager or his designee to execute a service agreement with Solano EDC for services during FY 2005-06.

The above resolution was adopted with the following vote:

AYES:	Mayor Intintoli, Councilmembers Bartee, Davis, and Pitts
NOES:	Vice Mayor Schivley, Councilmembers Cloutier, Pearsall
ABSENT:	None
ABSTENTIONS:	None

D. APPROVAL OF FY 2005-06 SERVICE AGREEMENT BETWEEN THE CITY OF VALLEJO AND THE VALLEJO CONVENTION AND VISITORS BUREAU FOR MARKETING SERVICES (VALLEJO TOURISM BUSINESS IMPROVEMENT DISTRICT)

In 2003 the City of Vallejo reduced its allocation to the Vallejo Convention and Visitors Bureau (VCVB). To alleviate the loss of the allocation from the City, a Vallejo Tourism Business Improvement District was established that allows hotels to assess themselves to pay for improvements and activities within the defined improvement district.

Ordinance No. 1522 N.C. (2d) established Chapter 14.50 of the Vallejo Municipal Code, Vallejo Tourism Business Improvement District (VTBID) to levy and collect assessments within this district. An assessment was levied on all hotels (lodging facilities), existing and future, within the City of Vallejo based upon a flat fee of \$1.00 per occupied room per night for hotels with more than 40 rooms and \$0.50 per occupied room per night for hotels with 40 or less rooms. It was estimated approximately \$230,000.00 was collected between July 1, 2005 and June 30, 2006 to support these efforts.

The VTBID funds marketing programs to promote the City of Vallejo as a tourism destination and funds projects, programs, and activities that benefit hotels within the City of Vallejo. The primary use of VTBID funds is for direct advertising and tradeshow.

To make a recommendation to the City Council on the expenditure of revenues derived from the levy assessment, the City Council appointed members to the Vallejo Tourism Business Improvement District Advisory Board. As a means to implement the marketing programs, projects and activities that benefit the hotels within the City of Vallejo, a service agreement was negotiated with the Vallejo

Convention and Visitors Bureau. The Advisory Board met and supported the recommended expenditure of revenues. The scope of services for this agreement was designed to complement the services provided in the Vallejo and Convention and Visitors Bureau agreement for Transient Occupancy Tax funds.

Councilmember Davis congratulated the hospitality industry in Vallejo.

Councilmember Cloutier implied there were no tangible results obtained. He believes Vallejo should use the money obtained from the TOT tax and invest in public art and other services that focused on the City of Vallejo as a destination.

Craig Whitton, Community and Development Director, stated reporting was based on inquiries driven by advertising, however, that was only an estimate. With regard to meetings and conventions, there was quantifiable data in the Quarterly Report.

Councilmember Pearsall concurred with Councilmember Cloutier, however stated the CVB reports were more detailed than in the past, so one could better define return on investment.

Vice Mayor Schivley congratulated the hotel/motel industry in Vallejo. She questioned whether an administrative fee was charged for the bookkeeping for the BID and the TOT; she asked if \$230,000 was collected from the BID.

Ms. Taylor stated that the Finance Department charged an administrative fee of one percent on late charges. She confirmed the \$230,000 collected from the BID.

Vice Mayor Schivley requested City Manager Kemp advise the City Council on instituting the one percent fee. She stated other entities, such as the Downtown Association and the Business Improvement District, should be researched to ensure the City is paid.

Mr. Whitton stated that staff would research whether the City was charging and collecting the fee and report back to Council.

RESOLUTION NO. 05-297 N.C. Offered by Councilmember Davis authorizing the City Manager or his designee to execute a service agreement with the Vallejo Convention and Visitors Bureau (VCVB) for Marketing Services (Vallejo Tourism Business Improvement District).

The above resolution was adopted with the following vote:

AYES:	Mayor Intintoli, Vice Mayor Schivley, Councilmembers Bartee, Davis, Cloutier, Pearsall and Pitts
NOES:	None
ABSENT:	None
ABSTENTIONS:	None

E. APPROVAL OF FY 2005-06 SERVICE AGREEMENT BETWEEN THE CITY OF VALLEJO AND THE VALLEJO CONVENTION AND VISITORS BUREAU FOR MARKETING SERVICES (TRANSIENT OCCUPANCY TAX)

To lead the City's tourism marketing efforts, the City of Vallejo allocated to the Vallejo Convention and Visitors Bureau (VCVB) a portion of the Transient Occupancy Tax (TOT) to develop and implement a comprehensive marketing plan that focused on specific markets that are pertinent to Vallejo. The City's unique geographic location and affordability made it an appropriate destination for several market segments. The VCVB targeted the following markets in its efforts to attract visitors to the City of Vallejo: Independent Leisure Travel, Group Travel Industry, Meetings/Conventions/Reunions, and New Markets.

The primary use of the TOT funding was for the development of programs and promotions that encouraged an extended length of stay in Vallejo and promoted the City as an overnight destination of choice. The funding paid primarily for direct services and staffing of the Vallejo Convention and Visitors Bureau office, target marketing, publications, and advertising.

A service agreement was negotiated with the VCVB for the use of \$268,500 allocated to the VCVB in the City's approved FY 2005-06 Budget. The scope of services for this agreement was designed to complement the City's VCVB Agreement for use of Vallejo Tourism Business Improvement District funds.

Annette Taylor, Senior Community Development Analyst, stated this was a reduction from last year which required the VCVB streamline their services.

The following people spoke in support of the VCVB: Nina Wolfe, 5331 Chenin Blanc Place, Vallejo Women's Bowling Association, Sam Patel, 330 River Street., San Francisco, Best Western Inn & Suite at Marine World.

Councilmember Bartee stated there were budget cuts to the TOT, however, if the TOT showed an increase, some of the funding could be restored.

Mr. Whittom presented a 2004/2005 TOT estimate of \$1.42M, and a 2003/2004 estimate as \$1.44M, which was a decrease of \$20,000. Additionally, he gave several examples of handling the funding in future budget cycles.

Councilmember Cloutier requested confirmation on the \$1.4M. He referenced several examples of public art in other cities, which proved to be a catalyst for bringing people to those cities. He suggested the City of Vallejo implement similar projects.

Mr. Whittom confirmed the \$268K. With regard to public art, he stated staff was working on a concept which was defined as a "percent for art program". Additionally, public art was a component of the Downtown Specific Plan which Council would be considering in the near future.

Councilmember Pitts agreed that anything unique would draw people to the City, however, marketing was still required, and that was where the CVB was important.

Vice Mayor Schivley cautioned staff on using percentage agreements, and referenced past issues, which resulted in public criticism. Additionally, she questioned the absence of rent expense, and believed it should be shown on the agreement.

Mr. Whitton stated a lease agreement would be brought to Council in 2006. The space was currently occupied at the ferry terminal without the benefit of a lease. He estimated the cost of the space at \$1.00 - \$1.50 square foot.

RESOLUTION NO 05-298 N. C. Offered by Councilmember Pitts authorizing the City Manager or his designee to execute a service agreement with the Vallejo Convention and Visitors Bureau (CVB) for Marketing Services (Transient Occupancy Tax)

The above resolution was adopted with the following vote:

AYES:	Mayor Intintoli, Vice Mayor Schivley, Councilmembers Bartee, Davis, Cloutier, Pearsall and Pitts
NOES:	None
ABSENT:	None
ABSTENTIONS:	None

10. APPOINTMENTS TO BOARDS, COMMISSIONS, AND COMMITTEES - NONE

11. WRITTEN CORRESPONDENCE

Mayor Intintoli recognized the following correspondence: Twenty letters supporting the alternative plan for the waterfront development; an email from Tanzen Campbell concerning the Mare Island dredge ponds.

12. CITY MANAGER'S REPORT

City Manager Kemp advised Council he attended the public meeting on downtown parking, and fifty percent of the attendees were from Triad and city staff. He reported that parking mitigation measures were included in Triad's final EIR, and staff's recommendation was to make these a part of Triad's specific plan for the development of downtown.

13. CITY ATTORNEY'S REPORT - NONE

14. COMMUNITY FORUM

Paul Norberg, 2555 Shade Tree Circle, Hiddenbrooke Community Association, questioned why Fairfield requires only \$11M for operation of their Fire Department, whereas Vallejo requires \$23M; additionally he reiterated his suggestions/solutions for supplying fire services to Hiddenbrooke; and requested that union contract and pay scales be shown on the City's website.

Allen Wildermuth, 1852 Landmark Drive., supported Councilmember Cloutier's art presentation, and stated that was what Vallejo needed to get its identity.

Leon Singleton, 348 B. W. Williams Dr., reported that there is a tree in his yard which requires maintenance; the city needs to consider an onramp from B.W. Williams Drive to the eastbound freeway.

15. REPORT OF THE PRESIDING OFFICER AND MEMBERS OF THE CITY COUNCIL

Councilmember Bartee requested the opinion of the City Attorney with regard to updating the Mobile Home Rent Review Ordinance.

Vice Mayor Schivley reported that she attended a graduation ceremony at Touro University and noted that most of the graduates were medical professionals educated in foreign countries, and not credentialed as doctors in the United States. She complimented Touro University, and thanked them for being one of the pioneers on Mare Island.

Mayor Intintoli recognized the Jazz Festival that was held last weekend, and thanked Carol Larsen and Christi Giuliano for their work on the event.

16. CLOSED SESSION - None

17. ADJOURNMENT

The Council adjourned the meeting at 11:40 p.m.

ANTHONY J. INTINTOLI, JR., Mayor

ATTEST:

ALLISON VILLARANTE, City Clerk



COUNCIL COMMUNICATION

Date: December 19, 2006

TO: Honorable Mayor and Members of the City Council

FROM: John P. Thompson, City Manager
Robert V. Stout, Finance Director

SUBJECT: APPROVAL OF RESOLUTIONS ADOPTING 1) THE VALLEJO GOLF CLUB, INC. 2007 ANNUAL OPERATING BUDGET AND SCHEDULE OF CHARGES AND FEES FOR THE BLUE ROCK SPRINGS EAST AND WEST GOLF COURSES AND THE JOE MORTARA GOLF COURSE AND 2) THE VALLEJO GOLF CLUB, INC. 2007 ANNUAL CAPITAL IMPROVEMENT BUDGET

BACKGROUND & DISCUSSION:

The Lease and Management Agreements with the Vallejo Golf Club, Inc. ("Golf Club") for the operations and maintenance of the Blue Rock Springs East and West Golf Courses and the Joe Mortara Golf Course require the Golf Club to prepare and deliver to the City a comprehensive budget for the next succeeding calendar year. The City Council must approve the budget, including the estimated income by source, expenditures by major category of expense, and any and all requests for major capital expenditures. In addition, the Council must approve any changes in charges and fees applicable to the general public.

On November 1, 2006, the Vallejo Golf Club, Inc. submitted their 2007 annual budget to the City. City staff reviewed the initial budget and provided the Golf Club with several recommended changes to their initial budget. Subsequently, on December 5, 2006, the Golf Club submitted a revised 2007 annual budget to the City. City staff has reviewed the revised operating and capital budgets and recommends the budgets be approved as submitted.

In summary, the Golf Club's 2007 operating budget shows the following estimates:

<u>Item</u>	<u>Estimated Amounts</u>
Total Revenues	\$4,541,807
Total Expenses	<u>\$4,480,674</u>
Net Income	\$ 61,133



The 2007 revenues are estimated to increase about 3.7% above the 2006 adopted budget revenue estimates. The 2007 expenses are estimated to increase about 2.6% above the 2006 adopted budget expense estimates. Actual results of operations for 2006 are not available at this time.

Consistent with the budget the Council approved last year, the Golf Club is proceeding with the following capital improvements that the Council approved last year:

- The \$700,000 East Course Driving Range improvements. The capital improvements will consist of a cover, windbreaks and lighting. These improvements are designed to increase usage during late evenings and inclement weather. The Golf Club estimates that construction of these improvements will start in late summer of 2007, and will be completed by the end of 2007.

Several changes are being proposed by the Golf Club that effect the 2007 operating and capital budgets. In particular, the Golf Club is proposing the following:

- As required by the California Air Resources Board, all golf cart fleets leased or purchased must comply with zero emissions. The Golf Club's current lease of gas golf carts will expire on March 1, 2007. At that time, the golf cart fleet will have to be converted to electric carts, which will require storage space and electrical services. The Golf Club estimates the construction of a storage building and required electrical services will cost \$350,000. The Golf Club is asking the City to advance the Golf Club the \$350,000 to finance the project. Staff proposes the City will use funds from the City's Golf Enterprise Fund \$1 million debt service reserve account to make the advance to the Golf Club. The Golf Club estimates that they will repay the City's Golf Enterprise Fund debt service reserve account for this estimated \$350,000 advance by August 2012, by paying the City \$5,833.33 per month for 60 months, starting in August 2007.
- The City and Golf Club would like to participate in a program to promote youth golf that is jointly sponsored by the United States Golf Association (USGA) and the Northern California Golf Association (NCGA). The program would reduce the Junior Club green fee to \$5 per round at the Blue Rock Springs East and West Courses, and reduce the Junior Club green fee to \$1 per round at the Joe Mortara Golf Course. The USGA and NCGA would reimburse the City and Golf Club up to \$8 per round for each Junior Club round of play.

The Golf Club's 2007 proposed Schedule of Charges and Fees shows the proposed changes in any charge or fee for play on the East and West Course, and the changes on the Joe Mortara Course. See Attachment 4 for additional information.



For the previous five years, the Golf Club has had cumulative net income of \$448,259. as shown below. Attached as an informational item, is the Golf Club's 2005 annual audited financial statement. See Attachment 6 for additional information. The 2006 audited operating results are not available yet.

The following are the audited operating results for the Golf Club for the previous five years:

Calendar Year Ending December 31

Description	2001	2002	2003	2004	2005
Revenues	\$4,051,043	\$3,817,451	\$3,692,354	\$3,782,464	\$3,466,556
Expenses	3,863,928	3,508,084	3,856,911	3,636,683	3,496,003
Net Income or (Loss)	\$187,115	\$309,367	(\$164,557)	\$145,781	(\$29,447)

From June 2003 to November 2005, Sports Restaurant provided concessionaire services at the Blue Rock Springs Golf Course. The Golf Club notified the City that effective November 11, 2005, the Golf Club and Sports Restaurant terminated their concessionaire agreement. As a result, Sports Restaurant no longer provides concessionaire services at the golf courses, and the Golf Club now directly provides concessionaire services. The Golf Club provided detailed revenue and expense estimates for concessionaire services in their 2007 budget under the column labeled Café Rock.

The Golf Club estimates they will have total cash reserves of at least \$280,000 by the end of 2007.

In addition, the City's Golf Enterprise Fund No. 425 has established a debt service reserve account in the amount of approximately \$1 million which has been funded by the Golf Club as security for the repayment of the 2001 Golf COPs.

There is no current direct impact on the City's General Fund due to the adoption of the attached resolutions.



NOTICE OF UPCOMING SIGNIFICANT EVENT:

The current Solano County Fairgrounds Golf Course Lease Agreement between the City of Vallejo and Solano County for the premises commonly known as the Joe Mortara Golf Course expires on December 31, 2007, (slightly more than one year from now), unless terminated sooner.

Correspondingly, the Management Agreement between the City of Vallejo and Vallejo Golf Club, Inc. for the operation and maintenance of the Joe Mortara Golf Course located on the Solano County Fairgrounds expires on January 1, 2008, unless terminated sooner.

ENVIRONMENTAL REVIEW:

This program is not a project as defined by the California Environmental Quality Act (CEQA) and is not subject to CEQA review.

PROPOSED ACTION:

1. Adopt a Resolution approving the Vallejo Golf Club, Inc. 2007 Annual Operating Budget and Schedule of Charges and Fees as submitted.
2. Adopt a Resolution approving the Vallejo Golf Club, Inc. 2007 Annual Capital Improvement Budget as submitted.

DOCUMENTS ATTACHED:

1. Resolution approving Vallejo Golf Club, Inc. 2007 Annual Operating Budget and Schedule of Charges and Fees.
2. Resolution approving the Vallejo Golf Club, Inc. 2007 Annual Capital Improvement Budget.
3. Vallejo Golf Club, Inc. 2007 Annual Operating Budget
4. Vallejo Golf Club, Inc. 2007 Schedule of Charges and Fees
5. Vallejo Golf Club, Inc. 2007 Annual Capital Improvement Budget
6. Vallejo Golf Club, Inc. 2005 Audited Financial Statement



PREPARED BY:

Jon R. Oiler, Auditor Controller

(707) 648-4593

CONTACT:

Robert V. Stout, Finance Director

(707) 648-4592

RESOLUTION NO. _____ N.C.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALLEJO APPROVING THE VALLEJO GOLF CLUB 2007 ANNUAL OPERATING BUDGET AND SCHEDULE OF CHARGES AND FEES FOR THE OPERATION OF THE BLUE ROCK SPRINGS EAST AND WEST GOLF COURSES AND THE JOE MORTARA GOLF COURSE

BE IT RESOLVED by the Council of the City of Vallejo as follows:

WHEREAS, it is a policy of the City Council that the City-owned golf courses be operated as a self-supporting enterprise; and

WHEREAS, the City of Vallejo owns the property commonly known as the Blue Rock Springs East and West Golf Courses, and leases the Joe Mortara Golf Course property from the County of Solano; and

WHEREAS, the Vallejo Golf Club, Inc. leases the Blue Rocks Springs West Golf Course from the City and manages the Blue Rock Springs East Course and the Joe Mortara Golf Course for the City; and

WHEREAS, City Staff and Vallejo Golf Club, Inc., the City's golf management company, have proposed a 2007 Operating Budget and Schedule of Charges and Fees for the operation of the golf courses; and,

WHEREAS, the City Council has considered the report and recommendations of the City Manager on the proposed 2007 Annual Operating Budget and Schedule of Charges and Fees and has determined that the report is both fair and appropriate.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE COUNCIL OF THE CITY OF VALLEJO, CALIFORNIA, AS FOLLOWS:

Section 1: The Council approves and adopts the 2007 Annual Operating Budget for the operation of the Blue Rock Springs East and West Golf Courses and the Joe Mortara Golf Course, attached to the staff report as "Attachment 3."

Section 2: The Council approves and adopts the Schedule of Charges and Fees attached to the staff report as "Attachment 4," to become effective January 1, 2007.

Section 3: The Council approves the City and Vallejo Golf Club, Inc. to participate in a program to promote youth golf that is jointly sponsored by the United States Golf Association (USGA) and the

Northern California Golf Association (NCGA) (the "Program"). The Program would reduce the Junior Club green fee at the Blue Rock Springs East and West Courses to \$5.00 per round, and reduce the Junior Club green fee at the Joe Mortara Golf Course to \$1.00 per round. The USGA and NCGA will reimburse the City and Vallejo Golf Club, Inc. up to \$8.00 for each Junior Club golf round of play at the Blue Rock Springs East and West Courses and the Joe Mortara Golf Course. The City Manager is hereby authorized to amend the Schedule of Charges and Fees as necessary to implement the Program if such amendment is required for participation in the Program.

Section 4: The City Manager is hereby authorized to take any and all actions necessary and to execute any and all documents and agreements necessary between the City of Vallejo and Solano County, or with any other entity, upon consultation with the City Attorney, in order to allow the City and the Vallejo Golf Club, Inc. to participate in the Program.

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALLEJO APPROVING THE VALLEJO GOLF CLUB, INC. 2007 ANNUAL CAPITAL IMPROVEMENT BUDGET FOR THE OPERATION OF THE BLUE ROCK SPRINGS EAST AND WEST GOLF COURSES AND THE JOE MORTARA GOLF COURSE

BE IT RESOLVED by the Council of the City of Vallejo as follows:

WHEREAS, it is a policy of the City Council that the City-owned golf courses be operated as a self-supporting enterprise; and

WHEREAS, the City of Vallejo owns the property commonly known as the Blue Rock Springs East and West Golf Courses and leases the Joe Mortara Golf Course property from the County of Solano; and

WHEREAS, the Vallejo Golf Club, Inc., the City's golf management company, has proposed a 2007 Capital Improvement Budget of \$93,000 for new capital improvements and equipment that will be paid for from the Vallejo Golf Club's 2007 Operating Budget and/or Golf Club cash reserves; and,

WHEREAS, the Vallejo Golf Club, Inc. is also proposing the construction of a golf cart storage building and required electrical services estimated to cost \$350,000. The Golf Club is asking the City to advance the Golf Club the \$350,000 to finance the project. The City will use funds in the City's Golf Enterprise Fund \$1 million debt service reserve account to make the advance to the Golf Club; and

WHEREAS, the Vallejo Golf Club, Inc. is also proposing the carryover of \$700,000 of Driving Range capital improvements that the City Council approved in the 2005 budget, which are projected to be completed by December 2007, and paid for using \$700,000 of 2001 Certificates of Participation proceeds held by the City's trustee; and,

WHEREAS, the City Council has considered the report and recommendations of the City Manager on the proposed 2007 Annual Capital Improvement Budget and has determined that the budget is both fair and appropriate; now, therefore:

IT IS HEREBY RESOLVED BY THE COUNCIL OF THE CITY OF VALLEJO, CALIFORNIA, AS FOLLOWS:

Section 1: The Council approves and adopts the Vallejo Golf Club, Inc. 2007 Annual Capital Improvement Budget of \$93,000 for the operation of

the Blue Rock Springs East and West Golf Courses and the Joe Mortara Golf Course, attached hereto as "Attachment 5". The Council approves and authorizes the Vallejo Golf Club to use up to \$93,000 of 2007 operating budget appropriations and/or Golf Club cash reserves to pay for the 2007 Capital Improvement Budget.

Section 2: The Council approves the construction of a golf cart storage building and required electrical services up to a cost of \$350,000. The Golf Club is asking the City to advance the Golf Club up to \$350,000 to finance the project. The City will use funds in the City's Golf Enterprise Fund \$1 million debt service reserve account to make the advance to the Golf Club. The Golf Club will repay the City's Golf Enterprise Fund debt service reserve account for this \$350,000 advance no later than August 2012, by paying the City \$5,833.33 per month for 60 months.

Section 3: The Council approves the carryover of \$700,000 of Driving Range capital improvements that the City Council approved in the 2005 budget, which are projected to be completed by December 2007, and paid for using \$700,000 of 2001 Certificates of Participation proceeds held by the City's trustee.

Section 4: This Resolution shall be in full force and effect from and after its passage and signature as provided by law.

Vallejo Golf Club, Inc. 2007 Budget





Blue Rock Springs Golf Course

October 31, 2006

Mr. Robert Stout
Finance Director, City of Vallejo
555 Santa Clara Street
Vallejo, Ca. 94590

Re: Vallejo Golf Club, Inc. 2007 Budget

Dear Mr. Stout:

I have enclosed two copies of the 2007 Vallejo Golf Club, Inc. budget for the Blue Rock Springs Golf Courses, Driving Range, Café, and the Joe Mortara Golf Course. This budget has been presented to the Board of Directors of the Vallejo Golf Club, Inc. and was approved at the October, 2006 Directors meeting.

Here are some notes and explanations of changes that are implemented in the 2007 budget.

1. **Golf Range Project:**

The Golf Range Project is estimated to cost \$700,000. The project is funded by the unspent, nonreturned portion of the 2001 Golf Course COP proceeds. With the improvements, the Golf Range will be better utilized with increased usage during the late evenings and inclement weather. The Club anticipates to generate \$30,000 - \$40,000 in additional revenue per year. See enclosed "Golf Range Capital Improvements".

2. **Golf Cart Rental Fleet Storage:**

The Club will be replacing the current gas cart rental fleet with electric carts as required by the California Air Resource Board. The Clubs current lease for gas carts expires on March 1st 2007. Due to the current storage arrangements (three different locations) the Club will consolidate all carts into one central location for reasons of running an electrical source for electric cart charging units. The estimated cost for the storage building is \$350,000. This cost would include all associated costs for engineering, construction and contingency. The Club would ask the City for approval to use the "Golf Enterprise Fund" to finance the project. The Club would repay the debt to the Enterprise Fund by August 2012.

3. **Joe Mortara Golf Course Management Agreement:**

The term of the Management Agreement between the Vallejo Golf Club, Inc. and City of Vallejo expires on December 31, 2007. The Club would ask the City to

Vallejo Golf Club, Inc.

655 Columbus Parkway • Vallejo, CA 94591

Office: 707/642-0247 • Fax: 707/642-1065 • Pro Shop: 707/643-8476

review the current Management Agreement with the Club, and the Lease with the County of Solano to determine the renewal of the existing agreements.

Please call me at 642-0247 with any questions or comments. We look forward to your early approval so the budget can be in affect starting on January 1, 2007.

Sincerely,



Tom Wade
General Manager
Vallejo Golf Club, Inc.

Vallejo Golf Club, Inc.

655 Columbus Parkway • Vallejo, CA 94591

Office: 707/642-0247 • Fax: 707/642-1065 • Pro Shop: 707/643-8476 • E-mail: bluerock@fmcompserve.com

**2007 VALLEJO GOLF CLUB, INC.
BUSINESS PLAN**

MISSION STATEMENT

Vallejo Golf Club, Inc. is a non-profit organization dedicated to the promotion and development of public golf in the City of Vallejo and the County of Solano.

Through our employee's efforts we will create a positive golfing experience for our community, members, and public players by producing the best possible playing conditions within an atmosphere of enthusiastic, helpful, and friendly people.

We will operate the Blue Rock Springs Golf Courses, retail shops, driving range, Café and Joe Mortara Course in a fiscally responsible way providing for the day to day operations of the facilities, future improvements, and the payment of the bond debt service.

BUSINESS STRUCTURE

The Vallejo Golf Club, Inc. is a non-profit organization incorporated in the State of California on November 20, 1929. The VGC, Inc. has a Lease Agreement with the City of Vallejo to operate and manage the West Golf Course. There are two management agreements with the City of Vallejo, one to operate the East Course and Driving Range and a separate management agreement to operate the Solano County owned Joe Mortara Course located in the racetrack at the Solano County Fairgrounds.

The golf courses are operated and administered by a 14 member Board of Directors. Seven Board members are replaced with an election annually by a secret ballot of the Club Members. Board Members serve two-year terms not to exceed two consecutive terms. There are two membership meetings per year with the election of officers being at the December meeting. The Board meets the second Thursday of every month. Club activities are conducted through committees headed by members of the Board.

The Vallejo Golf Club, Inc. maintains a knowledgeable staff which oversees the golf operations and works for the Vallejo Golf Club, Inc. to provide knowledgeable leadership and direction.

GOALS

1. Complete development and renovations on the Golf Range and practice facility which will enhance the overall golf experience and increase revenues.
2. Develop a marketing strategy to introduce new customers and players to the facility such as; promoting golf lessons, SIRS Tournament Groups, Ladies Nine Hole League, and Business Golf Leagues and Youth on Course programs.
3. Maintain quality golf courses through proper grooming, watering and fertilizing techniques.
4. Develop a long-range plan for course improvements and equipment replacement and additions.
5. Provide quality merchandise and adequate inventory in the retail shops to service the Vallejo Golf Club, Inc. member and the public golfer.
6. Maintain and develop a staff of enthusiastic, helpful, and friendly employees through proper interviewing, hiring, and training.
7. Develop a line of communication between all employees and all levels of management.
8. Develop and keep open a line of communication with the City of Vallejo staff and elected officers.
9. Continue to be a leader in promoting junior golf. Provide programs to develop golf and people skills.
10. Operate the golf course and golf range in a fiscally responsible manner through proper pricing, marketing, budgeting, and spending to allow the Vallejo Golf Club, Inc. to pay for the current bond debt service, while managing the Clubs reserves to allow for long range capital improvements and major unexpected expenditures.

BUSINESS ANALYSIS

The City of Vallejo facilities continue to be a popular place to play golf. Through advertising and word of mouth the East and West Courses have become well known in a broad area of Northern California. The courses continue to be popular among Northern California golfers. Both the East and West courses were voted in 2005 and 2006 as the "Best Golf Course in Solano County".

While incremental growth at Blue Rock Springs had been slowed the last five years, 2006 also reflects a decline in play. Other golf facilities in the area had been showing a loss of play the last few years and continued to lose play in 2006. The cause is created by the economic conditions at this time and the continual addition of new golf courses in the area.

BUSINESS MARKET

The business market for the Blue Rock Springs Golf Courses are the City of Vallejo, and the surrounding counties of Solano, Napa, Sonoma, Contra Costa, Alameda, Marin and the City of San Francisco.

Other market opportunities include the Vallejo and Bay Area tourist and the free in transit traveler. As a member of the Vallejo Chamber of Commerce VGC's General Manager keeps abreast of activities in the area and how it can be used for increased play for the Blue Rock Springs Golf Courses.

Because of our location to I-80 and our moderate climate, we also receive play out of the I-5 Valley corridor during the hotter summer months.

MARKETING STRATEGIES

2006 brought a continued addition of new golf courses in and around the Bay Area. The new facilities draw play away from all established golf courses. While players will continue to support their local golf courses many will want to go try the new courses from time to time. This means a loss of incremental growth for all facilities.

The Club will take an aggressive roll this year in our marketing strategy. With the re-opening of the West Course, and exposure from Fox Sports Network, the West Course will continue to develop name recognition. The Club will also attend regional trade shows, seek local and regional advertising including yellow pages, newspapers, radio, television, and golf publications. Special promotional and discount coupons will be developed and advertised on an as needed basis to be used to fill slow times of the day.

This year the Club also took another step in promoting golf by introducing the game to the physically challenged. Our continued use of the internet has allowed us to expand our potential to increase our tournament programs. Tournament activities such as the Vallejo City Championship and the Joe Brophy/Bill Loudon Junior Golf Classic are accessed through the website with entry applications, tournament pairing, and tournament results.

By introducing new programs such as "Youth on the Course" and golf leagues, we are continually improving our product. We will develop loyalty from our players and new players will want to come back. Aggressive advertising and word of mouth, the best of all marketing tools, will help add more players.

By working with local motels on golf packages we will capture the traveler and the tourist.

We will also continue to work with the Vallejo Convention and Visitors Bureau by attending Trade and Consumer shows to promote the Vallejo area. We have developed a simple brochure to use for a hand out and to place in brochure racks at motels, the chamber, the Ferry Building, and other strategic locations.

Cooperative advertising will be conducted with the VCVB, local attractions, golf courses and hospitality facilities.

We will promote local golf tournaments and activities to bring recognition to the golf courses. The City of Vallejo Golf Championships held at Blue Rock Springs continues to grow as a NCGA point event and puts the City tournament among the top amateur tournaments in the Bay Area. The Senior Division has grown tremendously since 2003. We continue to encourage more participation in the women's division of the City Championship.

The exposure of both courses on Fox Sports Network will continue to allow the courses to have an advertising presence on televised shows.

The Vallejo Golf Club was recognized by the Northern California PGA as the "Junior Golf Leader" of the year in 2003. For the ninth consecutive year the junior program was full within hours and a wait list created. We will continue to promote golf clinics and other programs to bring more juniors and beginning adults to the game of golf and into the golf market place. The junior program is self sustaining and is supported by the annual Joe Brophy-Bill Loudon Junior Fundraiser Tournament. Blue Rock Springs continues to be one of the only public golf facilities in the country to offer junior golf programs and the NCGA Junior Golf Tournament without a fee. This year the Club is developing an "Youth on Course" program which will introduce new golfers through marketing at area schools, provide free instruction and allow discounted green fees to area youth.

MEMBERSHIP STRATEGY

There are four categories of membership in Vallejo Golf Club, Inc. Only regular members have voting privileges.

The following are the qualifications of the membership classes:

1. **Regular member:** Any person of good moral character, over 18 years of age, and a resident of the City of Vallejo. A candidate must have been a tournament member for at least one year, play in at least 4 club events per year, and be proposed for membership by one (1) member in good standing.
2. **Spouse of deceased or physically handicapped member:** Any spouse of a member that is deceased or who becomes physically handicapped. The spouse must be age 18 or older and a resident of the City of Vallejo.

3. **Tournament member:** Any person of good moral character, over 18 years of age, and a resident of the City of Vallejo. One (1) member in good standing must propose a candidate for tournament membership.

We also provide a **Handicap Service** that allows any player to develop a handicap through Blue Rock Springs Golf Courses without being a member. This helps develop loyal play from players that want a handicap for tournament play, but cannot or do not want to be a member of the course.

FINANCIAL ANALYSIS

The Vallejo Golf Club, Inc.'s basic functions and capital additions and improvements are to be financed through membership dues, public daily play fees for golf, golf cart fees, golf range, Café and retail sales.

What is unique about the Vallejo Golf Club Inc. as a non-profit corporation, there is much misunderstood by the general public in that these golf courses are City owned. The cost of construction, maintenance, operation, repair and other incidentals are all paid for by the golfers themselves from green fees they pay for playing the courses. It is the only municipal recreation facility in Vallejo that is self-sustaining and always has been a fact that the citizens of Vallejo may well be proud.

In order to be financially successful the Vallejo Golf Club must increase public play and sustain their market share while maintaining affordable fees.

Vallejo Golf Club, Inc. 5 Year Master Plan

The first 9-hole golf course in Vallejo was constructed in 1923 on private property owned by the Good Templars Orphanage. The golf course was small and at that time had sand putting greens instead of grass putting greens. 1929 a group of citizens filed an application with the State of California for a corporate title of conducting business as a non-profit organization with a specific purpose to promote and encourage interest in golf in Vallejo. The other purpose of the organization was to manage the municipally owned golf courses to provide the community a recreational sport of golf at the least possible cost.

In 1940 the Vallejo Golf Club, Inc. was notified that the property it was occupying (Vista de Vallejo) was to be developed. The Club made a formal application with the City of Vallejo to develop the City owned Blue Rock Springs property. The application was approved and construction started in 1940. The construction of the course posed difficult problems such as funds and labor were extremely meager at this time. However, due to the cooperation of the club members who volunteered their services the course was able to be completed at no expense to the City. Later the Club also constructed the course know as Lake Chabot on City property.

In 1992 the Club was authorized to manage and operate the new Blue Rock Springs East Golf Course and Golf Range. Phase I of the project was to construct the East Course and Range and phase II was the modification to the old West Course putting greens and install a new irrigation system and Club House retrofit. Phase II of the project never started due to a short fall of funds, but the plans and intentions were to complete phase II of the projects sometime in the future when sufficient funds were available.

In 2005 and 2006 the Club completed phase II of the West Course Renovation Projects. Phase II of the Renovation Project was budgeted at \$1,813,000. The Club completed the project on schedule and under budget by \$100,000. The West Course re-opened for public play in June 2006.

With the current economic market, the Vallejo Golf Club, Inc. has been able to financially manage all of the Cities golf courses. It should be noted that payment of past bonds and the current bonds are paid through revenues from the courses and not by taxes imposed by the City upon its citizens. The cost of construction, maintenance, operation, repair and other incidentals are all paid for by the golfers themselves from green fees they pay for playing the courses.

The Vallejo Golf Club, Inc. intends on operating these courses for the City and future citizens and fellow golfers as a recreational activity that is self sustaining and not a financial burden to the City. Below is a Master Plan list of completed and future planned capital improvements required to properly operate and maintain the future of these courses.

- I. **Management Agreement: (2004) COMPLETE 12-04**
Finalize the Management Agreement to run concurrent with the Lease Agreement thru the year 2012. This would allow the Club sufficient time to complete all improvements and the opportunity to manage and operate the courses, which the Club has demonstrated thru past performance, and in the spirit of the original agreements at no cost to the City.

- II. **West Course Renovations: (2005 – 2006) COMPLETE 6-3-06**
The planned phase II would cost an estimated \$1,800,000 with reconstruction of the old putting greens on the West Course and improvement of the remaining irrigation system. The current (old) putting greens which were constructed some 60 years ago with an Adobe base material requires extensive and constant maintenance to maintain at a playable condition. New modern putting greens are constructed with drainage systems and sand based materials to provide the required drainage and air flow so the root system is not constricted, this provides for a healthier and less expensive putting green to maintain. The irrigation system which was temporally installed in 1992 was to be modernized to handle a larger capacity and operate more efficiently. Given the current position our water department is in, a properly operating irrigation system would help control and conserve an expensive resource is necessary. The Club anticipates opening the course in late spring.

- III. **Clubhouse: (2006) COMPLETE 6-1-06**
The existing Clubhouse will have some minor preventative maintenance performed in 2006, such as, exterior painting and improvements to the meeting room at a estimated cost of \$35,000. In the future a new Clubhouse will need to be built to accommodate the demands of the community. A new Clubhouse which was recently planned, was estimated to cost approximately \$5,600,000, this could accommodate weddings, parties, large golf events and the needed parking for the golf cart fleet that is required to be converted to electric. At this time, the existing building should be retrofitted to accommodate the same as the new building with the use of the Clubs reserve fund.

- IV. **Golf Range/Practice Green: (2006- 2007)**
The Golf Range project is estimated to cost \$700,000. The project improvements such as a new practice green, windbreaks, covers and improvements in the landing area make it better utilized for the full year ie. during inclement weather and wind. The project team has recently completed Phase I "Design". The project team anticipates ground breaking to commence in late summer of 2007.

- V. **Golf Cart Rental Fleet Storage: (2007)**
Required by the California Air Resource Board, all gas cart fleets leased or purchased must comply with the zero emissions. The Clubs current lease on the golf cart fleet (gas) has been renewed which will expire on

March 1st 2007. At this time, the golf cart fleet will have to be converted to electric with the required storage space and electrical services. The Club has completed the design phase with an estimated cost of \$350,000 for the storage building which includes engineering, hard scape, electrical service and contingency. The Club would ask the City for approval to use the "Golf Enterprise Fund" to finance the project. The Club would repay the debt by August of 2012.

VI. East Course: (2007 – 2011)

Over the next several years there are no major capital improvements required. Since the golf course opened, the course has been maintained in pristine condition. Through aggressive preventive maintenance practices and routine work habits the Club will continue to manage and allow for capital expenditures through its annual budget.

A major expenditure that will arise in the future will be the upgrade of the existing irrigation pump system and integrate the existing Toro 6000 computer control system with the West Course control system. The pump station retro fit will cost approximately \$25,000 and integrating the computer control system is estimated at \$22,000. Other areas the Club will investigate are the re-topping (flattening) of several tee areas. This is a minor process which is performed with in-house labor and low material cost.

VII. East/West Golf Course Capital Equipment: (2004 – 2008)

See attached "Equipment Replacement Plan"

VIII. Joe Mortara Golf Course: (2007) (Improvements paid with Capital Improvement Fund Solano County holds)

1.) Lease extension

2.) Capital improvements:

a.) Golf course drainage

b.) Irrigation system

c.) General Maintenance on Building

IX. West Course Bunker Refurbishment (2008-2009)

Refurbish existing bunkers with carry off drainage. This will enhance the bunkers and prevent the side walls from erosion and allow for rain and irrigation water from collecting inside.

X. Point Of Sale System POS (2009)

Submitted By: Tom Wade
General Manager
Vallejo Golf Club, Inc.

Approved By: Vallejo Golf Club, Inc. Board of Directors, October 12, 2006

**Vallejo Golf Club, Inc.
Long Range Capital Improvement/
Equipment Replacement Plan**

EQUIPMENT

PROJECTED COST

2004

Greens Mowers (2)	Replacement \$25,000 ea.	\$50,000	Completed April 2004
	Total	<u>\$50,000</u>	

2005

Trim Mowers (2)	Replacement \$25,000 ea.	\$50,000	Comp. 2006
	Total	<u>\$50,000</u>	

2006

① Sand Pro (1)	Replacement \$12,000	\$12,000	Defered 07'
① Utility Vehicles (3)	Replacement \$6,000 ea.	\$18,000	Defered 07'
Green Roller Units (1) set	Replacement \$8,000	\$8,000	Comp. 2006
Clubhouse	Improvements \$35,000	\$35,000	Comp. 2006
	Total	<u>\$123,000</u>	

2007

① Fairway Mower (1)	Replacement \$44,000	\$44,000	
H/VAC Systems Golf Shop/Café	Replacement \$15,000	\$15,000	
① Fire Suppression System - Café	Replacement \$ 4,000	\$ 4,000	
	Total	<u>\$63,000</u>	

2008

Rough Mower (1)	Replacement \$40,000	\$40,000	
	Total	<u>\$40,000</u>	

2009

Greens Mowers (2)	Replacement \$35,000 ea.	\$70,000	
Café Refrigeration Units	Replacement \$10,000	\$10,000	
	Total	<u>\$80,000</u>	

VALLEJO GOLF CLUB, INC
2007 BUDGET SUMMARY

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
REVENUE													
East course	88,150	99,979	133,794	154,737	179,151	183,655	187,185	185,370	163,630	163,475	128,952	90,764	1,758,842
West Course	54,677	53,430	73,817	90,485	109,530	181,100	141,800	143,760	244,331	223,935	84,820	129,549	1,531,234
Joe Mortara Course	14,689	18,335	25,375	29,090	29,675	32,015	22,495	33,550	27,815	24,565	20,251	12,716	290,581
Driving Range	13,625	19,775	27,975	29,875	30,850	33,675	34,650	33,675	31,050	28,500	25,775	20,075	329,500
Retail	13,925	15,525	21,775	24,625	29,075	30,725	29,675	29,125	20,875	20,375	17,825	18,675	272,200
Café	16,100	21,650	29,000	30,900	36,350	40,000	41,600	36,900	33,000	31,000	24,400	18,550	359,450
Total Revenue	201,176	228,694	311,736	359,712	414,631	501,170	457,405	462,380	520,701	491,850	302,023	290,329	4,541,807
PAYROLL EXPENSE													
East course	47,074	46,657	69,375	45,823	45,823	48,183	47,825	70,639	47,197	47,570	47,138	49,497	612,801
West Course	51,123	50,897	75,590	49,768	49,768	51,888	51,693	75,335	51,470	51,238	50,769	56,164	665,643
Joe Mortara Course	11,259	11,019	16,438	10,781	10,781	11,213	9,220	16,726	11,113	11,193	11,065	12,141	142,949
Driving Range	7,169	7,169	15,080	9,746	9,746	10,529	10,038	14,976	10,445	7,869	7,208	8,299	118,274
Retail	2,176	2,167	4,181	2,119	2,119	3,698	2,178	3,240	3,678	2,178	2,158	2,969	32,861
Café	10,874	11,358	19,719	12,981	14,481	13,495	13,372	20,129	13,372	13,372	13,655	12,147	168,955
Total Payroll Expense	129,675	129,267	200,323	131,218	132,718	139,006	134,326	201,045	137,275	133,420	131,993	141,217	1,741,483
OPERATING EXPENSE													
East course	32,840	45,738	55,934	52,730	65,206	75,766	76,621	72,432	63,306	51,753	45,035	31,866	669,227
West Course	50,395	50,618	56,246	54,750	46,855	57,729	64,088	54,419	53,932	52,582	42,521	32,178	616,313
Joe Mortara Course	4,860	7,275	6,104	8,946	7,130	7,735	7,566	7,709	8,069	5,470	4,947	4,196	80,007
Driving Range	6,370	9,560	8,175	13,524	13,487	13,531	8,976	13,664	13,632	8,052	7,356	6,019	122,346
Retail	1,335	1,780	2,190	1,770	1,695	1,705	1,502	1,636	1,731	1,250	1,165	895	18,654
Café	1,380	2,665	3,313	3,703	3,348	3,358	3,345	3,859	3,209	3,865	2,680	2,265	36,990
Total Operating Expense	95,800	114,971	128,649	131,720	134,373	156,466	158,753	149,860	140,670	119,107	101,024	75,154	1,543,537
OTHER EXPENSE													
East course	42,668	42,668	42,668	42,668	44,668	88,668	64,668	45,585	45,585	45,585	45,585	85,585	636,601
West Course	0	0	0	0	4,000	6,000	22,000	2,917	2,917	2,917	2,917	2,917	46,585
Joe Mortara Course	3,500	3,500	4,500	6,500	7,000	7,000	4,000	7,000	7,000	6,500	6,000	4,500	67,000
Driving Range	10,666	10,666	10,666	10,666	10,666	10,666	10,666	10,666	10,666	10,666	10,666	10,666	127,992
Retail - cost of goods	8,910	9,900	13,959	15,741	18,645	19,734	19,041	18,678	13,365	13,134	11,451	12,111	174,669
Retail - other distribution	0	2,000	500	0	4,000	500	0	0	500	0	0	500	8,000
Café - Cost of Goods	5,635	7,578	10,150	10,815	12,723	14,000	14,560	12,915	11,550	10,850	8,540	6,493	125,808
Café - Other Distribution	4,000	0	0	1,500	3,500	0	0	0	0	0	0	0	9,000
Total Other Expense	71,379	76,312	82,443	86,390	101,702	146,568	134,935	97,761	91,583	89,652	85,159	122,772	1,195,655
NET CONTRIBUTION	-95,678	-91,856	-99,679	10,384	45,839	59,130	29,391	13,714	151,173	149,671	-16,153	-48,814	61,133

**VALLEJO GOLF CLUB, INC.
2007 COMBINED SUMMARY**

	JOE							2007	2006	VARI-
	EAST	WEST	MORTARA	RANGE	RETAIL	CAFÉ	TOTAL	BUDGET	ANCE	
REVENUE										
Green Fees	1,196,078	763,158	252,831	275,600	0	0	2,487,667	2,435,710	51,957	
Monthly cards	0	0	17,100	53,900	0	0	71,000	71,000	-	
Member Dues	0	247,910	8,100	0	0	0	256,010	247,910	8,100	
Tournament Members	0	21,320	0	0	0	0	21,320	21,320	-	
Senior Annual Card	0	2,000	0	0	0	0	2,000	2,000	-	
Junior Annual Card	0	3,425	0	0	0	0	3,425	3,425	-	
Handicap Service	0	9,060	0	0	0	0	9,060	9,060	-	
Golf Cart Storage	0	44,041	0	0	0	0	44,041	44,041	-	
Member path fees	0	25,040	0	0	0	0	25,040	25,040	-	
Rents	0	0	0	0	0	0	0	-	-	
Golf Cart Rental	561,564	291,480	0	0	0	0	853,044	810,074	42,970	
Tournament Receipts	0	40,300	0	0	0	0	40,300	33,300	7,000	
Private Cart Repairs	0	2,300	0	0	0	0	2,300	2,300	-	
Misc. Int., Etc.	1,200	1,200	12,550	0	0	0	14,950	2,400	12,550	
Accessories	0	0	0	0	100,700	0	100,700	87,000	13,700	
Soft Goods	0	0	0	0	81,450	0	81,450	73,500	7,950	
Hard Goods	0	0	0	0	82,500	0	82,500	66,500	16,000	
Rentals	0	0	0	0	7,250	0	7,250	6,800	450	
Café Operation Sales	0	0	0	0	0	359,450	359,450	359,450	-	
Discount/Return/Allowance	0	0	0	0	300	0	300	300	-	
Management Fee	0	80,000	0	0	0	0	80,000	80,000	-	
Total Revenue	1,758,842	1,531,234	290,581	329,500	272,200	359,450	4,541,807	4,381,130	160,677	
COST OF GOODS SOLD										
Merch Costs-Soft Goods	0	0	0	0	53,757	0	53,757	48,510	5,247	
Merch Costs-Hard Goods	0	0	0	0	54,450	0	54,450	43,890	10,560	
Merch Costs-Accessories	0	0	0	0	66,462	0	66,462	57,420	9,042	
Café - Cost of Goods	0	0	0	0	0	125,808	125,808	125,808	1	
Freight	0	0	0	0	0	0	0	0	-	
Total Cost of Goods	0	0	0	0	174,669	125,808	300,477	275,628	24,849	
PAYROLL										
Salary and Wages										
Administrative Share	76,228	76,162	8,962	8,959	8,959	8,959	188,229	208,214	(19,985)	
Golf/Cafe Operations Share	223,587	237,958	66,064	92,113	16,443	142,571	778,736	703,102	75,634	
Maintenance	251,476	285,017	53,515	4,356	0	0	594,364	635,187	(40,823)	
Employee Bonuses	5,040	5,540	1,270	2,200	4,800	3,000	21,850	18,950	2,900	
Vacation, Holiday, 401K	1,235	1,401	260	195	132	132	3,355	3,449	(94)	
Payroll Taxes	55,235	59,565	12,878	10,451	2,527	14,293	154,949	157,582	(2,633)	
Total Payroll Costs	612,801	665,643	142,949	118,274	32,861	168,955	1,741,483	1,726,484	14,999	
OPERATING EXPENSES										
Licenses and Fees	1,151	1,630	475	330	160	1,400	5,146	4,945	201	
Travel Allowance	900	1,440	320	323	270	300	3,553	3,553	-	
Meetings and Meals	1,910	3,625	330	657	325	325	7,172	7,152	20	
Dues, memberships, Subs.	1,785	20,930	414	386	150	150	23,815	23,999	(184)	
Data Processing	4,100	3,870	1,092	1,050	720	720	11,552	10,002	1,550	
Security	1,007	1,750	475	320	320	320	4,192	4,082	110	
Postage	1,672	2,359	480	668	540	540	6,259	6,259	-	
Printing	5,950	11,566	760	625	589	589	20,079	18,414	1,665	
Utilities: garbage	7,027	7,044	2,652	1,500	0	600	18,823	18,823	-	
Utilities: gas/elec	53,590	50,650	8,850	1,865	1,160	1,160	117,275	96,880	20,395	
Utilities: propane	502	0	0	0	0	700	1,202	1,202	-	
Utilities: telephone	2,976	2,976	1,260	1,224	420	420	9,276	9,111	165	
Utilities: Irrig. water	141,250	0	600	1,161	0	300	143,311	162,311	(19,000)	
Utilities: water/sewer	3,725	3,600	0	0	0	0	7,325	5,876	1,449	
Oper Equip Rep. & Main.	21,900	21,900	1,200	3,285	0	1,400	49,685	39,425	10,260	
Irrigation	7,435	8,120	450	1,025	0	0	17,030	17,060	(30)	
Building	6,500	6,900	600	1,275	120	600	15,995	16,145	(150)	

**VALLEJO GOLF CLUB, INC.
2007 COMBINED SUMMARY**

	JOE						2007 TOTAL	2006 BUDGET	VARI- ANCE
	EAST	WEST	MORTARA	RANGE	RETAIL	CAFÉ			
Uniforms	3,775	3,600	250	692	200	565	9,082	9,082	-
Gas & Oil	12,200	13,000	1,975	615	0	0	27,790	25,030	2,760
Golf Cart Repair	7,300	7,150	0	0	0	600	15,050	15,050	-
Golf Cart Gas & Oil	13,100	13,250	0	0	0	240	26,590	26,290	300
Accounting	10,600	10,600	600	400	400	400	23,000	19,400	3,600
Legal	12,000	12,000	3,000	6,000	0	1,200	34,200	34,200	-
Tournament Expense	500	50,850	0	0	0	0	51,350	51,350	-
Janitorial	12,000	11,400	2,820	2,820	0	0	29,040	29,040	-
Play Equipment	7,360	7,000	500	9,650	0	0	24,510	16,070	8,440
Health ins.	91,320	91,320	20,400	22,800	1,800	11,000	238,640	241,040	(2,400)
Liability ins.	17,522	17,522	4,776	3,752	1,080	4,006	48,658	47,634	1,024
W.C. ins.	32,750	32,750	6,650	8,550	1,750	2,205	84,655	86,555	(1,900)
Dental ins.	11,928	11,928	2,988	2,988	360	1,000	31,192	31,192	-
First Aid Supplies	80	160	80	60	0	75	455	455	-
Office Supplies	2,400	2,400	756	720	1,440	300	8,016	8,016	-
Cleaning Supplies	4,001	4,427	900	1,020	0	300	10,648	10,648	-
Operating Supplies	5,212	5,078	720	16,350	375	1,800	29,535	30,078	(543)
Serviceware Supplies	0	0	0	0	0	600	600	600	-
Grounds Maint. Supplies	1,090	1,530	60	72	0	0	2,752	1,552	1,200
Bunker Sand	4,950	7,500	500	0	0	0	12,950	7,050	5,900
Topdressing Sand	7,800	7,750	2,400	400	0	0	18,350	18,150	200
Ground Cover	750	750	75	90	0	0	1,665	1,665	-
Aggregates	850	900	200	150	0	0	2,100	1,250	850
Seed	1,400	3,000	100	175	0	0	4,675	4,175	500
Small Tools	1,075	1,500	200	180	0	0	2,955	2,255	700
Tires	1,200	1,000	50	150	0	0	2,400	1,400	1,000
Fertilizers	16,000	17,560	1,090	3,500	0	0	38,150	38,150	-
Fungicides	8,925	10,080	600	1,480	0	0	21,085	19,435	1,650
Herbicides	2,200	2,600	300	200	0	0	5,300	4,500	800
Insecticides	100	100	100	0	0	0	300	300	-
Other Chemicals	3,196	3,211	520	440	0	0	7,367	7,367	-
Signage	1,100	1,000	150	300	125	125	2,800	2,300	500
Pest Control	288	288	540	60	0	120	1,296	1,296	-
Lab Testing	600	500	75	0	0	0	1,175	775	400
Schools & Training	1,500	1,500	200	300	300	300	4,100	4,100	-
Other Contracted Services	3,600	5,110	568	618	125	1,080	11,101	10,621	480
Leases	39,630	39,630	1	0	0	0	79,261	62,521	16,740
Advertising	6,756	9,260	1,200	1,720	1,750	1,050	21,736	21,336	400
Promotion	1,575	2,120	275	365	275	275	4,885	4,885	-
Donations	60	205	0	0	360	0	625	625	-
Bank Charges	14,480	14,000	3,080	0	3,540	225	35,325	35,325	-
Miscellaneous Exp.	800	550	50	100	0	0	1,500	1,500	-
Depreciation	39,729	39,729	1,200	19,865	0	0	100,523	103,455	(2,932)
Property Taxes-Equipment	2,145	2,145	100	70	0	0	4,460	4,460	-
Total Expenses	669,227	616,313	80,007	122,346	18,654	36,990	1,543,537	1,487,417	56,120
Other Disbursements									
Regular Fund, Misc	0	0	0	0	0	0	0	0	-
Capital Improvement Add.	14,585	14,585	0	0	0	0	29,170	0	29,170
Capital Improvement Exist.	2,000	4,000	0	0	4,000	7,500	17,500	32,500	(15,000)
Capital Equipment	28,000	28,000	0	0	4,000	1,500	61,500	97,000	(35,500)
Bond Payment	512,016	0	0	127,992	0	0	640,008	560,400	79,608
County Payment	0	0	67,000	0	0	0	67,000	77,300	(10,300)
Management Fee	80,000	0	0	0	0	0	80,000	80,000	-
Operations Reserve	0	0	0	0	0	0	0	0	-
Total Other Disb.	636,601	46,585	67,000	127,992	8,000	9,000	895,178	847,200	47,978
TOTAL EXPENSES	1,918,629	1,328,541	289,956	368,612	59,515	214,945	4,180,198	4,061,101	119,097
NET PROFIT	-159,787	202,693	625	-39,112	38,016	18,698	61,133	44,401	16,732

VALLEJO GOLF CLUB, INC.
2007 Operating Budget

EAST GOLF COURSE		ACCT #	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Revenues															
Green Fees		41002	62,260	71,699	93,884	104,737	123,161	128,175	124,525	123,330	110,940	106,005	84,988	62,374	1,196,078
Member Dues			0	0	0	0	0	0	0	0	0	0	0	0	0
Golf Cart Storage		41701	0	0	0	0	0	0	0	0	0	0	0	0	0
Rents		41201	0	0	0	0	0	0	0	0	0	0	0	0	0
Golf Cart Rental			25,790	28,180	39,810	49,900	55,890	55,380	62,560	61,940	52,590	57,370	43,864	28,290	561,564
Tournament Receipts			0	0	0	0	0	0	0	0	0	0	0	0	0
Misc. Int., Etc		41901	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Total Revenue			88,150	99,979	133,794	154,737	179,151	183,655	187,165	185,370	163,630	163,475	128,952	90,764	1,758,842
Payroll Costs															
Salary and Wages															
Administrative Share		60021	5,755	5,755	8,633	5,755	5,755	5,943	5,943	8,915	5,943	5,943	5,944	5,944	76,228
Golf Operations Share		60021	16,865	16,865	25,144	16,865	16,865	17,738	18,105	25,988	17,438	17,738	17,738	16,238	223,587
Maintenance		60021	18,943	18,943	28,406	18,943	18,943	19,899	19,749	29,854	19,599	19,899	19,899	18,399	251,476
Employee Bonuses		60041	0	0	180	0	0	180	0	0	180	0	0	4,500	5,040
Employee Benefits-401K		60061	95	95	143	95	95	95	95	95	142	95	95	95	1,235
Payroll Taxes		61021	5,416	4,999	6,869	4,165	4,165	4,328	3,933	5,787	3,895	3,895	3,462	4,321	55,235
Total Payroll Costs			47,074	46,657	69,375	45,823	45,823	48,183	47,825	70,639	47,197	47,570	47,138	49,497	612,801
Operating Expenses															
Licenses and Fees		62051	0	100	0	34	126	75	685	0	0	20	60	51	1,151
Travel Allowance		62151	75	75	75	75	75	75	75	75	75	75	75	75	900
Meetings and Meals		62201	650	30	40	25	110	130	200	125	100	100	300	100	1,910
Dues, memberships, Subs.		62251	160	50	50	200	335	230	50	50	50	50	130	430	1,785
Data Processing		62301	296	542	320	293	442	447	297	303	181	268	267	444	4,100
Security		62351	81	40	81	40	40	80	40	125	100	300	0	80	1,007
Postage		62401	232	30	170	57	10	200	20	250	200	200	195	108	1,672
Printing		62451	650	500	50	1,400	100	100	300	500	40	1,400	710	200	5,950
Utilities: garbage		62511	570	587	587	587	587	587	587	587	587	587	587	587	7,027
Utilities: gas/elec		62521	1,840	1,800	1,850	2,400	2,700	7,000	8,500	7,500	7,000	6,500	4,000	2,500	53,590
Utilities: propane		62531	0	0	175	0	0	50	0	0	0	277	0	0	502
Utilities: telephone		62541	248	248	248	248	248	248	248	248	248	248	248	248	2,976
Utilities: Irrig. water		62551	350	350	7,550	10,000	20,000	25,000	25,000	22,000	15,000	10,000	5,000	1,000	141,250
Utilities: water/sewer		62561	150	150	450	450	450	450	450	245	245	235	225	225	3,725
Oper Equip Rep. & Main.		62601	1,500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,300	1,100	21,900
Irrigation		62651	200	200	1,000	1,000	1,000	1,000	1,000	500	400	400	350	385	7,435
Building		62701	500	500	500	600	600	600	600	600	500	500	500	500	6,500
Uniforms		62751	265	265	265	286	839	265	265	265	265	265	265	265	3,775
Gas & Oil		62801	500	700	1,000	1,100	1,100	1,400	1,500	1,400	1,100	900	800	700	12,200
Golf Cart Repair		62851	500	550	600	650	700	750	750	700	600	500	500	500	7,300

VALLEJO GOLF CLUB, INC.
2007 Operating Budget

	ACCT #	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
EAST GOLF COURSE														
Golf Cart Gas & Oil	62901	500	700	1,000	1,100	1,300	1,700	1,800	1,200	1,000	1,000	1,100	700	13,100
Accounting	62931	500	1,000	6,000	400	0	0	0	2,700	0	0	0	0	10,600
Legal	62951	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Tournament Expense	63001	0	0	250	0	0	0	0	0	0	250	0	0	500
Janitorial	63051	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Play Equipment	63101	1,600	1,600	500	700	800	800	150	810	100	100	100	100	7,360
Health ins.	63161	7,610	7,610	7,610	7,610	7,610	7,610	7,610	7,610	7,610	7,610	7,610	7,610	91,320
Liability ins.	63171	0	4,817	1,815	1,815	1,815	1,815	1,815	1,815	1,815	0	0	0	17,522
W.C. ins.	63181	0	7,100	2,850	2,850	2,850	2,850	2,850	2,850	2,850	2,850	2,850	0	32,750
Dental ins.	63191	994	994	994	994	994	994	994	994	994	994	994	994	11,928
First Aid Supplies	63201	0	40	0	0	0	0	0	40	0	0	0	0	80
Office Supplies	63251	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Cleaning Supplies	63301	250	350	350	400	400	400	400	350	300	267	267	267	4,001
Operating Supplies	63351	200	701	300	376	560	720	800	595	400	200	160	200	5,212
Grounds Maint. Supplies	63401	30	30	75	100	150	150	150	150	100	75	50	30	1,090
Bunker Sand	63451	450	0	1,500	0	0	1,500	0	0	1,500	0	0	0	4,950
Topdressing Sand	63501	0	0	2,650	500	500	500	500	0	2,650	500	0	0	7,800
Ground Cover	63551	0	0	0	150	150	150	150	150	0	0	0	0	750
Aggregates	63601	0	0	200	0	50	0	200	0	200	0	200	0	850
Seed	63651	0	100	800	0	100	0	0	0	300	100	0	0	1,400
Tires	63701	75	100	100	100	100	100	100	100	100	100	100	0	1,075
Fertilizers	63751	200	100	100	100	100	100	100	100	100	100	100	0	1,200
Fungicides	63801	300	300	200	1,300	3,300	2,100	2,500	200	2,400	200	2,400	800	16,000
Herbicides	63851	1,250	1,000	325	400	450	2,300	700	150	0	750	1,500	100	8,925
Insecticides	63901	0	0	0	800	300	300	300	300	200	0	0	0	2,200
Other Chemicals	63951	0	0	0	0	50	0	50	0	0	0	0	0	100
Signage	64001	75	160	260	100	1,000	175	700	155	156	90	325	0	3,196
Pest Control	64051	100	0	0	0	500	0	0	500	0	0	0	0	1,100
Lab Testing	64101	24	24	24	24	24	24	24	24	24	24	24	24	288
Schools & Training	64151	0	0	0	500	0	0	0	100	0	0	0	0	600
Other Contracted Services	64201	50	200	350	200	100	100	100	100	100	100	100	0	1,500
Leases	64251	300	300	300	300	300	300	300	300	300	300	300	300	3,600
Advertising	64301	2,605	2,605	2,605	2,605	2,605	2,605	4,000	4,000	4,000	4,000	4,000	4,000	39,630
Promotion	64351	350	350	750	750	750	750	750	750	500	352	352	352	6,756
Donations	64401	75	25	200	300	50	200	75	100	100	150	200	100	1,575
Bank Charges	64441	0	0	0	20	20	20	0	0	0	0	0	0	60
Miscellaneous Exp.	64451	950	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	14,480
Depreciation	64551	75	75	75	50	75	75	50	75	75	75	50	50	800
Property Taxes-Equipment	64601	3,310	3,310	3,310	3,311	3,311	3,311	3,311	3,311	3,311	3,311	3,311	3,311	39,729
	64651	0	0	0	0	0	0	145	2,000	0	0	0	0	2,145
Total Oper. Expenses		32,840	45,738	55,934	52,730	65,206	75,766	76,621	72,432	63,306	51,753	45,035	31,866	669,227

VALLEJO GOLF CLUB, INC.
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EAST GOLF COURSE	ACCT #	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Total Expenses		79,914	92,395	125,309	98,553	111,029	123,949	124,446	143,071	110,503	99,323	92,173	81,363	1,282,028
Other Disbursements														
Regular Fund, Misc		0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Improvement Add.	64701	0	0	0	0	0	0	0	2,917	2,917	2,917	2,917	2,917	14,585
Capital Improvement Exist.	64701	0	0	0	0	2,000	0	0	0	0	0	0	0	2,000
Capital Equipment	64721	0	0	0	0	0	6,000	22,000	0	0	0	0	0	28,000
Bond Payment	64751	42,668	42,668	42,668	42,668	42,668	42,668	42,668	42,668	42,668	42,668	42,668	42,668	512,016
County Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Management Fee	64761	0	0	0	0	0	40,000	0	0	0	0	0	40,000	80,000
Operations Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Disb.		42,668	42,668	42,668	42,668	44,668	88,668	64,668	45,585	45,585	45,585	45,585	85,585	636,601
TOTAL EXPENSES		122,582	135,063	167,977	141,221	155,697	212,617	189,114	188,656	156,088	144,908	137,758	166,948	1,918,629
NET PROFIT		-34,432	-35,084	-34,183	13,516	23,454	-28,962	-1,929	-3,286	7,542	18,567	-8,806	-76,184	-159,787

VALLEJO GOLF CLUB, INC.

2007 Operating Budget

WEST GOLF COURSE	ACCT #	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Revenues														
Green Fees	41203	31,110	35,795	43,257	55,400	73,025	96,870	96,260	102,175	76,736	64,765	52,855	34,910	763,158
Member Dues	41302	0	0	0	0	0	0	0	0	119,940	120,970	7,000	0	247,910
Tournament Members	41312	240	840	600	600	240	240	0	0	11,000	7,200	240	120	21,320
Senior Annual Card	41207	750	250	250	125	125	250	125	125	0	0	0	0	2,000
Junior Annual Card	41207	450	125	250	250	550	750	675	375	0	0	0	0	3,425
Handicap Service	41322	120	120	240	240	240	240	240	180	4,200	2,400	300	540	9,060
Golf Cart Storage	41402	5,607	0	0	0	0	0	0	0	0	0	0	38,434	44,041
Member path fees	41205	1,700	1,600	2,400	2,400	2,600	2,600	2,800	2,740	1,600	1,600	1,600	1,400	25,040
Rents	41702	0	0	0	0	0	0	0	0	0	0	0	0	0
Golf Cart Rental	41202	14,500	14,500	23,120	27,470	29,000	32,200	33,300	33,190	27,680	23,600	19,300	13,620	291,480
Tournament Income	41502	0	0	3,500	3,500	3,500	7,500	8,000	4,700	2,900	3,100	3,300	300	40,300
Private Cart Repairs	41211	100	100	100	400	150	350	300	175	175	200	125	125	2,300
Management Fee		0	0	0	0	0	40,000	0	0	0	0	0	40,000	80,000
Misc. Int., Etc.	41902	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Total Revenue		54,677	53,490	73,817	90,485	109,530	181,100	141,800	143,760	244,331	223,935	84,820	129,549	1,531,234
Payroll Costs														
Salary and Wages														
Administrative Share	60022	5,756	5,756	8,633	5,756	5,756	5,943	5,943	8,915	5,943	5,943	5,943	5,875	76,162
Golf Operations Share	60022	17,919	17,919	26,838	17,919	17,919	18,636	19,053	27,215	18,635	18,635	18,635	18,635	237,958
Maintenance	60022	21,471	21,471	32,267	21,471	21,471	22,330	22,330	32,886	22,330	22,330	22,330	22,330	285,017
Employee Bonuses	60042	0	0	180	0	0	180	0	0	180	0	0	5,000	5,540
Employee Benefits-401K	60062	108	108	161	108	108	108	108	108	160	108	108	108	1,401
Payroll Taxes	61022	5,869	5,643	7,451	4,514	4,514	4,691	4,259	6,211	4,222	4,222	3,753	4,216	59,565
Total Payroll Costs		51,123	50,897	75,530	49,768	49,768	51,888	51,693	75,335	51,470	51,238	50,769	56,164	665,643
Operating Expenses														
Licenses and Fees	62052	0	90	45	5	35	85	720	50	0	490	60	50	1,630
Travel Allowance	62152	300	100	100	80	50	60	115	400	50	50	100	35	1,440
Meetings and Meals	62202	650	30	40	25	150	130	175	125	100	1,700	0	500	3,625
Dues, memberships, Subs.	62252	15,600	460	585	980	1,660	675	200	315	175	250	30	0	20,990
Data Processing	62302	272	475	283	260	390	400	300	300	200	270	270	450	3,870
Security	62352	310	50	80	310	50	55	310	125	50	310	50	50	1,750
Postage	62402	130	180	214	150	500	50	234	55	200	301	195	150	2,359
Printing	62452	690	760	645	2,500	681	80	100	1,500	2,500	1,200	710	200	11,566
Utilities: garbage	62512	587	587	587	587	587	587	587	587	587	587	587	587	7,044
Utilities: gas/elec	62522	1,600	1,700	1,800	2,500	2,750	4,800	7,000	7,000	6,500	6,000	5,500	3,500	50,650
Utilities: propane	62532	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities: telephone	62542	248	248	248	248	248	248	248	248	248	248	248	248	2,976
Utilities: Irrig. water	62552	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities: water/sewer	62562	250	250	300	350	350	350	350	350	300	250	250	250	3,600
Oper Equip Rep. & Main.	62602	1,500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,300	1,100	21,900
Irrigation	62652	600	600	1,200	1,200	1,200	1,200	400	400	400	400	320	200	8,120
Building	62702	500	500	500	500	700	800	800	600	500	500	500	500	6,900
Uniforms	62752	220	220	500	850	220	220	270	220	220	220	220	220	3,600

VALLEJO GOLF CLUB, INC.

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WEST GOLF COURSE	ACCT #	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Gas & Oil	62802	500	700	1,000	1,100	1,300	1,700	1,800	1,200	1,000	1,000	1,000	700	13,000
Golf Cart Repair	62852	500	550	600	650	700	750	750	700	600	500	450	400	7,150
Golf Cart Gas & Oil	62902	500	700	1,000	1,150	1,200	1,600	1,700	1,600	1,000	1,000	1,100	700	13,250
Accounting	62932	500	1,000	6,000	400	0	0	0	2,700	0	0	0	0	10,600
Legal	62952	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Tournament Expense	63002	600	4,100	5,800	5,100	3,100	4,000	12,700	2,000	3,100	9,100	1,000	250	50,850
Janitorial	63052	940	940	940	940	1,000	940	1,000	940	940	940	940	940	11,400
Play Equipment	63102	1,600	1,600	700	700	500	500	500	500	100	100	100	100	7,000
Health ins.	63161	7,610	7,610	7,610	7,610	7,610	7,610	7,610	7,610	7,610	7,610	7,610	7,610	91,320
Liability ins.	63171	0	4,817	1,815	1,815	1,815	1,815	1,815	1,815	1,815	0	0	0	17,522
W.C. ins.	63181	0	7,100	2,850	2,850	2,850	2,850	2,850	2,850	2,850	2,850	2,850	0	32,750
Dental ins.	63191	994	994	994	994	994	994	994	994	994	994	994	994	11,928
First Aid Supplies	63202	0	40	0	0	0	40	0	40	0	40	0	0	160
Office Supplies	63252	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Cleaning Supplies	63302	240	500	355	200	555	525	465	420	360	200	340	267	4,427
Operating Supplies	63352	200	701	166	376	560	720	800	595	400	200	160	200	5,078
Grounds Maint. Supplies	63402	30	90	90	90	90	600	90	90	90	90	90	90	1,530
Bunker Sand	63452	0	0	2,500	0	0	2,500	0	0	2,500	0	0	0	7,500
Topdressing Sand	63502	0	0	2,600	500	0	500	500	550	2,600	500	0	0	7,750
Ground Cover	63552	0	0	0	150	150	150	150	150	0	0	0	0	750
Aggregates	63602	0	0	200	0	250	0	200	0	0	250	0	0	900
Seed	63652	0	0	800	800	250	250	250	250	300	100	0	0	3,000
Small Tools	63702	0	100	100	200	200	200	200	200	100	100	100	0	1,500
Tires	63752	0	100	100	0	200	200	200	200	0	0	0	0	1,000
Fertilizers	63802	1,500	300	200	3,700	200	3,410	2,500	200	350	200	3,500	1,500	17,560
Fungicides	63852	880	600	600	1,000	400	1,500	700	700	1,100	1,100	1,000	500	10,080
Herbicides	63902	0	500	0	800	0	500	0	500	300	0	0	0	2,600
Insecticides	63952	0	0	0	50	0	50	0	0	0	0	0	0	100
Other Chemicals	64002	90	160	260	100	1,000	175	700	155	156	90	325	0	3,211
Signage	64052	100	0	100	200	200	200	200	0	0	0	0	0	1,000
Pest Control	64102	24	24	24	24	24	24	24	24	24	24	24	24	288
Lab Testing	64152	100	0	100	100	0	100	0	100	0	0	0	0	500
Schools & Training	64202	50	200	350	200	100	100	100	100	100	100	100	0	1,500
Other Contracted Services	64252	310	300	300	300	100	1,300	800	300	1,200	0	200	0	5,110
Leases	64302	2,605	2,605	2,605	2,605	2,605	2,605	4,000	4,000	4,000	4,000	4,000	4,000	39,630
Advertising	64352	1,500	352	500	1,500	1,500	1,500	500	500	352	352	352	352	9,260
Promotion	64402	80	25	200	300	50	200	75	100	100	605	285	100	2,120
Donations	64442	25	0	0	40	20	20	0	100	0	0	0	0	205
Bank Charges	64452	900	1,100	1,100	1,100	1,200	1,300	1,400	1,400	1,300	1,200	1,100	900	14,000
Miscellaneous exp.	64552	50	50	50	50	50	50	50	50	50	50	50	0	550
Depriation	64602	3,310	3,310	3,310	3,311	3,311	3,311	3,311	3,311	3,311	3,311	3,311	3,311	39,729
Property Tax-Equipment	64652	0	0	0	0	0	0	145	2,000	0	0	0	0	2,145
Total Oper. Expenses		50,395	50,618	56,246	54,750	46,855	57,729	64,088	54,419	53,932	52,582	42,521	32,178	616,313
Total expenses		101,518	101,515	131,776	104,518	96,623	109,617	115,781	129,754	105,402	103,820	93,290	88,342	1,281,956
Other Disbursements		0	0	0	0	0	0	0	0	0	0	0	0	0
Regular Fund, Misc														

VALLEJO GOLF CLUB, INC.

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ACCT #	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
WEST GOLF COURSE													
Capital Improvement Add.	0	0	0	0	0	0	0	2,917	2,917	2,917	2,917	2,917	14,585
Capital Improvement Exist.	0	0	0	0	4,000	0	0	0	0	0	0	0	4,000
Capital Equipment	0	0	0	0	0	6,000	22,000	0	0	0	0	0	28,000
Bond Payment	0	0	0	0	0	0	0	0	0	0	0	0	0
County Payment	0	0	0	0	0	0	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0	0	0	0	0	0	0
Operations Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Disb.	0	0	0	0	4,000	6,000	22,000	2,917	2,917	2,917	2,917	2,917	46,585
TOTAL EXPENSES	101,518	101,515	131,776	104,518	100,623	115,617	137,781	132,671	108,319	106,737	96,207	91,259	1,328,541
NET PROFIT	-46,841	-48,085	-57,959	-14,033	8,907	65,483	4,019	11,089	136,012	117,198	-11,387	38,290	202,693

VALLEJO GOLF CLUB, INC.
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JOE M GOLF COURSE	ACCT #	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Revenue														
Green Fees	41210	13,249	16,035	22,025	24,990	25,275	27,090	19,545	28,750	24,365	22,065	18,126	11,316	252,831
Monthly Cards	41209	600	1,200	1,500	1,800	1,800	1,800	600	1,800	1,800	1,800	1,500	900	17,100
Junior Member Card		250	500	750	1,000	1,250	1,250	1,250	1,000	750	50	50	0	8,100
Golf Cart Storage		0	0	0	0	0	0	0	0	0	0	0	0	0
Cart Path		0	0	0	0	0	0	0	0	0	0	0	0	0
Rents		0	0	0	0	0	0	0	0	0	0	0	0	0
Golf Cart Rental	41703	0	0	0	0	0	0	0	0	0	0	0	0	0
Tournament Receipts		0	0	0	0	0	0	0	0	0	0	0	0	0
Misc. Admin/Int., Etc.		600	600	1,100	1,300	1,350	1,875	1,100	2,000	900	650	575	500	12,550
Total Revenue		14,699	18,335	25,375	29,090	29,675	32,015	22,495	33,550	27,815	24,565	20,251	12,716	290,581
Payroll Costs														
Salary and Wages														
Administrative Share	60023	677	677	1,015	677	677	700	700	1,049	700	700	700	690	8,962
Golf Operations	60023	5,084	5,084	7,754	5,084	5,084	5,287	3,451	8,000	5,287	5,287	5,331	5,331	66,064
Maintenance	60023	4,202	4,012	5,919	4,012	4,012	4,181	4,181	6,272	4,181	4,181	4,181	4,181	53,515
Employee Bonuses	60043	0	0	90	0	0	0	90	0	0	90	0	1,000	1,270
Employee Benefits-401K	60063	20	20	30	20	20	20	20	20	30	20	20	20	260
Payroll Taxes	61003	1,276	1,226	1,630	988	988	1,025	778	1,385	915	915	833	919	12,878
Total Payroll Costs		11,259	11,019	16,438	10,781	10,781	11,213	9,220	16,726	11,113	11,193	11,065	12,141	142,949
Operating Expenses														
Licenses and Fees	62053	0	25	0	10	0	0	360	5	0	0	43	32	475
Travel Allowance	62153	45	15	25	45	15	30	15	35	10	45	15	25	320
Meetings and Meals	62203	215	5	5	5	5	5	5	5	5	5	5	65	330
Dues, memberships, Subs.	62253	40	0	0	23	161	56	0	0	0	19	0	115	414
Data Processing	62303	91	91	91	91	91	91	91	91	91	91	91	91	1,092
Security	62353	117	0	0	124	0	0	117	0	0	117	0	0	475
Postage	62403	40	40	40	40	40	40	40	40	40	40	40	40	480
Printing	62453	50	25	15	15	500	15	15	15	15	70	15	10	760
Utilities: garbage	62513	221	221	221	221	221	221	221	221	221	221	221	221	2,652
Utilities: gas/elec	62523	115	330	330	350	350	1,800	1,500	1,800	1,500	350	300	125	8,850
Utilities: propane	62533	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities: telephone	62543	105	105	105	105	105	105	105	105	105	105	105	105	1,260
Utilities: Irrig. water	62563	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities: water/sewer	62553	50	50	50	50	50	50	50	50	50	50	50	50	600
Oper Equip Rep. & Main.	62603	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Irrigation	62653	0	0	50	50	50	50	50	50	50	50	50	50	450
Building	62703	50	50	50	50	50	50	50	50	50	50	50	50	600
Uniforms	62753	0	0	0	75	100	75	0	0	0	0	0	0	250
Gas & Oil	62803	50	200	75	100	250	300	100	300	100	100	300	100	1,975
Golf Cart Repair		0	0	0	0	0	0	0	0	0	0	0	0	0
Golf Cart Gas & Oil		0	0	0	0	0	0	0	0	0	0	0	0	0

64803	3,500	3,500	4,500	6,500	7,000	7,000	4,000	7,000	7,000	7,000	6,500	6,000	4,500	67,000
County rent	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operations Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Disb.	3,500	3,500	4,500	6,500	7,000	7,000	4,000	7,000	7,000	7,000	6,500	6,000	4,500	67,000
TOTAL EXPENSES	19,619	21,794	27,042	26,227	24,911	25,948	20,786	31,435	26,182	23,163	22,012	20,837	289,956	
NET PROFIT	-4,920	-3,459	-1,667	2,863	4,764	6,067	1,709	2,115	1,633	1,402	-1,761	-8,121	625	

VALLEJO GOLF CLUB, INC.
2007 Operating Budget

EAST DRIVING RANGE	ACCT #	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Revenue														
Token sales	40104	11,700	15,925	22,750	24,375	25,350	27,625	28,600	27,625	26,650	24,375	22,750	17,875	275,600
Card sales	40204	1,925	3,850	5,225	5,500	5,500	6,050	6,050	6,050	4,400	4,125	3,025	2,200	53,900
Rent	41704	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue		13,625	19,775	27,975	29,875	30,850	33,675	34,650	33,675	31,050	28,500	25,775	20,075	329,500
Payroll Costs														
Salary and Wages														
Administrative Share	60024	677	677	1,016	677	677	699	699	1,049	699	699	699	691	8,959
Golf Operations	60024	5,500	5,500	11,998	7,842	7,842	8,155	8,155	12,166	8,155	6,100	5,500	5,500	92,113
Maintenance	60024	327	327	491	327	327	341	341	511	341	341	341	341	4,356
Employee Bonuses	60044	0	0	400	0	0	400	0	0	400	0	0	1,000	2,200
Employee Benefits-401K	60064	15	15	23	15	15	15	15	15	22	15	15	15	195
Payroll Taxes	61024	650	650	1,452	885	885	919	828	1,235	828	714	653	752	10,451
Total Payroll Costs		7,169	7,169	15,080	9,746	9,746	10,529	10,038	14,976	10,445	7,869	7,208	8,299	118,274
Operating Expenses														
Licenses and Fees	62054	0	25	0	10	10	0	255	5	0	0	25	0	330
Travel Allowance	62154	50	15	85	20	10	15	25	34	13	12	24	20	323
Meetings and Meals	62204	65	3	10	3	3	10	75	20	20	370	3	75	657
Dues, Memberships, Subs.	62254	17	22	47	50	180	20	15	0	0	0	35	0	386
Data Processing	62304	75	75	125	75	125	125	75	75	75	75	75	75	1,050
Security	62354	0	0	80	0	0	80	0	0	80	0	0	80	320
Postage	62404	20	60	70	50	133	20	75	18	67	60	65	30	668
Printing	62454	90	10	10	200	135	15	40	15	15	70	15	10	625
Utilities: garbage	62514	125	125	125	125	125	125	125	125	125	125	125	125	1,500
Utilities: gas/elec	62524	120	120	120	120	120	375	175	175	170	145	150	75	1,865
Utilities: propane	62534	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities: telephone	62544	102	102	102	102	102	102	102	102	102	102	102	102	1,224
Utilities: irrig.water	62564	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities: water/sewer	62564	82	91	87	85	100	105	105	105	110	101	95	95	1,161
Oper Equip Rep. & Main.	62604	175	310	300	300	300	350	250	300	250	250	250	250	3,285
Irrigation	62654	75	75	75	75	100	125	125	125	100	50	50	50	1,025
Building	62704	25	25	25	25	300	100	100	300	25	25	300	25	1,275
Uniforms	62754	41	41	141	141	41	41	41	41	41	41	41	41	692
Gas & Oil	62804	40	65	50	70	100	50	60	35	35	45	30	35	615
Golf Cart Repair		0	0	0	0	0	0	0	0	0	0	0	0	0
Golf Cart Gas & Oil		0	0	0	0	0	0	0	0	0	0	0	0	0
Accounting	62934	100	100	100	0	0	0	0	100	0	0	0	0	400
Legal	62954	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Tournament Expense		0	0	0	0	0	0	0	0	0	0	0	0	0
Janitorial	63054	235	235	235	235	235	235	235	235	235	235	235	235	2,820
Play Equipment	63104	50	50	50	50	4,500	100	100	4,500	100	50	50	50	9,650
Health ins.	63161	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	22,800

NET PROFIT

-10,580 -7,620 -5,946 -4,061 -3,049 -1,051 4,970 -5,631 -3,693 1,913 545 -4,909 -39,112

**VALLEJO GOLF CLUB, INC
2007 OPERATING BUDGET**

	ACCT #	Jan	Feb	Mar	Apr	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
RETAIL OPERATIONS														
REVENUE														
ACCESSORIES														
Balls		2,200	3,200	5,500	6,000	7,500	7,500	7,500	7,000	5,000	5,000	4,000	3,500	63,900
Gloves		1,900	1,200	1,700	1,800	2,100	2,100	2,200	2,200	1,500	1,500	1,100	1,500	20,800
Misc. accessories		1,000	1,000	1,400	1,600	1,600	1,600	1,600	1,600	1,200	1,200	1,100	1,100	16,000
Total Accessories		5,100	5,400	8,600	9,400	11,200	11,200	11,300	10,800	7,700	7,700	6,200	6,100	100,700
SOFT GOODS														
MEN'S														
Hats		1,300	1,000	1,200	1,600	2,000	2,100	1,900	1,900	1,400	1,400	1,200	1,200	18,200
Shoes		1,200	1,200	1,800	1,800	2,200	2,200	2,200	2,200	1,600	1,500	1,400	1,000	20,300
Clothing		400	700	1,000	1,200	1,800	1,800	1,800	1,600	1,400	1,300	1,300	2,000	16,000
Outerwear		800	800	1,000	1,000	500	500	500	500	400	700	1,100	2,000	9,800
WOMEN'S														
Hats		0	0	0	0	0	0	0	0	0	0	0	0	0
Shoes		200	200	500	500	500	500	500	500	400	350	300	400	4,850
Clothing		100	200	350	500	1,100	1,200	1,200	1,200	900	600	350	400	8,100
Outerwear		350	350	500	500	250	250	250	200	150	200	600	600	4,200
Total Softgoods		4,350	4,450	6,350	7,100	8,050	8,550	8,350	8,100	6,250	6,050	6,250	7,600	81,450
EQUIPMENT														
Men's woods		1,700	1,550	1,950	2,000	3,000	3,500	2,600	2,700	1,400	1,650	1,600	1,350	25,000
Ladies woods		0	150	0	150	300	500	300	300	0	200	0	0	1,900
Men's irons		800	1,200	1,700	1,800	2,000	2,000	2,000	2,000	1,500	1,000	1,000	800	17,800
Women's irons		0	300	0	300	0	300	600	300	0	300	0	0	2,100
Utility clubs		400	600	700	1,200	1,500	1,500	1,400	1,300	1,000	1,000	800	700	12,100
Putters		600	750	850	900	1,200	1,350	1,100	1,500	1,200	1,000	900	800	12,150
Bags		550	600	1,000	1,000	1,000	1,000	1,200	1,300	1,200	1,000	600	1,000	11,450
Total Equipment		4,050	5,150	6,200	7,350	9,000	10,150	9,200	9,400	6,300	6,150	4,900	4,650	82,500
Rentals														
Pull carts		250	250	400	500	500	500	500	500	400	300	250	200	4,550
Clubs		150	250	200	250	300	300	300	300	200	150	200	100	2,700
Total Rental		400	500	600	750	800	800	800	800	600	450	450	300	7,250
Misc.Int., etc		25	25	25	25	25	25	25	25	25	25	25	25	300
TOTAL REVENUE		13,925	15,525	21,775	24,625	29,075	30,725	29,675	29,125	20,875	20,375	17,825	18,675	272,200
COST OF GOODS SOLD														
Merch Costs - Soft Goods		2,871	2,937	4,191	4,686	5,313	5,643	5,511	5,346	4,125	3,993	4,125	5,016	53,757
Merch Costs - Hard Goods		2,673	3,399	4,092	4,851	5,940	6,699	6,072	6,204	4,158	4,059	3,234	3,069	54,450
Merch Costs - Accessories		3,366	3,564	5,676	6,204	7,392	7,392	7,458	7,128	5,082	5,082	4,092	4,026	66,462
Freight		0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL COST OF GOODS		8,910	9,900	13,959	15,741	18,645	19,734	19,041	18,678	13,365	13,134	11,451	12,111	174,669
GROSS PROFIT		5,015	5,625	7,816	8,884	10,430	10,991	10,634	10,447	7,510	7,241	6,374	6,564	97,531
PAYROLL COSTS														
Salaries and Wages		677	677	1,016	677	677	699	699	1,049	699	699	699	691	8,959
Administrative share	60025													

60025	1,239	1,239	1,840	1,239	1,239	1,289	1,913	1,289	1,289	1,289	1,289	16,443
60045	0	0	1,000	0	0	0	0	0	0	0	0	4,800
60065	11	11	11	11	11	11	11	11	11	11	11	132
61025	249	240	314	192	192	179	267	179	159	178	178	2,527
TOTAL PAYROLL COSTS	2,176	2,167	4,181	2,119	2,119	3,698	3,240	2,178	2,158	2,178	2,969	32,861

62055	0	0	0	0	0	0	0	0	0	0	0	160
62155	25	20	75	0	0	0	75	0	0	0	0	270
62205	200	0	50	0	0	0	75	0	0	0	0	325
62255	0	0	50	0	0	50	0	0	0	0	0	150
62305	60	60	60	60	60	60	60	60	60	60	60	720
62355	0	80	0	80	0	0	80	0	80	0	0	320
62405	45	45	45	45	45	45	45	45	45	45	45	540
62455	95	25	25	135	30	87	26	85	30	0	0	589
62515	0	0	0	0	0	0	0	0	0	0	0	0
62525	80	80	80	80	80	150	150	80	70	60	60	1,160
62535	35	35	35	35	35	35	35	35	35	35	35	420
62545	0	0	0	0	0	0	0	0	0	0	0	0
62555	0	0	0	0	0	0	0	0	0	0	0	0
62565	0	0	0	0	0	0	0	0	0	0	0	0
62605	0	0	0	0	0	0	0	0	0	0	0	0
62654	0	0	0	0	0	0	0	0	0	0	0	0
62705	10	10	10	10	10	10	10	10	10	10	10	120
62755	0	0	50	0	50	0	0	0	0	0	0	200
62804	0	0	0	0	0	0	0	0	0	0	0	0
62851	0	0	0	0	0	0	0	0	0	0	0	0
62901	0	0	0	0	0	0	0	0	0	0	0	0
62935	100	100	100	0	0	0	100	0	0	0	0	400
62955	0	0	0	0	0	0	0	0	0	0	0	0
63001	0	0	0	0	0	0	0	0	0	0	0	0
63055	0	0	0	0	0	0	0	0	0	0	0	0
63105	0	0	0	0	0	0	0	0	0	0	0	0
63161	150	150	150	150	150	150	150	150	150	150	150	1,800
63171	0	240	120	120	120	120	120	0	0	0	0	1,080
63181	0	400	150	150	150	150	150	150	150	150	150	1,750
63191	30	30	30	30	30	30	30	30	30	30	30	360
63205	0	0	0	0	0	0	0	0	0	0	0	0
63255	120	120	120	120	120	120	120	120	120	120	120	1,440
63305	0	0	0	0	0	0	0	0	0	0	0	0
63355	10	10	265	10	10	10	10	10	10	10	10	375
63401	0	0	0	0	0	0	0	0	0	0	0	0
63451	0	0	0	0	0	0	0	0	0	0	0	0
63501	0	0	0	0	0	0	0	0	0	0	0	0
63551	0	0	0	0	0	0	0	0	0	0	0	0
63601	0	0	0	0	0	0	0	0	0	0	0	0
63651	0	0	0	0	0	0	0	0	0	0	0	0
63701	0	0	0	0	0	0	0	0	0	0	0	0
63751	0	0	0	0	0	0	0	0	0	0	0	0

OPRATING EXPENSES

- License and fees
- Travel allowance
- Meeting and meals
- Dues, Memberships, Sub.
- Data Processing
- Security
- Postage
- Printing
- Utilities: garbage
- Utilities: gas/elec
- Utilities: propane
- Utilities: telephone
- Utilities: water
- Utilities: other
- Oper Equip Rep. & Main.
- Irrigation
- Building
- Uniforms
- Gas & Oil
- Golf Cart Repair
- Golf Cart Gas & Oil
- Accounting
- Legal
- Tournament Expense
- Janitorial
- Play Equipment
- Health ins.
- Liability ins.
- W.C. ins.
- Dental ins.
- First Aid Supplies
- Office Supplies
- Cleaning Supplies
- Operating Supplies
- Grounds Maint. Supplies
- Bunker Sand
- Topdressing Sand
- Ground Cover
- Aggregates
- Seed
- Small Tools
- Tires

**VALLEJO GOLF CLUB, INC
2007 OPERATING BUDGET**

CAFE OPERATIONS REVENUE	ACCT #	Jan	Feb	Mar	Apr	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Range		4,300	6,150	7,500	8,400	9,350	11,000	10,600	9,900	9,200	8,500	6,500	4,300	95,700
Restaurant		11,800	15,500	21,500	22,500	27,000	29,000	31,000	27,000	23,800	22,500	17,900	14,250	263,750
Total Sales		16,100	21,650	29,000	30,900	36,350	40,000	41,600	36,900	33,000	31,000	24,400	18,550	359,450
SALES														
Beverage	42019	5,700	6,500	8,200	9,000	9,800	11,100	11,500	11,000	9,500	8,500	6,500	5,900	103,200
Food	42009	6,500	8,500	11,000	11,500	14,000	15,500	16,000	13,000	11,100	11,000	10,000	8,100	136,200
Beer	42029	2,000	4,000	6,500	6,800	8,250	8,500	9,000	8,500	8,400	8,000	4,800	2,000	76,750
Quickies	42049	1,500	2,000	2,500	2,700	3,200	3,700	4,000	3,300	2,900	2,600	2,400	2,000	32,800
Cigarette	42039	400	650	800	900	1,100	1,200	1,100	1,100	1,100	900	700	550	10,500
TOTAL SALES		16,100	21,650	29,000	30,900	36,350	40,000	41,600	36,900	33,000	31,000	24,400	18,550	359,450
COST OF GOODS SOLD														
Beverage	52019	1,995	2,275	2,870	3,150	3,430	3,885	4,025	3,850	3,325	2,975	2,275	2,065	36,120
Food	52009	2,275	2,975	3,850	4,025	4,900	5,425	5,600	4,550	3,885	3,850	3,500	2,835	47,670
Beer	52029	700	1,400	2,275	2,380	2,888	2,975	3,150	2,975	2,940	2,800	1,680	700	26,863
Quickies	52049	525	700	875	945	1,120	1,295	1,400	1,155	1,015	910	840	700	11,480
Cigarette	52039	140	228	280	315	385	420	385	385	385	315	245	193	3,675
TOTAL COST OF GOODS SOLD		5,635	7,578	10,150	10,815	12,723	14,000	14,560	12,915	11,550	10,850	8,540	6,493	125,808
GROSS PROFIT		10,465	14,073	18,850	20,085	23,628	26,000	27,040	23,985	21,450	20,150	15,860	12,058	233,643
PAYROLL COSTS														
Salaries and Wages	60029	677	677	1,016	677	677	699	699	1,049	699	699	699	691	8,959
Administrative share	60029	9,260	9,700	16,739	11,114	11,114	11,559	11,559	17,408	11,559	11,559	10,500	10,500	142,571
Cafe Operations	60049	0	0	0	0	1,500	0	0	0	0	0	1,500	0	3,000
Employee Bonus	60069	11	11	11	11	11	11	11	11	11	11	11	11	132
Payroll Taxes	61029	926	970	1,953	1,179	1,179	1,226	1,103	1,661	1,103	1,103	945	945	14,293
TOTAL PAYROLL COSTS		10,874	11,358	19,719	12,981	14,481	13,495	13,372	20,129	13,372	13,372	13,655	12,147	168,955
OPRATING EXPENSES														
License and fees	62059	0	0	0	0	0	0	200	0	0	1,200	0	0	1,400
Travel allowance	62159	25	25	25	25	25	25	25	25	25	25	25	25	300
Meeting and meals	62209	200	0	50	0	0	0	0	75	0	0	0	0	325
Dues, Memberships, Sub.	92259	0	0	50	0	0	50	0	0	50	0	0	0	150
Data Processing	62309	60	60	60	60	60	60	60	60	60	60	60	60	720
Security		0	80	0	0	80	0	0	80	0	0	80	0	320
Postage	62409	45	45	45	45	45	45	45	45	45	45	45	45	540
Printing		95	25	25	135	30	25	87	26	26	85	30	0	589

Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Tax-Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING EXPENSE	1,380	2,665	3,313	3,703	3,348	3,358	3,345	3,859	3,209	3,865	2,680	2,265	36,990						
OTHER DISBURSEMENTS																			
Regular Fund, Misc	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Improvement Add.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Improvement Exist.	4,000	0	0	0	3,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Equipment	0	0	0	1,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,500
County Rent	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,500
Bond Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operations Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Disb.	4,000	0	0	1,500	3,500	0	0	0	0	0	0	0	0	0	0	0	0	0	9,000
TOTAL EXPENSE	16,254	14,023	23,032	18,184	21,329	16,853	16,717	23,988	16,581	17,237	16,335	14,412	214,945						
OPERATING PROFIT	-5,789	50	-4,182	1,901	2,299	9,147	10,323	-3	4,869	2,913	-475	-2,355	18,698						

2007 EAST COURSE REVENUE PROJECTION

	RATES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
CART ROUNDS														
18-Hole	32	22400	22720	30400	38400	40640	40000	48000	48000	41600	42240	35840	23840	434080
Twilight	22	1760	2860	6160	6600	7150	7920	9020	7480	5500	4840	4400	3300	66990
Private Cart	2	30	40	50	100	100	100	100	60	50	50	40	30	750
Outside Tournament Cart	32	1600	2560	3200	4800	8000	7360	5440	6400	5440	10240	3584	1120	59744
TOTAL CART REVENUE		25790	28180	39810	49900	55890	55360	62560	61940	52590	57370	43864	28290	561564
GREEN FEE REVENUE														
WEEKDAY														
Non resident	30	3000	3900	6600	7500	7600	8400	8400	8250	7950	7500	6750	6750	82800
Resident	24	1200	2040	2160	3840	4080	4680	5400	4680	5280	4800	3360	3120	44640
Non resident-twilight	20	1200	2400	4500	5000	5000	5500	6000	4500	3800	3400	2800	1600	45700
Resident-twilight	18	1260	1890	3420	3870	3870	4500	4500	4050	3060	2700	1620	1350	36090
Senior	18	450	450	630	630	630	720	900	900	900	720	720	720	8370
Junior club	8	120	96	120	120	120	320	600	600	280	160	80	80	2696
Junior weekday	14	140	210	210	490	490	490	840	840	140	140	140	140	4270
Ladies Nine Hole League	12	0	0	24	72	96	120	180	180	120	120	0	0	912
Business League	12	0	0	0	960	2640	3120	1440	2880	2160	0	0	0	13200
Member Coupon	19	190	285	380	570	570	665	665	665	570	475	380	285	5700
Tournament Non-Res Weekday	30	0	1200	1200	1500	1500	5400	1200	3300	1200	3000	720	0	19920
Tournament Resident Weekday	24	0	0	0	4800	2640	0	0	0	0	2400	0	0	9840
SIRS	20	1100	0	600	1000	800	800	800	800	1200	1500	800	0	9600
Replay	12	120	120	120	120	180	240	240	240	180	120	120	60	1860
Non-Resident Senior	23	4600	4600	4600	5750	9200	9430	9430	9430	8050	6900	4600	2300	78890
TOTAL WEEKDAY REV		13380	17191	24564	31122	41976	47025	40595	41315	34890	33935	22090	16405	364488
OTHER ROUNDS REV														
Coupon-single	24	720	720	960	1200	1200	1320	1440	960	960	960	720	720	11880
Coupon-2 & cart	23	3910	4600	5750	6900	6900	6900	6900	6900	6900	6325	5175	5175	72335
Solano express	23	1495	1265	2300	2530	2530	2530	2530	2530	2300	2300	1380	1265	24955
Club 19 - 2 & cart	23	460	345	575	690	805	805	805	805	690	575	460	345	7360
Club 19 - single	24	120	48	120	120	120	120	120	120	120	120	48	24	1200
West Coast coupon	23	230	345	460	690	690	690	690	690	690	460	345	345	6325
Web coupon	23	3680	3220	8050	8625	8625	9200	9775	9200	8050	6900	5750	4600	85675
Pre-twilight coupon	19	1330	1710	1805	2090	3230	2945	3610	3230	2375	2280	1900	1900	28405
TOTAL OTHER REV		11945	12253	20020	22845	24100	24510	25870	24435	22085	19920	15778	14374	238135
TOTAL WEEKDAY REV		25325	29444	44594	53967	66076	71535	66465	65750	56975	53855	37868	30779	602623
WEEKEND														
Non resident	34	22100	22950	25500	27200	27200	28900	30600	27200	27200	27200	27200	17000	308550
Resident	30	7500	8400	10800	10800	11250	7500	10500	12000	12000	10050	9600	6600	115200
Non resident-twilight	22	1650	1980	3300	3300	4400	3080	3300	3520	3520	2640	1650	1100	33990
Resident-twilight	20	1400	1800	2600	2600	3000	2600	2600	2700	2300	2000	1500	800	26300
Junior weekend	16	480	480	640	640	640	560	560	560	560	480	400	240	6080
Tournament Non-Res Weekend	34	3060	5440	5440	5780	7820	9350	6800	7650	4760	7480	5100	3060	71740
Tournament Resident Weekend	30	300	450	450	450	750	2550	600	600	600	600	600	1800	9750
Replay	15	75	75	150	150	225	300	300	300	225	150	150	75	2175

Member Weekend	30	120	180	300	300	300	300	300	300	300	300	300	420	420	3420
Pre-Twilight Weekend	25	250	500	1250	1500	1500	2500	2750	2500	1250	500	500	500	500	16250
TOTAL WEEKEND REV		36935	42255	49300	57085	56640	58060	57580	53965	52150	47120	31595	31595	31595	593455
TOTAL ROUNDS REV		62260	71699	93884	104737	123161	124525	123330	110940	106005	84988	62374	62374	62374	1196078
TOTAL REVENUE		88050	99879	133694	154637	179051	187085	185270	163530	163375	128852	90664	90664	90664	1757642

2007 WEST COURSE REVENUE PROJECTION

	RATES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
CART ROUNDS														
18-Hole	32	11200	11200	16960	20320	22400	25600	25600	25600	22400	19200	16000	11200	227680
Twilight	22	3300	3300	6160	7150	6600	6600	7700	7590	5280	4400	3300	2420	63800
Member trail fee	2	1700	1600	2400	2600	2800	2800	2800	2740	1600	1600	1600	1400	25040
Tournament Cart	32	0	0	0	0	0	4800	2240	3840	0	0	0	0	10880
Rental Cart Total		16200	16100	25520	29870	31600	39600	38340	39770	29280	25200	20900	15020	327400
GREEN FEE REVENUE														
WEEKDAY														
Non resident	30	2250	2250	2400	2700	3750	6000	6000	7500	6000	5100	4500	3300	51750
Resident	24	2400	2640	3240	4200	6000	7440	7200	7200	6000	5040	4200	3480	59040
Non resident-twilight	20	700	1000	1200	1800	3000	4800	5200	5400	3000	2000	1600	1100	30800
Resident-twilight	18	1530	1620	2160	3060	3960	5760	5760	5940	4860	3600	3150	1980	43200
Member	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Senior	18	720	810	1080	1530	1530	1530	1530	1530	1260	1080	900	810	14310
Senior - back nine	9	360	540	900	1170	1440	1530	1665	1665	1080	1080	765	360	12555
Junior club	8	80	120	320	520	240	440	440	440	80	80	80	40	3360
Junior weekday	14	70	70	70	280	840	910	910	420	70	70	70	70	3010
Ladies Nine Hole League	12	0	0	120	960	1020	900	900	900	600	240	0	0	5640
Replay	12	60	60	60	120	240	360	240	240	180	120	120	120	1920
SIRS	20	0	0	0	0	0	1800	1600	1200	1200	800	600	0	7200
Tournament Non-Res Weekday	30	0	0	0	0	0	5250	1500	1800	1500	1500	600	0	12150
Tournament Resident Weekday	24	0	0	0	0	0	480	480	480	0	480	0	0	1920
Non-Resident Senior	23	920	920	1150	1150	1955	6210	6210	6210	4600	3450	2875	1150	36800
TOTAL WEEKDAY REV		9090	10030	12700	17280	23415	43640	39635	40925	30430	24640	19460	12410	283655
OTHER ROUNDS REVENUE														
Coupon-single	24	120	240	480	600	840	840	840	720	480	480	360	240	6240
Coupon-2 & cart	23	1840	1840	1955	2875	5405	5520	6670	6325	5175	3450	2760	2760	46575
Solano Express	23	460	575	1035	1150	1610	1150	1150	1150	1035	1035	1150	690	12190
Club 19 - 2 & Cart	23	46	46	92	115	115	115	115	115	92	92	92	46	1081
Club 19 Single	24	48	48	96	120	120	120	120	120	120	120	120	96	1248
West Coast Coupon	23	46	46	184	230	230	230	230	230	184	138	138	138	2024
Web coupon	23	2875	2875	3105	3450	3450	4025	4140	4600	4025	3450	2875	2760	41630
Pre-twilight coupon	19	1140	1330	1710	1805	2090	2090	2090	1900	1520	1140	570	475	17480
TOTAL COUPONS		6575	7000	8657	10250	13575	14090	15355	15160	12631	9905	8065	7205	128468
TOTAL WEEKDAY REV		15665	17030	21357	27530	36990	57730	54990	56085	43081	34545	27525	19615	412123
WEEKEND														
Non resident	34	8500	10200	11900	13600	17000	22100	22100	22100	16150	15640	13600	8500	176290
Resident	30	4500	4800	4950	6300	8400	8100	9000	9000	7500	6600	6000	3750	78600
Non resident-twilight	22	880	1320	1540	3080	4400	3630	3630	3300	2640	2530	2200	880	29920
Resident-twilight	20	1400	1400	1600	2900	3100	2800	3000	3000	2400	2000	1600	1000	26400
Member	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Junior weekend	16	80	160	240	320	480	800	800	800	720	640	400	400	5520
Tournament member tournament play	20	0	800	1500	1500	2100	800	1200	1400	1200	0	0	0	10500
Replay	17	85	85	170	170	255	340	340	340	255	170	170	85	2465

Tournament Non-Res Weekend	34	0	0	0	5100	1700	2550	2210	2040	1360	680	15840
Tournament Resident Weekend	30	0	0	0	300	600	3600	600	600	0	0	5700
TOTAL WEEKEND REV		15445	18765	21900	39140	41270	46090	33675	30220	25330	15295	351035
TOTAL ROUNDS REVENUE		31110	35795	43257	96870	96260	102175	76736	64765	52855	34910	763158
ANNUAL DUES												
Membership yearly	700	0	0	0	0	0	0	91000	91000	7000	0	189000
Individual	1030	0	0	0	0	0	0	23690	24720	0	0	48410
Couple	350	0	0	0	0	0	0	5250	5250	0	0	10500
Life/spouse		0	0	0	0	0	0	119940	120970	7000	0	247910
TOTAL MEMBERSHIP REV		0	0	0	0	0	0	119940	120970	7000	0	247910
TOURNAMENT MEMBER												
Tournament - new	120	240	840	600	240	0	0	0	600	240	120	3720
Tournament - renew	110	0	0	0	0	0	0	11000	6600	0	0	17600
TOTAL TOURN MEMBER REV		240	840	600	240	0	0	11000	7200	240	120	21320
SENIOR ANNUAL CARD	25	750	250	250	125	125	125	0	0	0	0	2000
JUNIOR ANNUAL CARD	25	450	125	250	750	675	375	0	0	0	0	3425
HANDICAP SERVICE REV	60	120	120	240	240	240	180	4200	2400	300	540	9060
ANNUAL CART STORAGE												
Cart storage - Elec	190	3040	0	0	0	0	0	0	0	0	18620	21660
Cart storage - Gas	222	2442	0	0	0	0	0	0	0	0	19314	21756
Trailer in	25	125	0	0	0	0	0	0	0	0	500	625
TOTAL CART STORAGE REV		5607	0	0	0	0	0	0	0	0	38434	44041
TOTAL ALL ROUNDS REVENUES		54477	53230	70117	137950	135640	142625	241156	220535	81295	89024	1418314

2007 JOE MORTARA COURSE REVENUE PROJECTION

	RATES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	
GREEN FEES															
WEEKDAY															
1ST 9-holes	11	3300	4400	7700	8800	8800	9900	9900	6600	9900	7150	6050	4950	3300	80850
2ND 9-holes	7	350	420	630	700	700	770	770	700	560	525	280	280	210	6370
SR 1ST 9-holes	9	2565	2700	3600	3600	3600	3780	3780	4050	4500	3780	2880	2880	1440	40995
SR 2ND 9-holes	6	360	120	150	180	180	180	180	90	300	450	240	210	120	2580
JUNIOR Club	3	120	120	300	360	360	600	600	360	675	180	120	120	120	3435
JUNIOR 9-holes	8	80	80	160	200	280	360	360	320	320	240	200	200	80	2560
TOTAL WEEKDAY REV		6775	7840	12540	13840	13920	15590	12120	16255	13045	10955	8640	8640	5270	136790
WEEKEND															
1ST 9-holes	12	4500	6300	7200	8400	8400	8400	5400	9600	8400	8400	7200	4200	4200	86400
2ND 9-holes	8	480	480	520	600	800	800	560	560	640	600	480	360	360	6920
SR 1ST 9-holes	10	1000	900	1000	1200	1200	1200	850	1250	1500	1500	1200	1100	1100	13900
SR 2ND 9-holes	7	84	105	105	210	175	175	35	35	35	70	70	126	56	1246
JUNIOR Club	4	320	320	480	560	600	700	400	700	480	360	300	240	240	5460
JUNIOR 9-holes	9	90	90	180	180	180	225	180	180	270	180	180	180	90	2115
TOTAL WEEKEND REV		6474	8195	9485	11150	11355	11500	7425	12495	11320	11110	9486	6046	6046	116041
TOTAL ROUNDS REV		13249	16035	22025	24990	25275	27090	19545	28750	24385	22065	18126	11316	11316	252831
SR MONTHLY CARDS	60	600	1200	1500	1800	1800	1800	600	1800	1800	1800	1500	900	900	17100
Junior Member Card	25	250	500	750	1000	1250	1250	1250	1000	750	50	50	50	0	8100
TOTAL REVENUE		13849	17235	23525	26790	27075	28890	20145	30550	26165	23865	19626	12216	12216	278031

2007 DRIVING RANGE REVENUE PROJECTION

DRIVING RANGE	RATES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Tokens	3.25	11700	15925	22750	24375	25350	27625	28600	27625	26650	24375	22750	17875	275600
Range cards	55	1925	3850	5225	5500	5500	6050	6050	6050	4400	4125	3025	2200	53900
TOTAL REVENUE		13625	19775	27975	29875	30850	33675	34650	33675	31050	28500	25775	20075	329500

2007 EAST COURSE REVENUE ROUNDS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
CART ROUNDS													
18-Hole	700	710	950	1200	1270	1250	1500	1500	1300	1320	1120	745	13565
Twilight	80	130	280	300	325	360	410	340	250	220	200	150	3045
Private Cart	15	20	25	50	50	50	50	30	25	25	20	15	375
Outside Tournament Cart	50	80	100	150	250	230	170	200	170	320	112	35	1867
TOTAL CART RDS	845	940	1355	1700	1895	1890	2130	2070	1745	1885	1452	945	18852
GREEN FEE ROUNDS													
WEEKDAY													
Non resident	100	130	220	250	260	280	280	275	265	250	225	225	2760
Resident	50	85	90	160	170	195	225	195	220	200	140	130	1860
Non resident-twilight	60	120	225	250	250	250	300	225	190	170	140	80	2285
Resident-twilight	70	105	190	215	215	250	250	225	170	150	90	75	2005
Senior	25	25	35	35	35	40	50	50	50	40	40	40	465
Junior club	15	12	15	15	15	40	75	75	35	20	10	10	337
Junior weekday	10	15	15	35	35	35	60	60	10	10	10	10	305
Ladies Nine Hole Weekday	0	0	2	6	8	10	15	15	10	10	0	0	76
Business League	0	0	0	80	220	260	120	240	180	0	0	0	1100
Membr Coupon	10	15	20	30	30	35	35	35	30	25	20	15	300
Tournament Non-Res Weekday	0	0	40	40	50	180	40	110	40	100	24	0	664
Tournament Resident Weekday	0	0	0	0	200	110	0	0	0	100	0	0	410
SIRS	55	0	30	50	50	40	40	40	60	75	40	0	480
Replay	10	10	10	10	15	20	20	20	15	10	10	5	155
Non-Resident Senior	200	200	200	250	400	410	410	410	350	300	200	100	3430
TOTAL WEEKDAY	605	757	1092	1426	1953	2180	1920	1975	1625	1460	949	690	16632
OTHER													
Coupon-single	30	30	40	50	50	55	60	40	40	40	30	30	495
Coupon-2 & cart	170	200	250	300	300	300	300	300	300	275	225	225	3145
Solano express	65	55	100	110	110	110	110	110	100	100	60	55	1085
Club 19 - 2 & cart	20	15	25	30	35	35	35	35	30	25	20	15	320
Club 19 - single	5	2	5	5	5	5	5	5	5	5	2	1	50
West Coast coupon	10	15	20	30	30	30	30	30	30	20	15	15	275
Web coupon	160	140	350	375	375	400	425	400	350	300	250	200	3725
Pre-twilight coupon	70	90	95	110	170	155	190	170	125	120	100	100	1495
TOTAL OTHER ROUNDS	530	547	885	1010	1075	1090	1155	1090	980	885	702	641	10590
TOTAL WEEKDAY ROUNDS	1135	1304	1977	2436	3028	3270	3075	3065	2605	2345	1651	1331	27222
WEEKEND													
Non resident	650	675	750	750	800	850	900	800	800	800	800	500	9075
Resident	250	280	300	360	375	250	350	400	400	335	320	220	3840
Non resident-twilight	75	90	175	150	200	140	150	160	160	120	75	50	1545
Resident-twilight	70	90	150	130	150	130	130	135	115	100	75	40	1315
Junior weekend	30	30	30	40	40	35	35	35	35	30	25	15	380
Tournament Non-Res Weekend	90	160	160	170	230	275	200	225	140	220	150	90	2110
Tournament Resident Weekend	10	15	15	15	25	85	20	20	20	20	20	60	325
Replay	5	5	10	10	15	20	20	20	15	10	10	5	145

Member Weekend	4	6	6	10	10	10	10	10	10	10	10	14	14	114
Pre-Twilight Weekend	10	50	50	50	60	60	100	100	100	100	100	20	20	650
TOTAL WEEKEND	1194	1371	1646	1685	1905	1855	1915	1795	1795	1695	1509	1014	19499	
TOTAL REVENUE ROUNDS	2329	2675	3623	4121	4933	5125	4990	4400	4400	4040	3160	2345	46721	
NON REVENUE ROUNDS														
Complimentary	20	20	60	50	40	40	40	40	45	35	25	25	25	440
Employee	45	45	80	75	75	75	75	75	75	70	75	50	50	815
High school	0	225	275	205	15	0	0	95	0	75	0	0	0	890
VGC Junior Golf	0	0	0	75	0	60	120	0	60	0	0	0	0	315
TOTAL NON REVENUE	65	290	415	405	130	175	235	210	180	180	100	75	2460	
TOTAL ALL ROUNDS	2394	2965	4038	4526	5063	5300	5225	4610	5160	4220	3260	2420	49181	

2007 WEST COURSE REVENUE ROUNDS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
CART ROUNDS													
18-Hole	350	350	530	635	700	800	800	800	700	600	500	350	7115
Twilight	150	150	280	325	300	300	350	340	240	200	150	110	2900
Member trail fee	850	800	1200	1200	1300	1300	1400	1370	800	800	800	700	12520
Tournament Cart	0	0	0	0	0	150	70	120	0	0	0	0	340
TOTAL CART RDS	1350	1300	2010	2160	2300	2550	2620	2635	1740	1600	1450	1160	22875
GREEN FEE ROUNDS													
WEEKDAY													
Non resident	75	75	80	90	125	200	200	250	200	170	150	110	1725
Resident	100	110	135	175	250	310	300	300	250	210	175	145	2460
Non resident-twilight	35	50	60	90	150	240	260	270	150	100	80	55	1540
Resident-twilight	85	90	120	170	220	310	320	330	270	200	175	110	2400
Member	835	800	1200	1200	1330	1300	1500	1400	1200	1200	1050	750	13765
Senior	40	45	60	85	85	85	85	85	70	60	50	45	795
Senior - back nine	40	60	100	130	160	170	185	185	120	120	85	40	1395
Junior club	10	15	40	65	30	115	55	55	10	10	10	5	420
Junior weekday	5	5	5	5	20	60	65	30	5	5	5	5	215
Ladies Nine Hole Weekday	0	0	10	80	85	75	75	75	50	20	0	0	470
Replay	5	5	5	10	20	30	20	20	15	10	10	10	160
SIRS	0	0	0	0	0	90	80	60	60	40	30	0	360
Tournament Non-Res Weekday	0	0	0	0	0	175	50	60	50	50	20	0	405
Tournament Resident Weekday	0	0	0	0	0	20	20	20	0	20	0	0	80
Non-Resident Senior	40	40	50	50	85	270	270	270	200	150	125	50	1600
TOTAL WEEKDAY	1270	1295	1865	2150	2560	3450	3485	3410	2650	2365	1965	1325	27790
OTHER													
Coupon-single	5	10	20	25	35	35	35	30	20	20	15	10	260
Coupon-2 & cart	80	80	85	125	235	240	290	275	225	150	120	120	2025
Solano Express	20	25	45	50	70	50	50	50	45	45	50	30	530
Club 19 - 2 & Cart	2	2	4	5	5	5	5	5	4	4	4	2	47
Club 19 Single	2	2	4	5	5	5	5	5	5	5	5	4	52
West Coast	2	2	8	10	10	10	10	10	8	6	6	6	88
Web coupon	125	125	135	150	150	175	180	200	175	150	125	120	1810
Pre-twilight coupon	60	70	90	90	95	110	110	100	80	60	30	25	920
TOTAL COUPONS	296	316	391	460	605	630	685	675	562	440	355	317	5732
TOTAL WEEKDAY	1566	1611	2256	2610	3165	4080	4170	4085	3212	2805	2320	1642	33522
WEEKEND													
Non resident	250	300	350	400	500	500	650	650	475	460	400	250	5185
Resident	150	160	165	210	290	280	270	300	250	220	200	125	2620
Non resident-twilight	40	60	70	140	200	160	165	120	120	115	100	40	1360
Resident-twilight	70	70	80	145	155	160	140	150	120	100	80	50	1320
Member	450	450	475	475	500	435	450	450	400	400	400	300	5185
Junior weekend	5	10	15	20	30	30	50	50	45	40	25	25	345
Tournament member tournament play	0	40	75	75	105	40	60	70	60	0	0	0	525
Replay	5	5	10	10	15	20	20	20	15	10	10	5	145

Tournament Non-Res Weekend	0	0	0	150	50	75	65	60	40	20	460
Tournament Resident Weekend	0	0	0	10	20	120	20	20	0	0	190
TOTAL WEEKEND	970	1095	1240	1785	1875	2035	1570	1425	1255	815	17335
TOTAL REVENUE ROUNDS	2536	2706	3496	5865	6045	6120	4782	4230	3575	2457	50857
NON REVENUE ROUNDS											
Complimentary	25	25	25	40	40	35	30	25	20	15	360
Employee	50	50	35	80	80	80	75	70	60	50	760
High school	0	75	215	15	0	0	70	50	15	0	550
VGC Junior Golf	0	0	0	60	120	100	0	0	0	0	380
TOTAL NON REVENUE	75	150	275	180	240	215	175	145	95	65	2050
TOTAL ALL ROUNDS	2611	2856	3771	4385	6285	6335	4957	4375	3670	2522	52907

ANNUAL DUES											
Membership yearly											
Individual	0	0	0	0	0	0	130	130	10	0	270
Couple	0	0	0	0	0	0	23	24	0	0	47
Life/spouse	0	0	0	0	0	0	15	15	0	0	30
TOTAL MEMBERSHIP	0	0	0	0	0	0	168	169	10	0	347

TOURNAMENT MEMBER											
Tournament - new	2	7	5	2	2	0	0	5	2	1	31
Tournament - renew	0	0	0	0	0	0	100	60	0	0	160
TOTAL TOURNAMENT	2	7	5	2	2	0	100	65	2	1	191
SENIOR ANNUAL CARD											
	30	10	10	5	5	5	0	0	0	0	80
JUNIOR ANNUAL CARD											
	18	5	10	22	30	27	0	0	0	0	137

HANDICAP SERVICE											
	2	2	4	4	4	3	70	40	5	9	151
ANNUAL CART STORAGE											
Cart storage - Elec	16	0	0	0	0	0	0	0	0	98	114
Cart storage - Gas	11	0	0	0	0	0	0	0	0	87	98
Trailer in	5	0	0	0	0	0	0	0	0	20	25
Cart Co-Owner	32	0	0	0	0	0	0	0	0	205	237
TOTAL CART STORAGE											

2007 JOE MORTARA COURSE REVENUE ROUNDS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
GREEN FEES													
WEEKDAY													
1ST 9-holes	300	400	700	800	800	900	600	900	650	550	450	300	7350
2ND 9-holes	50	60	90	100	100	110	100	80	75	75	40	30	910
SR 1ST 9-holes	285	300	400	400	400	420	450	500	500	420	320	160	4555
SR 2ND 9-holes	60	20	25	30	30	30	15	50	75	40	35	20	430
JUNIOR Club	40	40	100	120	120	200	120	225	60	40	40	40	1145
JUNIOR 9-holes	10	10	20	25	35	45	40	40	30	30	25	10	320
TOTAL WEEKDAY	745	830	1335	1475	1485	1705	1325	1795	1390	1155	910	560	14710
WEEKEND													
1ST 9-holes	375	525	600	700	700	700	450	800	700	700	600	350	7200
2ND 9-holes	60	60	65	75	100	100	70	80	75	75	60	45	865
SR 1ST 9-holes	100	90	100	120	120	120	85	125	150	150	120	110	1390
SR 2ND 9-holes	12	15	15	30	25	25	5	5	10	10	18	8	178
JUNIOR Club	80	80	120	140	150	175	100	175	120	90	75	60	1365
JUNIOR 9-holes	10	10	20	20	20	25	20	30	30	20	20	10	235
TOTAL WEEKEND	637	780	920	1085	1115	1145	730	1215	1085	1045	893	583	11233
TOTAL REVENUE ROUNDS	1382	1610	2255	2560	2600	2850	2055	3010	2475	2200	1803	1143	25943
Monthly card plays	140	380	400	440	425	370	75	450	350	345	300	260	3935
NON REVENUE ROUNDS													
Complimentary	5	15	20	15	15	15	5	20	20	15	15	5	165
Employee	15	12	35	35	35	40	10	40	40	20	35	20	337
High school	0	0	140	100	15	0	0	0	40	35	0	0	330
TOTAL NON REVENUE	20	27	195	150	65	55	15	60	100	70	50	25	832
TOTAL ALL ROUNDS	1542	2017	2850	3150	3090	3275	2145	3520	2925	2615	2153	1428	30710
SR MONTHLY CARDS	10	20	25	30	30	30	10	30	30	30	25	15	285
JR Member Card	10	20	30	40	50	50	50	40	30	20	20	10	370

2007 DRIVING RANGE USAGE

DRIVING RANGE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Tokens	3600	4900	7000	7500	7800	8500	8800	8500	8200	7500	7000	5500	84800
Range cards	35	70	95	100	100	110	110	110	80	75	55	40	980

October 2007 Blue Rock Springs Golf Course Compared To:

	Diablo Creek Concord 925-686-6262	Green Tree Vacaville 707-448-1420	Kennedy Park Napa 707-255-4333	Lone Tree Antioch 925-757-5200
18 hole resident		walk ride		
weekday	23.00	24.00 36.00	23.00	22.00
weekend	30.00	34.00 46.00	31.00	32.00
18 hole non-resident				
weekday	27.00		31.00	27.00
weekend	35.00		41.00	39.00
9 hole resident				
weekday	16.00		12.00	11.00
weekend	18.00		17.00	
9 hole non-resident				
weekday	18.00		17.00	19.00
weekend	21.00		23.00	
18 hole sr resident				
weekday	17.00	18.00 30.00	15.00	program called golfers advantage
weekend	23.00			mon-fri card is
18 hole sr non-resident				50 & up 50.00
weekday	20.00		19.00	49 & undr 100.00
weekend	23.00			
9 hole sr resident				
weekday	16.00			
weekend				
9 hole sr non-resident				
weekday	18.00			
weekend				
18 hole junior				
weekday	resident 12.00	18.00 30.00	9.00	11.00
weekend	non-res 13.00		20.00	16.00
9 hole junior				
weekday		\$140 card wkdays		
weekend		summers after 2		
twilight rates				
weekday	13.00	19.00 31.00	21.00	varies month
weekend		24.00 36.00		to month
driving range				
small bucket	3.00	2.00 4.00	3.00	6.00
large bucket	7.00	6.00 8.00	7.00	8.00
range card/promo	\$20 for \$24	45.00 60.00	\$175 for \$225	13 tokens \$30
cart fees				
18 holes	26.00	12.00	13.00 per person	14.00 per rider
9 holes	16.00			
annual memberships			monthly card	
single				
couple				
blocked tee times				
special tee time priv				
golf shop discounts				
rate increase				if so,
increase for 2007	no	unknown	no	not till spring
tee time privileges				
making a tee time	8 phone/7 person	7 days	2 weeks	
# of tee times @ one time	2 foresomes	3 foresomes	3 foresomes	

October 2007 Blue Rock Springs Golf Course Compared To:

	Mare Island Vallejo 707-562-4653	Paradise Valley Fairfield 707-426-1600	Rancho Solano Fairfield 707-429-4653	Tilden Park Berkeley 510-848-7373
18 hole resident				
weekday	35.00	26.00	41.00	32.00
weekend	55.00	39.00	54.00	55.00
18 hole non-resident				
weekday	40.00	36.00	51.00	32.00
weekend	60.00	51.00	66.00	55.00
9 hole resident				
weekday		17.00	17.00	
weekend			20.00	
9 hole non-resident				
weekday		17.00	17.00	
weekend			20.00	
18 hole sr resident				
weekday	35.00	26.00	20.00	
weekend				
18 hole sr non-resident				
weekday			26.00	
weekend				
9 hole sr resident				
weekday				
weekend				
9 hole sr non-resident				
weekday				
weekend				
18 hole junior				
weekday		8.00	8.00	
weekend				
9 hole junior				
weekday				
weekend				
twilight rates				
weekday	30.00	23.00	23.00	23.00
weekend	35.00	27.00	27.00	29.00
driving range				
small bucket	5.00	3.75	3.75	5.00
large bucket	5.00	6.75	6.75	11.00
range card/promo		\$60 for \$90	\$35 for \$50	45.00 / 85.00
cart fees				
18 holes	14 per rider	15.00 per rider	15.00 per rider	15.00 per rider
9 holes		8.00 per rider		7.00
annual memberships				
single				
couple				
blocked tee times				
special tee time priv				
golf shop discounts				
rate increase				
increase for 2007	no	unknown	no	unknown
tee time privileges				
making a tee time	7 days	7 days	7 days	7 days
# of tee times @ one time	4 or 5	3 foresomes	3 foresomes	

October 2007 Blue Rock Springs Golf Course Compared To:

	Adobe Creek Petaluma 707-765-3000	Bennett Valley Santa Rosa 707-528-3673	Boundary Oak Walnut Creek 925-934-4775	Cypress Lakes Travis AFB 707-448-7186
18 hole resident				nonmilitary
weekday	28.00	17.00	23.00	30.00
weekend	44.00	26.00	31.00	35.00
18 hole non-resident				
weekday	36.00	23.00	29.00	
weekend	56.00	34.00	37.00	
9 hole resident				
weekday		11.00	18.00	
weekend		14.00	25.00	
9 hole non-resident				
weekday		14.00	23.00	
weekend		19.00	29.00	
18 hole sr resident				
weekday	25.00	13.00	18.00	
weekend				
18 hole sr non-resident				
weekday		16.00		
weekend				
9 hole sr resident				
weekday		8.00		
weekend				
9 hole sr non-resident				
weekday		11.00		
weekend				
18 hole junior				
weekday	15.00	7.00	14.00	
weekend		8.00		
9 hole junior				
weekday		5.00		
weekend		5.00		
twilight rates				
weekday	29.00	9 hole rates	19.00	23.00
weekend	32.00		19.00	28.00
driving range				
small bucket	5.00	3.00	4.00	2.50
large bucket	9.00	6.00	8.00	5.00
range card/promo	key 60 - 100	\$54/10 large		
cart fees		1 rider 2 rider		
18 holes	14.00	22.00 14.00	28.00	12.00 single
9 holes		13.00 8.00	14.00	10.00 each w/2
annual memberships				
single	3500.00	course		
couple	5000.00	under		
blocked tee times	no	construction		
special tee time priv	8 days			
golf shop discounts	20%			
rate increase				
increase for 2007	no	not till jan 08	no	unknown
tee time privileges				
making a tee time	7 days	7 days	7 days	
# of tee times @ one time	2 foresomes	3 foresomes	1 foresome	

**Blue Rock Springs GC
Schedule of Fees**

ATTACHMENT 4

	2006 Rate	2007 Rate	Variance
<u>Weekday</u>			
Non Res	\$ 30.00	\$ 30.00	0.00
Resident	\$ 24.00	\$ 24.00	0.00
Non Res-twilight	\$ 20.00	\$ 20.00	0.00
Resident-twilight	\$ 18.00	\$ 18.00	0.00
Senior Club	\$ 18.00	\$ 18.00	0.00
Junior Club	\$ 8.00	\$ 5.00	-3.00
Junior Wkday	\$ 14.00	\$ 14.00	0.00
Ladies Nine Hole League	\$ 12.00	\$ 12.00	0.00
Business League	\$ 12.00	\$ 12.00	0.00
Member Coupon	\$ 19.00	\$ 19.00	0.00
Tournament Non-Resident	\$ 30.00	\$ 30.00	0.00
Tournament Resident	\$ 24.00	\$ 24.00	0.00
SIRS	\$ 20.00	\$ 20.00	0.00
Replay	\$ 12.00	\$ 12.00	0.00
Non-Resident Senior	\$ 23.00	\$ 23.00	0.00
<u>Other Rounds - Coupons</u>			
Coupon-Single	\$ 24.00	\$ 24.00	0.00
Coupon W/Cart	\$ 39.00	\$ 39.00	0.00
Solano Express W/Cart	\$ 39.00	\$ 39.00	0.00
Club 19 - 2 W/Cart	\$ 39.00	\$ 39.00	0.00
Club 19 - Single	\$ 24.00	\$ 24.00	0.00
West Coast Book W/Cart	\$ 39.00	\$ 39.00	0.00
Web Coupon W/Cart	\$ 39.00	\$ 39.00	0.00
Pre-twilight W/Cart	\$ 34.00	\$ 34.00	0.00
<u>Weekend</u>			
Non-Resident	\$ 34.00	\$ 34.00	0.00
Resident	\$ 30.00	\$ 30.00	0.00
Non Res-twilight	\$ 22.00	\$ 22.00	0.00
Resident-twilight	\$ 20.00	\$ 20.00	0.00
Junior Club	\$ -	\$ 5.00	5.00
Junior	\$ 16.00	\$ 16.00	0.00
Replay	\$ 15.00	\$ 15.00	0.00
Pre-Twilight Weekend	\$ 25.00	\$ 25.00	0.00
Non-Resident Tournament	\$ 34.00	\$ 34.00	0.00
Resident Tournament	\$ 30.00	\$ 30.00	0.00
<u>Carts</u>			
18-Hole	\$ 32.00	\$ 32.00	0.00
Twilight	\$ 22.00	\$ 22.00	0.00
Private Cart Trail Fee	\$ 2.00	\$ 2.00	0.00
Vallejo Golf Club, Inc. Yearly Dues - Single	\$ 705.00	\$ 705.00	0.00
Vallejo Golf Club, Inc. Yearly Dues - Husband/Wife	\$ 1,035.00	\$ 1,035.00	0.00
Vallejo Golf Club, Inc. Yearly Dues - Life/Spouse	\$ 355.00	\$ 355.00	0.00
Tournament Member Dues - 1st Yr.	\$ 125.00	\$ 125.00	0.00
Tournament Member Dues - Subsequent Yrs.	\$ 115.00	\$ 115.00	0.00
Sr./Jr. Annual Card	\$ 25.00	\$ 25.00	0.00
Cart Storage - Gas	\$ 190.00	\$ 190.00	0.00
Cart Storage - Electric	\$ 222.00	\$ 222.00	0.00
Handicap Service	\$ 65.00	\$ 65.00	0.00

Schedule of Fees**ATTACHMENT 4**

Golf Range:	2006 Rate	2007 Rate	Variance
per token	\$ 3.25	\$ 3.25	0.00
discount card	\$ 55.00	\$ 55.00	0.00

Joe Mortara GC Rate Schedule

	2006 Rate	2007 Rate	Variance
<u>Weekday</u>			
1st nine holes	\$ 11.00	\$ 11.00	0.00
2nd nine holes	\$ 7.00	\$ 7.00	0.00
Sr. 1st nine holes	\$ 9.00	\$ 9.00	0.00
Sr. 2nd nine holes	\$ 6.00	\$ 6.00	0.00
Junior Club	\$ 8.00	\$ 1.00	-7.00
Junior Nine Holes	\$ 8.00	\$ 8.00	0.00
<u>Weekend</u>			
1st nine holes	\$ 12.00	\$ 12.00	0.00
2nd nine holes	\$ 8.00	\$ 8.00	0.00
Sr. 1st nine holes	\$ 10.00	\$ 10.00	0.00
Sr. 2nd nine holes	\$ 7.00	\$ 7.00	0.00
Junior Club	\$ 9.00	\$ 1.00	-8.00
Junior Nine Holes	\$ 9.00	\$ 9.00	0.00
Monthly Card	\$ 60.00	\$ 60.00	0.00

ATTACHMENT 5

Vallejo Golf Club, Inc.
Long Range Capital Improvement/
Equipment Replacement Plan

EQUIPMENT

PROJECTED COST

2004

Greens Mowers (2)	Replacement \$25,000 ea.	\$50,000	Completed April 2004
	Total	<u>\$50,000</u>	

2005

Trim Mowers (2)	Replacement \$25,000 ea.	\$50,000	Comp. 2006
	Total	<u>\$50,000</u>	

2006

Sand Pro (1)	Replacement \$12,000	\$12,000	① Deferred 07'
Utility Vehicles (3)	Replacement \$6,000 ea.	\$18,000	① Deferred 07'
Green Roller Units (1) set	Replacement \$8,000	\$8,000	Comp. 2006
Clubhouse	Improvements \$35,000	\$35,000	Comp. 2006
	Total	<u>\$123,000</u>	

2007

Fairway Mower (1)	Replacement \$44,000	\$44,000	
H/VAC Systems Golf Shop/Café	Replacement \$15,000	\$15,000	
Fire Suppression System - Café	Replacement \$ 4,000	\$ 4,000	
	Total	<u>\$63,000</u>	①

2008

Rough Mower (1)	Replacement \$40,000	\$40,000	
	Total	<u>\$40,000</u>	

2009

Greens Mowers (2)	Replacement \$35,000 ea.	\$70,000	
Café Refrigeration Units	Replacement \$10,000	\$10,000	
	Total	<u>\$80,000</u>	

Vallejo Golf Club, Inc.

Financial Statements

December 31, 2005 and 2004

**CAVANAGH
CONNOR &
COMPANY**

Certified Public Accountants A P C.
Business Development Consultants

Vallejo Golf Club, Inc.
Financial Statements
December 31, 2005 and 2004

Independent Accountants' Audit Report	3
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Notes to Financial Statements	7

May 17, 2006

To the Board of Directors
of the Vallejo Golf Club, Inc.

We have audited the accompanying statements of financial position of Vallejo Golf Club, Inc., (the Club), as of December 31, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Club's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vallejo Golf Club, Inc. as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Cavanagh Connor & Company

**CAVANAGH
CONNOR &
COMPANY**

Certified Public Accountants APC
Business Development Consultants

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Vallejo Golf Club, Inc.
Statements of Financial Position
December 31, 2005 and 2004

Assets		
	2005	2004
<u>Current Assets</u>		
Cash and cash equivalents	\$ 178,781	\$ 343,153
Restricted cash	755,057	1,742,066
Inventories	64,118	64,013
Due from East Course	60,597	-
	1,058,553	2,149,232
<u>Fixed Assets</u>		
Property and equipment	3,793,632	2,409,280
Less: Accumulated depreciation	(1,791,037)	(1,679,845)
	2,002,595	729,435
	\$ 3,061,148	\$ 2,878,667
Liabilities and Net Assets		
<u>Current Liabilities</u>		
Accounts payable	\$ 27,818	\$ 25,874
Accrued expenses	274,259	136,672
Accrued payment under management agreement	45,834	45,836
Due to West Course	60,597	-
Deferred revenue	120,164	101,544
Junior Fund	10,616	13,544
Other current liabilities	28,027	31,917
	567,315	355,387
<u>Net Assets</u>		
Unrestricted	1,738,776	781,214
Temporarily restricted	755,057	1,742,066
	2,493,833	2,523,280
	\$ 3,061,148	\$ 2,878,667

See independent accountants' audit report and notes to financial statements

Vallejo Golf Club, Inc.

Statements of Activities

For the years ended December 31, 2005 and 2004

	Unrestricted Activities						2005	2004
	East Course	West Course	Joe Mortara Course	Driving Range	Pro Shop	Café Rock	Total	Total
Operating revenue								
Green fees	\$ 1,033,690	\$ 502,750	\$ 234,462	\$ -	\$ -	\$ -	\$ 1,770,902	\$ 2,051,790
Golf cart rentals	509,412	205,873	-	-	-	-	715,285	770,131
Path fees	1,868	23,730	-	-	-	-	25,598	27,362
Driving range	-	-	-	256,792	-	-	256,792	269,802
Dues	-	235,502	-	-	-	-	235,502	242,551
Golf cart storage	-	32,942	-	-	-	-	32,942	36,104
Management fees	-	19,403	-	-	-	-	19,403	-
Rental income	-	11,493	-	4,860	8,163	-	24,516	26,927
Tournaments	-	33,501	-	-	-	-	33,501	50,026
Retail sales	-	-	-	-	259,100	31,035	290,135	273,015
Lessons	-	11,054	-	-	-	-	11,054	-
Interest income	-	30,107	-	-	-	-	30,107	21,351
Miscellaneous income	5,906	10,875	1,218	2,160	660	-	20,819	13,405
Total operating revenue	1,550,876	1,117,230	235,680	263,812	267,923	31,035	3,466,556	3,782,464
Cost of sales								
Merchandise sales	-	-	-	-	186,357	-	186,357	191,399
Restaurant sales	-	-	-	-	-	11,301	11,301	-
Total cost of sales	-	-	-	-	186,357	11,301	197,658	191,399
Operating expenses								
Accounting and legal	22,919	16,319	9,566	6,199	10,473	325	65,801	69,538
Bank charges	11,433	11,521	2,843	-	2,843	-	28,640	30,086
Depreciation	41,799	47,784	5,667	8,322	1,956	355	105,883	110,699
Donations	40	65	10	10	1,014	-	1,139	1,389
Dues	988	15,598	260	260	95	-	17,201	19,660
Education and training	770	770	113	202	167	-	2,022	1,266
Employee benefits	1,027	1,192	322	151	49	-	2,741	1,967
Gas and oil	10,755	9,274	1,454	292	-	-	21,775	18,744
Improvements	1,612	8,465	-	50	-	-	10,127	8,696
Insurance	132,365	98,847	33,406	33,382	3,657	-	301,657	326,431
Janitorial	15,384	11,499	3,831	3,817	-	431	34,962	33,390
Licenses, taxes and fees	2,372	2,919	438	380	132	1,074	7,315	5,873
Maintenance - equipment	30,619	22,976	1,493	7,027	-	-	62,115	50,623
Maintenance - general	5,294	4,311	198	1,410	(170)	1,102	12,145	5,746
Maintenance - carts	13,142	11,623	-	-	-	-	24,765	23,746
Management fees	19,403	-	-	-	-	-	19,403	-
Miscellaneous	5,224	4,637	553	664	286	821	12,185	11,353
Office expense	5,862	8,640	1,359	1,317	2,243	112	19,533	21,959
Other contracted services	1,993	1,599	504	778	124	-	4,998	11,114
Payments under mgmt. agrmnt.	447,693	-	-	102,315	-	-	550,008	760,834
Payroll tax expense	48,670	57,753	13,900	7,297	2,195	1,349	131,164	119,390
Promotion	7,992	4,371	912	810	202	302	14,589	16,474
Pro Shop overhead	-	-	-	-	118,427	-	118,427	107,895
Rent - Solano County	-	-	70,854	-	-	-	70,854	84,867
Rental equipment	35,418	27,085	1	-	-	-	62,504	59,750
Salaries	482,145	530,545	135,220	74,974	25,569	12,852	1,261,305	1,269,243
Sand and fertilizer	34,464	31,125	2,517	5,808	-	-	73,914	82,703
Supplies	3,157	3,236	1,160	8,506	125	1,776	17,960	20,958
Tournaments	-	29,586	-	-	-	-	29,586	50,116
Travel and meals	2,063	1,480	727	628	966	-	5,864	5,218
Utilities	166,273	18,231	12,185	6,667	4,392	15	207,763	115,556
Total expenses	1,550,876	981,451	299,493	271,266	174,745	20,514	3,298,345	3,445,284
Increase (decrease) in net assets	\$ -	\$ 135,779	\$ (63,813)	\$ (7,454)	\$ (93,179)	\$ (780)	\$ (29,447)	\$ 145,781
Unrestricted net assets at beginning of year							781,214	955,733
Transfers (to) from temporarily restricted net assets							987,009	(320,300)
Unrestricted net assets at end of year							1,738,776	781,214
Temporarily restricted net assets at beginning of year							1,742,066	1,421,766
Transfers from (to) unrestricted net assets							(987,009)	320,300
Temporarily restricted net assets at end of year							755,057	1,742,066
Net assets at end of year							\$ 2,493,833	\$ 2,523,280

See independent accountants' audit report and notes to financial statements

Vallejo Golf Club, Inc.
Statements of Cash Flows
For the years ended December 31, 2005 and 2004

	2005	2004
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ (29,447)	\$ 145,781
Adjustments to reconcile net assets to net cash used by operating activities:		
Depreciation expense	105,883	110,699
Depreciation expense allocated to pro shop overhead	5,309	4,566
(Increase) decrease in inventories	(105)	10,096
(Increase) decrease in due from East Course	(60,597)	-
Increase (decrease) in accounts payable	1,944	2,019
Increase (decrease) in accrued expenses	137,587	17,489
Increase (decrease) in accrued payment under management agreement	(2)	(19,164)
Increase (decrease) in Junior Fund	(2,928)	494
Increase (decrease) in Due to West Course	60,597	-
Increase (decrease) in deferred revenue	18,620	13,655
Increase (decrease) in other current liabilities	(3,890)	7,925
 Net cash provided by (used for) operating activities	 232,971	 293,560
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	(1,384,352)	(58,203)
(Increase) decrease in restricted cash	987,009	(320,300)
 Net cash provided by (used for) investing activities	 (397,343)	 (378,503)
 <u>Net Increase (Decrease) in Cash</u>	 (164,372)	 (84,943)
<u>Cash at Beginning of Year</u>	343,153	428,096
<u>Cash at End of Year</u>	\$ 178,781	\$ 343,153

See independent accountants' audit report and notes to financial statements

Vallejo Golf Club, Inc.
Notes to Financial Statements
December 31, 2005 and 2004

Note 1 - Purpose of Organization

The Vallejo Golf Club (The Club) was incorporated on November 20, 1929 as a non-profit corporation. The purpose of the Club is to promote and encourage interest in the game of golf and to manage and operate golf courses owned by the City of Vallejo. The Club manages and operates the West and East Courses, the driving range and the pro shop of the Blue Rock Springs Golf Course and the Joe Mortara Course on the grounds of the Solano County Fairgrounds.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Club maintains its records and prepares its financial statements on the accrual basis of accounting, wherein revenues and expenses are recognized as earned and as incurred, respectively.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Club is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Club had no permanently restricted net assets at December 31, 2005 and 2004.

Cash and Cash Equivalents

The Club considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Inventories

Inventories represent resale merchandise on hand in the pro shop held for sale to the general public. Stock is valued on a first-in, first-out (FIFO) basis at average cost, which is not in excess of market value.

Fixed Assets

Plant and equipment are capitalized at cost and depreciated on a straight-line basis for accounting purposes over various estimated useful lives.

The estimated useful lives of such fixed assets are:

Autos	5 years
Machinery and equipment	5-7 years
Furniture and fixtures	7-10 years
Leasehold improvements	10-40 years

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

The Club is exempt from federal income tax under Section 501 (c) (4) of the Internal Revenue Code. However, income from retail sales not directly related to the Club's tax-exempt purpose is subject to taxation as unrelated business income.

Note 3 - Management Agreement and Lease with the City of Vallejo

The Club entered into an agreement in 1992 with the City of Vallejo to lease both the West Course of the Blue Rock Springs Golf Course and the Joe Mortara Course each for \$1 per year. Along with the lease agreement, the Club entered into a management agreement with the City to manage and operate the East Course. Under the terms of the two agreements, the Club is to use all revenues for operations, maintenance and promotion of the courses and is responsible for retirement of the indebtedness incurred to construct the East Course. The Club is also responsible for the improvements, expansion and construction of the courses and facilities. The term of the lease agreement extends through August of 2012. The management agreement is renewable every three years for a total period of 15 years. The current payment for the East Course management agreement is \$45,834 per month.

Note 4 - Restricted cash

Restricted cash consists of funds set aside for capital improvement projects and consists of the following accounts:

	<u>2005</u>	<u>2004</u>
First Bank & Trust - Money Market	\$ 705,057	\$ 1,559,080
First Bank & Trust - Certificate of Deposit	-	132,986
First Bank & Trust - Certificate of Deposit	<u>50,000</u>	<u>50,000</u>
	<u>\$ 755,057</u>	<u>\$ 1,742,066</u>

Note 5 - Fixed Assets

Property and equipment are summarized by major classifications as follows:

	<u>January 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2005</u>
Buildings and improvements	\$ 1,183,803	\$ -	\$ -	\$ 1,183,803
Equipment	1,219,866	13,077	-	1,232,943
Furniture and fixtures	5,611	4,152	-	9,763
Leasehold improvements	-	1,367,123	-	1,367,123
	<u>2,409,280</u>	<u>1,384,352</u>	-	<u>3,793,632</u>
Less: accumulated depreciation	<u>(1,679,845)</u>	<u>(111,192)</u>	-	<u>(1,791,037)</u>
	<u>\$ 729,435</u>	<u>\$ 1,273,160</u>	<u>\$ -</u>	<u>\$ 2,002,595</u>

The cost of assets sold, retired, or otherwise disposed of and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is included in operations.

Expenses for repairs and maintenance are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

Note 6 - Deferred revenue

Deferred revenue consists of gift certificates and prepaid lessons through the Greater Vallejo Recreation District. The balances as of December 31, 2005 and 2004 were \$120,164 and \$101,544, respectively.

Note 7 - Net Assets

Net assets are summarized by major classifications in the statement of financial position. Unrestricted net assets are not restricted by either donors or by law. Temporarily restricted net assets are limited by donor-imposed restrictions or purpose restrictions. Permanently restricted net assets are restricted by donor and must be maintained by the Club in perpetuity. The Vallejo Golf Club does not have any permanently restricted assets as of December 31, 2005 and 2004.

	<u>2005</u>	<u>2004</u>
Unrestricted	\$ 1,738,776	\$ 781,214
Temporarily restricted:		
Capital improvement fund	<u>755,057</u>	<u>1,742,066</u>
	<u>\$ 2,493,833</u>	<u>\$ 2,523,280</u>

Note 8 - Operating lease

The City of Vallejo entered into a contract with Yamaha Motor Corporation on behalf of the Vallejo Golf Club to lease 134 golf carts in May of 2004. The lease term for the carts is 36 months at \$4,851 per month plus sales and property. The Club has an agreement to pay rent to Solano County based on the number of rounds of golf played at the Joe Mortara Course. Total rent paid for the years ended December 31, 2005 and 2004 was \$70,854 and \$84,867, respectively.

Note 9 - Due from East Course/Due to West Course

The current management agreement with the City of Vallejo states that in years where the East Course earns a profit, the East Course will pay the West Course a management fee of \$80,000. During 2005, the East Course had net income of \$19,403 which it paid to the West Course as management fees. The remainder is Due from the East Course as a current asset and due to the West Course as a current liability. At December 31, 2005, \$60,597 is due to the West Course.

Note 10 - Contingent liabilities

At December 31, 2005 and 2004, there were no significant pending or threatened litigation against the Club.

Note 11 - Credit Risk

The Club held over \$100,000 on deposit with one financial institution. Since FDIC insures only the first \$100,000 in any financial institution, amounts exceeding this limit are subject to additional risk. As of December 31, 2005, the amount held in financial institutions exceeding the \$100,000 FDIC limit totaled \$828,027.



CONSENT C

Agenda Item No.

COUNCIL COMMUNICATION

Date: December 19, 2006

TO: Honorable Mayor and Members of the City Council

FROM: John P. Thompson, City Manager *JPT*
Gary A. Leach, Public Works Director *GL*

SUBJECT: Approval of One Resolution Accepting the Subdivision Improvements for Bayside Village Townhomes Subdivision.

BACKGROUND AND DISCUSSION

On September 16, 2003, the City Council approved through Resolution No. 03-329 N.C. the final map of Bayside Village Townhomes and adopted plans and specifications and entered into Subdivision Improvement Agreement with Bayside Village Townhomes Subdivision. The subdivision consists of a total of 10 townhouse units.

Bayside Village Townhomes, LLC has completed all the public improvements, such as frontage improvements, utilities and landscaping, and has requested that the City grant final acceptance of the public improvements for Bayside Village Townhomes Subdivision.

Fiscal Impact

There is no fiscal impact on this project. Onsite improvements will be maintained by the Homeowners' Association.

The developer was not able to complete his project within the required two year period. According to City Council Resolution No.02-55 N. C., the developer paid \$5950.00 to the City of Vallejo for time extension fees prior to acceptance of this project. This fee is equal to 10% per year of the original fees collected, starting two years after the approval of the subdivision.

The one-year warranty starts from the date of acceptance by the City Council.



RECOMMENDATION

Staff recommends a resolution accepting the subdivision improvements for Bayside Village Townhomes Subdivision as complete.

PROPOSED ACTION

Adopt a resolution accepting the subdivision improvements for Bayside Village Townhomes Subdivision as complete.

ENVIRONMENTAL REVIEW

The Planning Commission adopted a Negative Declaration for this project with recommended mitigation measures that would reduce the identified significant environmental impacts to less than significant levels.

DOCUMENTS AVAILABLE FOR REVIEW

- a. A resolution accepting the subdivision improvements for Bayside Village Townhomes as complete.
- b. Exhibit 'A' – Vallejo Sanitation and Flood Control District – Project Acceptance sign off.
- c. Project Location Map.

CONTACT PERSON

Enayat Haidari, Senior Civil Engineer
(707) 648-4317
ehaidari@ci.vallejo.ca.us

DECEMBER 19, 2006
J:\PUBLIC\AIPW\2006\PWSR4081

RESOLUTION NO. 06- N.C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

WHEREAS, those street improvements, water distribution system, concrete work, landscape, irrigation, and all such other items required, constructed in and on the reserves and easements in and adjacent to the development known as Bayside Village Townhomes, Vallejo, Solano County, California, pursuant to the certain agreement by and between the City of Vallejo dated September 16, 2003 and Bayside Village Townhomes, L.L.C., a California Limited Liability Company, has been completed in accordance with the Plans and Specifications therefore approved and adopted by the City Council Resolution No. 03-331 N. C; and

WHEREAS, all sanitary sewer and storm drainage work in said developments have been completed in conformance with the improvement plans and specification of the Vallejo Sanitation and Flood Control District, the same having been reviewed, inspected, acknowledged and approved by the District, as shown on that certain acceptance certificates, a copy of which is attached hereto, marked Exhibit "A", and made a part hereof; and

WHEREAS, Bayside Village Townhomes, L.L.C., a California Limited Liability Company has provided the City with a Maintenance Bond in the amount of \$27,300.00, which is 10% of the amount of the subdivision improvements and guarantying the improvements for one year from the date of acceptance by City Council.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Vallejo that those works and subdivision improvements as set forth above are hereby accepted as complete.

DECEMBER 19, 2006

J:\PUBLIC\AI\PW\2006\PWSR4081

**CITY OF VALLEJO
PUBLIC WORKS DEPARTMENT – ENGINEERING DIVISION**

TO: VALLEJO SANITATION AND FLOOD CONTROL DISTRICT

This is to certify that all sanitary sewer and storm drainage work performed in the **Bayside Village Townhomes** was completed in conformance with the improvement plans and specifications approved by the District with the following exceptions (if none, so state):

NONE


The above listed exceptions were discussed with District staff during construction and were approved in writing. The "as-built" plans reflect all changes made on the project. A joint final inspection has been done by the Public Works Inspector assigned to this project and a District Engineering staff member. It is requested that the District sign on the space below indicating that the project is satisfactory to the District and that the District has no objections to the City accepting the project.


Public Works Director/City Engineer
City of Vallejo, California

12/22/05
Date

ACCEPTANCE

The **Bayside Village Townhomes** is satisfactory to the District and we have no objections to the City accepting the project.


Rolf Ohlemutz, District Engineer
Vallejo Sanitation and Flood Control District

12/22/05
Date

H:\FORMS\VSFC\ACCEPTANCE.doc

EXHIBIT "A"

CITY OF VALLEJO



TO FAIRFIELD

MAGAZINE ST.

GRANT ST.

ORANGE ST.

SITE

SONOMA



BLVD.

5TH ST.

TO CROCKETT

VICINITY MAP

NO SCALE



COUNCIL COMMUNICATION
REDEVELOPMENT AGENCY COMMUNICATION

Date: December 19, 2006

TO: Mayor and Members of the City Council
Chairman and Members of the Redevelopment Agency

FROM: John P. Thompson, Interim City Manager/Interim Executive Director *J*
Craig Whitton, Assistant City Manager/Community Development Director *CW*
Susan McCue, Economic Development Program Manager *smc*
Robert Stout, Finance Director *RS*

SUBJECT: Redevelopment Agency Annual Report for FY 2005-06

BACKGROUND & DISCUSSION

State law and regulations require redevelopment agencies to submit an annual report to the State Controller's Office by December 31st of each year and to submit the report to the city's Redevelopment Agency for acceptance. A draft of the report will be sent to the State Controller's Office prior to December 31, 2006. The report is comprised of the Redevelopment Agencies Financial Transactions Report, the Redevelopment Agency's financial and compliance audit for FY 2005-06, the Statement of Indebtedness, the Annual Report of Housing Activity of Community Redevelopment Agencies, the Blight Alleviation Program Report, the Loan Report, and the Property Report.

The Redevelopment Agency's financial and compliance audit is prepared by Maze and Associates. Last year the auditors identified two issues in the compliance section of the report. The issues and staff actions to remedy are listed below.

- The Agency did not determine that the planning and administrative expenses are necessary for the production, improvement, or preservation of low-and moderate-income housing.

Staff action: The Agency adopted the FY 2006-07 budget which included a determination that planning and administrative expenditures were necessary for the production, improvement or preservation of low and moderate income housing for the 2005-06 fiscal year as well as for the 2006-07 fiscal year.

- The Agency did not adopt the updated Five Year Implementation Plans for the Marina Vista, Flosden Acres, Waterfront Development, Vallejo Central, and Southeast Vallejo Project Areas by their respective expiration dates of February/March 2005.

Staff action: The Agency adopted the updated Plans in April 2005.

The Annual Report will be provided to the Housing and Redevelopment Commission.

FISCAL IMPACT

There is no fiscal impact related to the Redevelopment Agency Annual Report for FY 2005-06.

RECOMMENDATION

Adopt the following resolutions:

1. The City Council adopts the resolution accepting the Redevelopment Agency Annual Report for FY 2005-06.
2. The Redevelopment Agency adopts the resolution accepting the Redevelopment Agency Annual Report for FY 2005-06.

ENVIRONMENTAL REVIEW

An environmental review is not needed as part of this Redevelopment Agency Annual Report for FY 2005-06.

DOCUMENTS ATTACHED

- Attachment A1 City Council Resolution
Attachment A 2 Redevelopment Agency Resolution
Attachment B Redevelopment Agency Annual Report for FY 2005-06 which includes:
1. Redevelopment Agencies Financial Transactions Report
 2. State of California Department of Housing and Community Development Reporting Forms (schedules HCD-A, HCD-B, HCD-C and HCD-D)
 3. Statement of Indebtedness
 4. Financial Statements of the Vallejo Redevelopment Agency for the year ending June 30, 2006
 5. Blight Report
 6. Housing and Displacement Report
 7. Loan Report
 8. Property Report

PREPARED BY: Annette Taylor, Senior Community Development Analyst

CONTACT: Annette Taylor, Senior Community Development Analyst
649-3510, annette@ci.vallejo.ca.us
Susan McCue, Economic Development Program Manager
553-7283, smmcue@ci.vallejo.ca.us
Craig Whittom, Assistant City Manager / Community Development
648-4579, cwhittom@ci.vallejo.ca.us

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALLEJO
ACCEPTING THE REDEVELOPMENT AGENCY ANNUAL REPORT FOR
FY 2005-06 AS SUBMITTED TO THE STATE CONTROLLER**

WHEREAS, pursuant to Health and Safety Code Section 33080 et seq., the Redevelopment Agency is required to submit an Annual Report to the State Controller within six (6) months of the close of the Redevelopment Agency's fiscal year; and

WHEREAS, under section 33080.1 of the Health and Safety Code the Annual Report of the Redevelopment Agency is required to include an independent financial audit report for the previous fiscal year, a fiscal statement for the previous fiscal year, a description of the Redevelopment Agency's activities in the previous fiscal year affecting housing and displacement, a description of the Redevelopment Agency's progress in the previous fiscal year in alleviating blight, a list of and status report on all loans made by the Redevelopment Agency of \$50,000 or more that, in the previous fiscal year were not in compliance with loan terms or were in default, and a description of the total number and nature of properties the Redevelopment Agency owns and has acquired in the previous fiscal year; and

WHEREAS, in compliance with Health and Safety Code Section 33080.1 the Annual Report to be submitted to the State Controller will consist of the Annual Report of Financial Transactions of Community Redevelopment Agencies, the Redevelopment Agency's financial and compliance audit, the Annual Report of Housing Activity of Community Redevelopment Agencies, the Blight Report, the Loan Report and the Property Report; and

WHEREAS, the noted compliance issue identified in the auditor's "Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements performed in accordance with Government Auditing Standards" was addressed during FY 2005-06;

NOW, THEREFORE BE IT RESOLVED that the City Council hereby accepts the Annual Report for FY 2005-06.

AGENCY RESOLUTION NO. _____

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO ACCEPTING THE REDEVELOPMENT AGENCY FY 2005-06 ANNUAL REPORT AS SUBMITTED TO THE STATE CONTROLLER

WHEREAS, pursuant to Health and Safety Code Section 33080 et seq., the Redevelopment Agency is required to submit an Annual Report to the State Controller within six (6) months of the close of the Redevelopment Agency's fiscal year; and

WHEREAS, under section 33080.1 of the Health and Safety Code the Annual Report of the Redevelopment Agency is required to include an independent financial audit report for the previous fiscal year, a fiscal statement for the previous fiscal year, a description of the Redevelopment Agency's activities in the previous fiscal year affecting housing and displacement, a description of the Redevelopment Agency's progress in the previous fiscal year in alleviating blight, a list of and status report on all loans made by the Redevelopment Agency of \$50,000 or more that, in the previous fiscal year were not in compliance with loan terms or were in default, and a description of the total number and nature of properties the Redevelopment Agency owns and has acquired in the previous fiscal year; and

WHEREAS, in compliance with Health and Safety Code Section 33080.1 the Annual Report to be submitted to the State Controller will consist of the Annual Report of Financial Transactions of Community Redevelopment Agencies, the Redevelopment Agency's financial and compliance audit, the Annual Report of Housing Activity of Community Redevelopment Agencies, the Blight Report, the Loan Report and the Property Report; and

WHEREAS, the noted compliance issue identified in the auditor's "Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements performed in accordance with Government Auditing Standards" was addressed during FY 2005-06;

NOW, THEREFORE BE IT RESOLVED that the Redevelopment Agency hereby accepts the Annual Report for FY 2005-06.

**EXHIBIT 1
TO REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO
ANNUAL REPORT FOR FISCAL YEAR 2005-06**

**Annual Report of Financial Transactions of
Community Redevelopment Agencies**

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

General Information

Fiscal Year **2006**

Members of the Governing Body

Chairperson	Last Name	First Name	Middle Initial
Member	Intintoli, Jr	Anthony	J
Member	Gomes	Stephanie	
Member	Bartee	Tom	
Member	Sunga	Hermie	
Member	Cloutier	Gary	
Member	Davis	Gerald	
Member	Pearsall	Anthony	
Member			
Member			
Member			

Mailing Address

Street 1 555 Santa Clara Street, Third Floor
 Street 2 P.O. Box 3068
 City Vallejo State CA Zip 94590-5934
 Phone (707) 648-4592 Is Address Changed?

Agency Officials

Executive Director	Last Name	First Name	Middle Initial	Phone
Fiscal Officer	Thompson	John	P	(707) 648-4575
Secretary	Stout	Robert	V	(707) 648-4343
	Villarante	Allison		(707) 648-4527

Report Prepared By

Firm Name	Last	First	Middle Initial	Street	City	State	Zip Code	Phone
Maze and Associates	Mayer							
Biggs	Susan	Cory						
Independent Auditor	G			3478 Buskirk Avenue	Pleasant Hill	CA	94523-	(925) 930-0902

Redevelopment Agency Of The City Of Vallejo Redevelopment Agencies Financial Transactions Report

Audit Information

Fiscal Year 2006

Was the Report Prepared from Audited Financial Data, and Did You Submit a Copy of the Audit?

No

If compliance opinion includes exceptions, state the areas of non-compliance, and describe the agency's efforts to correct.

Indicate Financial Audit Opinion

Audit Incomplete

If Financial Audit is not yet Completed, What is the Expected Completion Date?

12/31/2006

If the Audit Opinion was Other than Unqualified, State Briefly the Reason Given

Was a Compliance Audit Performed in Accordance with Health and Safety Code Section 33080.1 and the State Controller's Guidelines for Compliance Audits, and Did You Submit a Copy of the Audit?

No

Indicate Compliance Audit Opinion

Compliance Audit Incomplete

If Compliance Audit is not yet Completed, What is the Expected Completion Date?

12/31/2006

**Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report**

Project Area Report

Fiscal Year 2006

Project Area Name Consolidated Low and Moderate Income Housing Funds

Please Provide a Brief Description of the Activities for this Project Area During the Reporting Year.

Activity Report

Forwarded from Prior Year ? Yes L

Enter Code for Type of Project Area Report

- P = Standard Project Area Report A = Administrative Fund
- L = Low and Moderate Income Housing Fund M = Mortgage Revenue Bond Program
- O = Other Miscellaneous Funds or Programs S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions?

Date Project Area was Established (MM-DD-YY)

Most Recent Date Project Area was Amended

Did this Amendment Add New Territory?

Most Recent Date Project Area was Merged

Will this Project Area be Carried Forward to Next Year? Yes

Established Time Limit :

Repayment of Indebtedness (Year Only)

Effectiveness of Plan (Year Only)

New Indebtedness (Year Only)

Size of Project Area in Acres

Percentage of Land Vacant at the Inception of the Project Area

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan

(Enter the Appropriate Code(s) in Sequence as Shown)

R = Residential I = Industrial C = Commercial P = Public O = Other

Redevelopment Agency Of The City Of Vallejo Redevelopment Agencies Financial Transactions Report

Project Area Report

Fiscal Year 2006

Project Area Name Flodsen Acres Project Area

Please Provide a Brief Description of the Activities for this Project Area During the Reporting Year.

Activity Report

Forwarded from Prior Year ?

Yes

Enter Code for Type of Project Area Report

P

- P = Standard Project Area Report A = Administrative Fund
- L = Low and Moderate Income Housing Fund M = Mortgage Revenue Bond Program
- O = Other Miscellaneous Funds or Programs S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions?

Yes

Date Project Area was Established (MM-DD-YY)

6/22/1970

Most Recent Date Project Area was Amended

9/17/1991

Did this Amendment Add New Territory?

No

Most Recent Date Project Area was Merged

Will this Project Area be Carried Forward to Next Year?

Yes

Established Time Limit :

Repayment of Indebtedness (Year Only)

2041

Effectiveness of Plan (Year Only)

2031

New Indebtedness (Year Only)

2031

Size of Project Area in Acres

647

Percentage of Land Vacant at the Inception of the Project Area

5.0

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area

95.0

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan
(Enter the Appropriate Code(s) in Sequence as Shown)

RCP

- R = Residential I = Industrial C = Commercial P = Public O = Other

**Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report**

Project Area Report

Fiscal Year 2006

Project Area Name Marina Vista Project Area

Please Provide a Brief Description of the Activities for this Project Area During the Reporting Year.

Activity Report

Forwarded from Prior Year ?

Yes

Enter Code for Type of Project Area Report

P

- P = Standard Project Area Report A = Administrative Fund
- L = Low and Moderate Income Housing Fund M = Mortgage Revenue Bond Program
- O = Other Miscellaneous Funds or Programs S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions? Yes

5/5/1975

11/28/2006

No

11/28/2006

Yes

Will this Project Area be Carried Forward to Next Year?

2027

2017

2017

125

20.0

80.0

CPO

Established Time Limit :

Repayment of Indebtedness (Year Only)

Effectiveness of Plan (Year Only)

New Indebtedness (Year Only)

Size of Project Area in Acres

Percentage of Land Vacant at the Inception of the Project Area

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan

(Enter the Appropriate Code(s) in Sequence as Shown)

R = Residential I = Industrial C = Commercial P = Public O = Other

**Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report**

Project Area Report

Fiscal Year 2006

Project Area Name Southeast Vallejo Project Area

Please Provide a Brief Description of the Activities for this Project Area During the Reporting Year.

Activity Report

Forwarded from Prior Year ? Yes No

Enter Code for Type of Project Area Report

- P = Standard Project Area Report A = Administrative Fund
- L = Low and Moderate Income Housing Fund M = Mortgage Revenue Bond Program
- O = Other Miscellaneous Funds or Programs S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions? Yes

Date Project Area was Established (MM-DD-YY) 12/19/1983

Most Recent Date Project Area was Amended

Did this Amendment Add New Territory?

Most Recent Date Project Area was Merged

Will this Project Area be Carried Forward to Next Year? No

Established Time Limit :

Repayment of Indebtedness (Year Only) 2033

Effectiveness of Plan (Year Only) 2023

New Indebtedness (Year Only) 2004

Size of Project Area in Acres 1,593

Percentage of Land Vacant at the Inception of the Project Area 40.0

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area 60.0

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan
(Enter the Appropriate Code(s) in Sequence as Shown) RCP

R = Residential I = Industrial C = Commercial P = Public O = Other

**Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report**

Project Area Report

Fiscal Year 2006

Project Area Name Vallejo Central Project Area

Please Provide a Brief Description of the Activities for this Project Area During the Reporting Year.

Activity Report

Forwarded from Prior Year ? Yes No

Enter Code for Type of Project Area Report

- P = Standard Project Area Report
- L = Low and Moderate Income Housing Fund
- O = Other Miscellaneous Funds or Programs
- A = Administrative Fund
- M = Mortgage Revenue Bond Program
- S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions? Yes No

Date Project Area was Established (MM-DD-YY) 11/7/1983

Most Recent Date Project Area was Amended 11/28/2006

Did this Amendment Add New Territory? Yes No

Most Recent Date Project Area was Merged 11/28/2006

Will this Project Area be Carried Forward to Next Year? Yes No

Established Time Limit :

Repayment of Indebtedness (Year Only) 2035

Effectiveness of Plan (Year Only) 2025

New Indebtedness (Year Only) 2025

Size of Project Area in Acres 167

Percentage of Land Vacant at the Inception of the Project Area 1.0

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area 99.0

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan
(Enter the Appropriate Code(s) in Sequence as Shown) CP

R = Residential I = Industrial C = Commercial P = Public O = Other

**Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report**

Project Area Report

Fiscal Year 2006

Project Area Name Waterfront Development Project Area

Please Provide a Brief Description of the Activities for this Project Area During the Reporting Year.

Activity Report

Forwarded from Prior Year ? Yes

Enter Code for Type of Project Area Report

P

P = Standard Project Area Report

A = Administrative Fund

L = Low and Moderate Income Housing Fund

M = Mortgage Revenue Bond Program

O = Other Miscellaneous Funds or Programs

S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions?

Yes

Date Project Area was Established (MM-DD-YY)

12/26/1973

Most Recent Date Project Area was Amended

11/28/2006

Did this Amendment Add New Territory?

No

Most Recent Date Project Area was Merged

11/28/2006

Will this Project Area be Carried Forward to Next Year?

Yes

Established Time Limit :

Repayment of Indebtedness (Year Only)

2025

Effectiveness of Plan (Year Only)

2015

New Indebtedness (Year Only)

2015

Size of Project Area in Acres

212

Percentage of Land Vacant at the Inception of the Project Area

40.0

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area

60.0

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan

RICP

(Enter the Appropriate Code(s) in Sequence as Shown)

R = Residential I = Industrial C = Commercial P = Public O = Other

**Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report**

Assessed Valuation Data

Fiscal Year **2006**

Project Area Name

Consolidated Low and Moderate Income Housing
Funds

Frozen Base Assessed Valuation

0

Increment Assessed Valuation

0

Total Assessed Valuation

0

**Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report**

Assessed Valuation Data

Fiscal Year **2006**

Project Area Name

Marina Vista Project Area

Frozen Base Assessed Valuation

3,122,896

Increment Assessed Valuation

42,375,192

Total Assessed Valuation

45,498,088

**Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report**

Assessed Valuation Data

Fiscal Year 2006

Project Area Name

Southeast Vallejo Project Area

Frozen Base Assessed Valuation

0

Increment Assessed Valuation

0

Total Assessed Valuation

0

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Assessed Valuation Data

Fiscal Year 2006

Project Area Name Vallejo Central Project Area

Frozen Base Assessed Valuation	20,544,677
Increment Assessed Valuation	64,436,974
Total Assessed Valuation	84,981,651

**Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report**

Assessed Valuation Data

Fiscal Year **2006**

Project Area Name

Waterfront Development Project Area

Frozen Base Assessed Valuation

1,475,038

Increment Assessed Valuation

64,053,637

Total Assessed Valuation

65,528,675

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Pass-Through / School District Assistance

Fiscal Year 2006

Project Area Name Consolidated Low and Moderate Income Housing Funds

Amounts Paid To Taxing Agencies Pursuant To:	Tax Increment Pass Through Detail			Other Payments		
	H & S Code Section 33401	H & S Code Section 33676	H & S Code Section 33607	Total	H & S Code Section 33445	H & S Code Section 33445.5
County			\$0			
Cities			\$0			
School Districts			\$0			
Community College Districts			\$0			
Special Districts			\$0			
Total Paid to Taxing Agencies	\$0	\$0	\$0	\$0	\$0	\$0
Net Amount to Agency						\$0
Gross Tax Increment Generated						

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Pass-Through / School District Assistance

Fiscal Year 2006

Project Area Name Flouden Acres Project Area

Amounts Paid To Taxing Agencies Pursuant To:	Tax Increment Pass Through Detail			Other Payments		
	H & S Code Section 33401	H & S Code Section 33676	H & S Code Section 33607	Total	H & S Code Section 33445	H & S Code Section 33445.5
County	352,380			\$352,380		
Cities				\$0		
School Districts				\$0		
Community College Districts				\$0		
Special Districts	93,040			\$93,040		
Total Paid to Taxing Agencies	\$445,420	\$0	\$0	\$445,420	\$0	\$0
Net Amount to Agency				\$988,422		
Gross Tax Increment Generated				1,433,842		

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Pass-Through / School District Assistance

Fiscal Year 2006

Project Area Name Marina Vista Project Area

Amounts Paid To Taxing Agencies Pursuant To:	Tax Increment Pass Through Detail			Other Payments		
	H & S Code Section 33401	H & S Code Section 33676	H & S Code Section 33607	Total	H & S Code Section 33445	H & S Code Section 33445.5
County	15,375			\$15,375		
Cities				\$0		
School Districts	10,472			\$10,472		
Community College Districts	1,122			\$1,122		
Special Districts	3,977			\$3,977		
Total Paid to Taxing Agencies	\$30,946	\$0	\$0	\$30,946	\$0	\$0
Net Amount to Agency				\$420,253		
Gross Tax Increment Generated				451,199		

**Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report**

Pass-Through / School District Assistance

Fiscal Year 2006

Project Area Name Southeast Vallejo Project Area

Amounts Paid To Taxing Agencies Pursuant To:	Tax Increment Pass Through Detail			Other Payments		
	H & S Code Section 33401	H & S Code Section 33676	H & S Code Section 33607	Total	H & S Code Section 33445	H & S Code Section 33445.5
County				\$0		
Cities				\$0		
School Districts				\$0		
Community College Districts				\$0		
Special Districts				\$0		
Total Paid to Taxing Agencies	\$0	\$0	\$0	\$0	\$0	\$0
Net Amount to Agency				\$0		
Gross Tax Increment Generated						

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Pass-Through / School District Assistance

Fiscal Year 2006

Project Area Name Vallejo Central Project Area

Amounts Paid To Taxing Agencies Pursuant To:	Tax Increment Pass Through Detail			Other Payments		
	H & S Code Section 33401	H & S Code Section 33676	H & S Code Section 33607	Total	H & S Code Section 33445	H & S Code Section 33445.5
County	128,388			\$128,388		
Cities				\$0		
School Districts	5,951			\$5,951		
Community College Districts	7,090			\$7,090		
Special Districts	7,468			\$7,468		
Total Paid to Taxing Agencies	\$148,897	\$0	\$0	\$148,897	\$0	\$0
Net Amount to Agency				\$560,134		
Gross Tax Increment Generated				709,031		

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Pass-Through / School District Assistance

Fiscal Year 2006

Project Area Name

Waterfront Development Project Area

Amounts Paid To Taxing Agencies Pursuant To:	Tax Increment Pass Through Detail			Other Payments		
	H & S Code Section 33401	H & S Code Section 33676	H & S Code Section 33607	Total	H & S Code Section 33445	H & S Code Section 33445.5
County	7,389			\$7,389		
Cities				\$0		
School Districts	4,669			\$4,669		
Community College Districts	500			\$500		
Special Districts	1,867			\$1,867		
Total Paid to Taxing Agencies	\$14,425	\$0	\$0	\$14,425	\$0	\$0
Net Amount to Agency				\$653,204		
Gross Tax Increment Generated				667,629		

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year | 2006

Project Area Name | Marina Vista Project Area

Forward from Prior Year		Yes
Bond Type	Certificates of Participation	
Year of Authorization	2003	
Principal Amount Authorized	2,617,597	
Principal Amount Issued	2,617,597	
Purpose of Issue	Finance construction.	
Maturity Date Beginning Year	2004	
Maturity Date Ending Year	2023	
Principal Amount Unmatured Beginning of Fiscal Year	\$2,537,433	
Adjustment Made During Year		
Adjustment Explanation		
Interest Added to Principal		
Principal Amount Issued During Fiscal Year		
Principal Amount Matured During Fiscal Year	86,708	
Principal Amount Defeased During Fiscal Year		
Principal Amount Unmatured End of Fiscal Year	\$2,450,725	
Principal Amount In Default		
Interest In Default		

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year 2006

Project Area Name Marina Vista Project Area

Forward from Prior Year	
Bond Type	City/County Debt
Year of Authorization	1975
Principal Amount Authorized	540,000
Principal Amount Issued	540,000
Purpose of Issue	Operations
Maturity Date Beginning Year	2004
Maturity Date Ending Year	2025
Principal Amount Unmatured Beginning of Fiscal Year	\$520,000
Adjustment Made During Year	
Adjustment Explanation	
Interest Added to Principal	20,000
Principal Amount Issued During Fiscal Year	
Principal Amount Matured During Fiscal Year	
Principal Amount Defeased During Fiscal Year	
Principal Amount Unmatured End of Fiscal Year	\$540,000
Principal Amount In Default	
Interest In Default	

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year 2006

Project Area Name Vallejo Central Project Area

Forward from Prior Year	Yes
Bond Type	City/County Debt
Year of Authorization	1983
Principal Amount Authorized	3,012,788
Principal Amount Issued	3,012,788
Purpose of Issue	Operations
Maturity Date Beginning Year	1983
Maturity Date Ending Year	2023
Principal Amount Unmatured Beginning of Fiscal Year	\$2,927,948
Adjustment Made During Year	
Adjustment Explanation	
Interest Added to Principal	84,840
Principal Amount Issued During Fiscal Year	
Principal Amount Matured During Fiscal Year	
Principal Amount Defeased During Fiscal Year	
Principal Amount Unmatured End of Fiscal Year	\$3,012,788
Principal Amount In Default	
Interest In Default	

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year | 2006

Project Area Name | Waterfront Development Project Area

Forward from Prior Year	Yes
Bond Type	Tax Allocation Bonds
Year of Authorization	1989
Principal Amount Authorized	2,485,000
Principal Amount Issued	2,485,000
Purpose of Issue	Debt Repayment
Maturity Date Beginning Year	1989
Maturity Date Ending Year	2019
Principal Amount Unmatured Beginning of Fiscal Year	\$2,255,000
Adjustment Made During Year	
Adjustment Explanation	
Interest Added to Principal	
Principal Amount Issued During Fiscal Year	
Principal Amount Matured During Fiscal Year	65,000
Principal Amount Defeased During Fiscal Year	
Principal Amount Unmatured End of Fiscal Year	\$2,190,000
Principal Amount in Default	
Interest In Default	

Bond Types Allowed:
 Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US;State;
 Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year | 2006

Project Area Name | Marina Vista Project Area

Forward from Prior Year	Yes
Bond Type	Tax Allocation Bonds
Year of Authorization	1990
Principal Amount Authorized	3,335,000
Principal Amount Issued	3,335,000
Purpose of Issue	Operations
Maturity Date Beginning Year	1990
Maturity Date Ending Year	2020
Principal Amount Unmatured Beginning of Fiscal Year	\$2,500,000
Adjustment Made During Year	
Adjustment Explanation	
Interest Added to Principal	
Principal Amount Issued During Fiscal Year	
Principal Amount Matured During Fiscal Year	85,000
Principal Amount Deceased During Fiscal Year	
Principal Amount Unmatured End of Fiscal Year	\$2,415,000
Principal Amount In Default	
Interest In Default	

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year | 2006

Project Area Name | Vallejo Central Project Area

Forward from Prior Year	Yes
Bond Type	Tax Allocation Bonds
Year of Authorization	1990
Principal Amount Authorized	1,900,000
Principal Amount Issued	1,900,000
Purpose of Issue	Operations
Maturity Date Beginning Year	1990
Maturity Date Ending Year	2020
Principal Amount Unmatured Beginning of Fiscal Year	\$1,725,000
Adjustment Made During Year	
Adjustment Explanation	
Interest Added to Principal	
Principal Amount Issued During Fiscal Year	
Principal Amount Matured During Fiscal Year	30,000
Principal Amount Defeased During Fiscal Year	
Principal Amount Unmatured End of Fiscal Year	\$1,695,000
Principal Amount In Default	
Interest In Default	

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year | 2006

Project Area Name | Consolidated Low and Moderate Income Housing Funds

Forward from Prior Year	
Bond Type	Yes
Year of Authorization	Tax Allocation Bonds
Principal Amount Authorized	2001
Principal Amount Issued	5,410,000
Purpose of Issue	5,410,000
Maturity Date Beginning Year	Operations
Maturity Date Ending Year	2002
	2031
Principal Amount Unmatured Beginning of Fiscal Year	\$5,185,000
Adjustment Made During Year	
Adjustment Explanation	
Interest Added to Principal	
Principal Amount Issued During Fiscal Year	
Principal Amount Matured During Fiscal Year	105,000
Principal Amount Defeased During Fiscal Year	
Principal Amount Unmatured End of Fiscal Year	\$5,080,000
Principal Amount in Default	
Interest in Default	

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year | 2006

Project Area Name | Vallejo Central Project Area

Forward from Prior Year	
Bond Type	City/County Debt
Year of Authorization	2006
Principal Amount Authorized	179,027
Principal Amount Issued	179,027
Purpose of Issue	Operations
Maturity Date Beginning Year	2006
Maturity Date Ending Year	2033
Principal Amount Unmatured Beginning of Fiscal Year	
Adjustment Made During Year	
Adjustment Explanation	
Interest Added to Principal	
Principal Amount Issued During Fiscal Year	179,027
Principal Amount Matured During Fiscal Year	
Principal Amount Defeased During Fiscal Year	
Principal Amount Unmatured End of Fiscal Year	\$179,027
Principal Amount In Default	
Interest In Default	

Bond Types Allowed:
 Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US;State;
 Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Revenues

Fiscal Year 2006

Project Area Name

Consolidated Low and Moderate Income Housing Funds

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross <i>(Include All Apportionments)</i>					\$0
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income	2,596	12,168	113,490		\$128,254
Rental Income					\$0
Lease Income					\$0
Sale of Real Estate					\$0
Gain on Land Held for Resale					\$0
Federal Grants					\$0
Grants from Other Agencies	484,042				\$484,042
Bond Administrative Fees					\$0
Other Revenues			25,596		\$25,596
Total Revenues	\$486,638	\$12,168	\$139,086	\$0	\$637,892

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Revenues

Fiscal Year 2006
Project Area Name Flouden Acres Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross (Include All Apportionments)		1,433,842			\$1,433,842
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income	137,207	5,408			\$142,615
Rental Income	53,040				\$53,040
Lease Income					\$0
Sale of Real Estate					\$0
Gain on Land Held for Resale					\$0
Federal Grants					\$0
Grants from Other Agencies					\$0
Bond Administrative Fees					\$0
Other Revenues	2,680,628				\$2,680,628
Total Revenues	\$2,870,875	\$1,439,250	\$0	\$0	\$4,310,125

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Revenues

Fiscal Year 2006

Project Area Name Marina Vista Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross <i>(Include All Apportionments)</i>		451,199			\$451,199
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income	29,606	4,210			\$33,816
Rental Income	24,829				\$24,829
Lease Income					\$0
Sale of Real Estate					\$0
Gain on Land Held for Resale					\$0
Federal Grants					\$0
Grants from Other Agencies					\$0
Bond Administrative Fees					\$0
Other Revenues					\$0
Total Revenues	\$54,435	\$455,409	\$0	\$0	\$509,844

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report
Statement of Income and Expenditures - Revenues

Fiscal Year 2006
Project Area Name Southeast Vallejo Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross <i>(Include All Apportionments)</i>					\$0
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income		52,558			\$52,558
Rental Income					\$0
Lease Income					\$0
Sale of Real Estate					\$0
Gain on Land Held for Resale					\$0
Federal Grants					\$0
Grants from Other Agencies					\$0
Bond Administrative Fees					\$0
Other Revenues					\$0
Total Revenues	\$0	\$52,558	\$0	\$0	\$52,558

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Revenues

Fiscal Year: 2006
 Project Area Name: Vallejo Central Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross <i>(Include All Apportionments)</i>		709,031			\$709,031
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income	58,152	8,116			\$66,268
Rental Income					\$0
Lease Income					\$0
Sale of Real Estate					\$0
Gain on Land Held for Resale					\$0
Federal Grants					\$0
Grants from Other Agencies					\$0
Bond Administrative Fees					\$0
Other Revenues					\$0
Total Revenues	\$58,152	\$717,147	\$0	\$0	\$775,299

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Revenues

Fiscal Year 2006

Project Area Name Waterfront Development Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross <i>(Include All Apportionments)</i>		667,629			\$667,629
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income	14,991	11,247			\$26,238
Rental Income	92,740				\$92,740
Lease Income					\$0
Sale of Real Estate					\$0
Gain on Land Held for Resale					\$0
Federal Grants					\$0
Grants from Other Agencies					\$0
Bond Administrative Fees					\$0
Other Revenues					\$0
Total Revenues	\$107,731	\$678,876	\$0	\$0	\$786,607

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year **2006**

Project Area Name **Consolidated Low and Moderate Income Housing Funds**

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Administration Costs	486,638		730,071		\$1,216,709
Professional Services					\$0
Planning, Survey, and Design					\$0
Real Estate Purchases					\$0
Acquisition Expense					\$0
Operation of Acquired Property					\$0
Relocation Costs					\$0
Relocation Payments					\$0
Site Clearance Costs					\$0
Project Improvement / Construction Costs					\$0
Disposal Costs					\$0
Loss on Disposition of Land Held for Resale					\$0

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year **2006**

Project Area Name **Consolidated Low and Moderate Income Housing Funds**

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Decline in Value of Land Held for Resale					\$0
Rehabilitation Costs					\$0
Rehabilitation Grants					\$0
Interest Expense		361,275			\$361,275
Fixed Asset Acquisitions					\$0
Subsidies to Low and Moderate Income Housing					\$0
Debt Issuance Costs					\$0
Other Expenditures Including Pass-Through Payment(s)					\$0
Debt Principal Payments:					
Tax Allocation Bonds and Notes		105,000			\$105,000
Revenue Bonds, Certificates of Participation, Financing Authority Bonds					\$0
City/County Advances and Loans					\$0
All Other Long-Term Debt					\$0
Total Expenditures	\$486,638	\$466,275	\$730,071	\$0	\$1,682,984
Excess (Deficiency) Revenues over (under) Expenditures	\$0	(\$454,107)	(\$590,985)	\$0	(\$1,045,092)

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year **2006**

Project Area Name **Flosden Acres Project Area**

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Administration Costs	208,842	16,602			\$225,444
Professional Services					\$0
Planning, Survey, and Design					\$0
Real Estate Purchases					\$0
Acquisition Expense					\$0
Operation of Acquired Property					\$0
Relocation Costs					\$0
Relocation Payments					\$0
Site Clearance Costs					\$0
Project Improvement / Construction Costs					\$0
Disposal Costs					\$0
Loss on Disposition of Land Held for Resale					\$0

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year	Project Area Name	Flosden Acres Project Area				Total
		Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	
2006						
	Decline in Value of Land Held for Resale					\$0
	Rehabilitation Costs					\$0
	Rehabilitation Grants	102,100				\$102,100
	Interest Expense					\$0
	Fixed Asset Acquisitions					\$0
	Subsidies to Low and Moderate Income Housing					\$0
	Debt Issuance Costs					\$0
	Other Expenditures Including Pass-Through Payment(s)	2,977,418	1,020,344			\$3,997,762
	Debt Principal Payments:					
	Tax Allocation Bonds and Notes					\$0
	Revenue Bonds, Certificates of Participation, Financing Authority Bonds					\$0
	City/County Advances and Loans					\$0
	All Other Long-Term Debt					\$0
	Total Expenditures	\$3,288,360	\$1,036,946	\$0	\$0	\$4,325,306
	Excess (Deficiency) Revenues over (under) Expenditures	(\$417,485)	\$402,304	\$0	\$0	(\$15,181)

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year 2006

Project Area Name Marina Vista Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Administration Costs	145,857	4,213			\$150,070
Professional Services					\$0
Planning, Survey, and Design					\$0
Real Estate Purchases					\$0
Acquisition Expense					\$0
Operation of Acquired Property					\$0
Relocation Costs					\$0
Relocation Payments					\$0
Site Clearance Costs					\$0
Project Improvement / Construction Costs	54,700				\$54,700
Disposal Costs					\$0
Loss on Disposition of Land Held for Resale					\$0

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year 2006

Project Area Name Marina Vista Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Decline in Value of Land Held for Resale					\$0
Rehabilitation Costs					\$0
Rehabilitation Grants					\$0
Interest Expense		357,091			\$357,091
Fixed Asset Acquisitions					\$0
Subsidies to Low and Moderate Income Housing					\$0
Debt Issuance Costs					\$0
Other Expenditures Including Pass-Through Payment(s)	11,053	43,993			\$55,046
Debt Principal Payments:					
Tax Allocation Bonds and Notes		85,000			\$85,000
Revenue Bonds, Certificates of Participation, Financing Authority Bonds		86,708			\$86,708
City/County Advances and Loans					\$0
All Other Long-Term Debt					\$0
Total Expenditures	\$211,610	\$577,005	\$0	\$0	\$788,615
Excess (Deficiency) Revenues over (under) Expenditures	(\$157,175)	(\$121,596)	\$0	\$0	(\$278,771)

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year **2006**

Project Area Name **Southeast Vallejo Project Area**

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Administration Costs					\$0
Professional Services					\$0
Planning, Survey, and Design					\$0
Real Estate Purchases					\$0
Acquisition Expense					\$0
Operation of Acquired Property					\$0
Relocation Costs					\$0
Relocation Payments					\$0
Site Clearance Costs					\$0
Project Improvement / Construction Costs					\$0
Disposal Costs					\$0
Loss on Disposition of Land Held for Resale					\$0

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year **2006**
Project Area Name **Southeast Vallejo Project Area**

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Decline in Value of Land Held for Resale					\$0
Rehabilitation Costs					\$0
Rehabilitation Grants					\$0
Interest Expense					\$0
Fixed Asset Acquisitions					\$0
Subsidies to Low and Moderate Income Housing					\$0
Debt Issuance Costs					\$0
Other Expenditures Including Pass-Through Payment(s)		52,558			\$52,558
Debt Principal Payments:					
Tax Allocation Bonds and Notes					\$0
Revenue Bonds, Certificates of Participation, Financing Authority Bonds					\$0
City/County Advances and Loans					\$0
All Other Long-Term Debt					\$0
Total Expenditures	\$0	\$52,558	\$0	\$0	\$52,558
Excess (Deficiency) Revenues over (under) Expenditures	\$0	\$0	\$0	\$0	\$0

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year 2006

Project Area Name Vallejo Central Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Administration Costs	189,171	9,081			\$198,252
Professional Services					\$0
Planning, Survey, and Design					\$0
Real Estate Purchases					\$0
Acquisition Expense					\$0
Operation of Acquired Property					\$0
Relocation Costs					\$0
Relocation Payments					\$0
Site Clearance Costs					\$0
Project Improvement / Construction Costs	199,281				\$199,281
Disposal Costs					\$0
Loss on Disposition of Land Held for Resale					\$0

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year 2006

Project Area Name Vallejo Central Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Decline in Value of Land Held for Resale					\$0
Rehabilitation Costs					\$0
Rehabilitation Grants					\$0
Interest Expense		213,090			\$213,090
Fixed Asset Acquisitions					\$0
Subsidies to Low and Moderate Income Housing					\$0
Debt Issuance Costs					\$0
Other Expenditures Including Pass-Through Payment(s)		182,097			\$182,097
Debt Principal Payments:					
Tax Allocation Bonds and Notes		30,000			\$30,000
Revenue Bonds, Certificates of Participation, Financing Authority Bonds					\$0
City/County Advances and Loans					\$0
All Other Long-Term Debt					\$0
Total Expenditures	\$388,452	\$434,268	\$0	\$0	\$822,720
Excess (Deficiency) Revenues over (under) Expenditures	(\$330,300)	\$282,879	\$0	\$0	(\$47,421)

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year 2006

Project Area Name Waterfront Development Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Administration Costs	229,915	5,297			\$235,212
Professional Services					\$0
Planning, Survey, and Design					\$0
Real Estate Purchases					\$0
Acquisition Expense					\$0
Operation of Acquired Property					\$0
Relocation Costs					\$0
Relocation Payments					\$0
Site Clearance Costs					\$0
Project Improvement / Construction Costs					\$0
Disposal Costs					\$0
Loss on Disposition of Land Held for Resale					\$0

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year **2006**

Project Area Name **Waterfront Development Project Area**

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Decline in Value of Land Held for Resale					\$0
Rehabilitation Costs					\$0
Rehabilitation Grants					\$0
Interest Expense		178,145			\$178,145
Fixed Asset Acquisitions					\$0
Subsidies to Low and Moderate Income Housing					\$0
Debt Issuance Costs					\$0
Other Expenditures Including Pass-Through Payment(s)	7,167	50,458			\$57,625
Debt Principal Payments:					
Tax Allocation Bonds and Notes		65,000			\$65,000
Revenue Bonds, Certificates of Participation, Financing Authority Bonds					\$0
City/County Advances and Loans					\$0
All Other Long-Term Debt					\$0
Total Expenditures	\$237,082	\$298,900	\$0	\$0	\$535,982
Excess (Deficiency) Revenues over (under) Expenditures	(\$129,351)	\$379,976	\$0	\$0	\$250,625

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year 2006

Project Area Name	Consolidated Low and Moderate Income Housing Funds				Total
	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	
Proceeds of Long-Term Debt					\$0
Proceeds of Refunding Bonds					\$0
Payment to Refunded Bond Escrow Agent					\$0
Advances from City/County					\$0
Sale of Fixed Assets					\$0
Miscellaneous Financing Sources (Uses)					\$0
Operating Transfers In		457,266			\$457,266
Tax Increment Transfers In			652,340		\$652,340
Operating Transfers Out			457,266		\$457,266
Tax Increment Transfers Out					\$0
(To the Low and Moderate Income Housing Fund)					
Total Other Financing Sources (Uses)	\$0	\$457,266	\$195,074	\$0	\$652,340

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year 2006

Project Area Name

Consolidated Low and Moderate Income Housing Funds

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$0	\$3,159	(\$395,911)	\$0	(\$392,752)
Equity, Beginning of Period	\$0	\$473,976	\$11,292,839	\$0	\$11,766,815
Prior Period Adjustments					\$0
Residual Equity Transfers					\$0
Other(Specify)					
Total					

Other Total					
Equity, End of Period	\$0	\$477,135	\$10,896,928	\$0	\$11,374,063

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year 2006

Project Area Name	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Proceeds of Long-Term Debt					\$0
Proceeds of Refunding Bonds					\$0
Payment to Refunded Bond Escrow Agent					\$0
Advances from City/County					\$0
Sale of Fixed Assets					\$0
Miscellaneous Financing Sources (Uses)					\$0
Operating Transfers In	115,536				\$115,536
Tax Increment Transfers In					\$0
Operating Transfers Out		115,536			\$115,536
Tax Increment Transfers Out		286,768			\$286,768
(To the Low and Moderate Income Housing Fund)					
Total Other Financing Sources (Uses)	\$115,536	(\$402,304)	\$0	\$0	(\$286,768)

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year 2006

Project Area Name Flosden Acres Project Area

Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
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(\$301,949)	\$0	\$0	\$0	(\$301,949)
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Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses

\$6,320,202	\$1,000,000	\$0	\$0	\$7,320,202
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Equity, Beginning of Period

				\$0
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Prior Period Adjustments

				\$0
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Residual Equity Transfers

Other(Specify)	A	B	C	D	E	Refresh
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Total						
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Other Total

\$6,018,253	\$1,000,000	\$0	\$0	\$7,018,253
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Equity, End of Period

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year 2006

Project Area Name

Marina Vista Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Proceeds of Long-Term Debt					\$0
Proceeds of Refunding Bonds					\$0
Payment to Refunded Bond Escrow Agent					\$0
Advances from City/County					\$0
Sale of Fixed Assets					\$0
Miscellaneous Financing Sources (Uses)					\$0
Operating Transfers In		147,441			\$147,441
Tax Increment Transfers In					\$0
Operating Transfers Out	147,441				\$147,441
Tax Increment Transfers Out			90,240		\$90,240
<i>(To the Low and Moderate Income Housing Fund)</i>					
Total Other Financing Sources (Uses)	(\$147,441)	\$57,201	\$0	\$0	(\$90,240)

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year 2006

Project Area Name

Marina Vista Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(\$304,616)	(\$64,395)	\$0	\$0	(\$369,011)
Equity, Beginning of Period	\$794,102	(\$814,173)	\$0	\$0	(\$20,071)
Prior Period Adjustments	-1	-520,000			(\$520,001)
Residual Equity Transfers					\$0
Other(Specify)	A	B	C	D	E
Total					
Other Total					
Equity, End of Period	\$489,485	(\$1,398,568)	\$0	\$0	(\$909,083)

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year 2006

Project Area Name

Southeast Vallejo Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Proceeds of Long-Term Debt					\$0
Proceeds of Refunding Bonds					\$0
Payment to Refunded Bond Escrow Agent					\$0
Advances from City/County					\$0
Sale of Fixed Assets					\$0
Miscellaneous Financing Sources (Uses)					\$0
Operating Transfers In					\$0
Tax Increment Transfers In					\$0
Operating Transfers Out					\$0
Tax Increment Transfers Out					\$0
(To the Low and Moderate Income Housing Fund)					\$0
Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0

City of Vallejo
 Department of Finance
 12/13/2006

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year 2006

Project Area Name

Southeast Vallejo Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$0	\$0	\$0	\$0	\$0
Equity, Beginning of Period	\$0	\$0	\$0	\$0	\$0
Prior Period Adjustments					\$0
Residual Equity Transfers					\$0
Other(Specify)					
Total					

Refresh

Other Total

Equity, End of Period

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year 2006

Project Area Name

Vallejo Central Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Proceeds of Long-Term Debt					\$0
Proceeds of Refunding Bonds					\$0
Payment to Refunded Bond Escrow Agent					\$0
Advances from City/County					\$0
Sale of Fixed Assets					\$0
Miscellaneous Financing Sources (Uses)					\$0
Operating Transfers In	224,668				\$224,668
Tax Increment Transfers In					\$0
Operating Transfers Out		224,668			\$224,668
Tax Increment Transfers Out			141,806		\$141,806
<i>(To the Low and Moderate Income Housing Fund)</i>					
Total Other Financing Sources (Uses)	\$224,668	(\$366,474)	\$0	\$0	(\$141,806)

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year 2006

Project Area Name

Vallejo Central Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(\$105,632)	(\$83,595)	\$0	\$0	(\$189,227)
Equity, Beginning of Period	\$2,908,783	\$153,319	\$0	\$0	\$3,062,102
Prior Period Adjustments		-2,927,948			(\$2,927,948)
Residual Equity Transfers					\$0

Other(Specify)	A	B	C	D	E	Refresh
Total						

Other Total

Equity, End of Period	\$2,803,151	(\$2,858,224)	\$0	\$0	(\$55,073)
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Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year 2006

Project Area Name

Waterfront Development Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Proceeds of Long-Term Debt					\$0
Proceeds of Refunding Bonds					\$0
Payment to Refunded Bond Escrow Agent					\$0
Advances from City/County					\$0
Sale of Fixed Assets					\$0
Miscellaneous Financing Sources (Uses)					\$0
Operating Transfers In	239,546				\$239,546
Tax Increment Transfers In					\$0
Operating Transfers Out		239,546			\$239,546
Tax Increment Transfers Out			133,526		\$133,526
<i>(To the Low and Moderate Income Housing Fund)</i>					
Total Other Financing Sources (Uses)	\$239,546	(\$373,072)	\$0	\$0	(\$133,526)

Project Area

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year 2006

Project Area Name

Waterfront Development Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$110,195	\$6,904	\$0	\$0	\$117,099
Equity, Beginning of Period	\$2,224,962	\$238,857	\$0	\$0	\$2,463,819
Prior Period Adjustments	-1				(\$1)
Residual Equity Transfers					\$0

Other(Specify)	A	B	C	D	E	Refresh
Total						

Other Total					
Equity, End of Period	\$2,335,156	\$245,761	\$0	\$0	\$2,580,917

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year	2006	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long-Term Debt	General Fixed Assets	Total
Assets and Other Debits								
Cash and Imprest Cash		9,330,301	117,472	998,273				\$10,446,046
Cash with Fiscal Agent			1,152,180					\$1,152,180
Tax Increments Receivable								\$0
Accounts Receivable		10,328	0	391				\$10,719
Accrued Interest Receivable				812,780				\$812,780
Loans Receivable		1,415,048		9,902,871				\$11,317,919
Contracts Receivable								\$0
Lease Payments Receivable								\$0
Unearned Finance Charge								\$0
Due from Capital Projects Fund								\$0
Due from Debt Service Fund			1,133,288					\$1,133,288
Due from Low/Moderate Income Housing Fund								\$0
Due from Special Revenue/Other Funds								\$0

Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year	2006	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long-Term Debt	General Fixed Assets	Total
Investments								\$0
Other Assets		8,630						\$8,630
Investments: Land Held for Resale		1,343,595						\$1,343,595
Allowance for Decline in Value of Land Held for Resale								\$0
Fixed Assets: Land, Structures, and Improvements							2,855,873	\$2,855,873
Equipment								\$0
Amount Available in Debt Service Fund						3,731,815		\$3,731,815
Amount to be Provided for Payment of Long-Term Debt						13,830,725		\$13,830,725
Total Assets and Other Debits		\$12,107,902	\$2,402,940	\$11,714,315	\$0	\$17,562,540	\$2,855,873	\$46,643,570

(Must Equal Total Liabilities, Other Credits, and Equities)

**Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report**

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2006	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long-Term Debt	General Fixed Assets	Total
Liabilities and Other Credits								
Accounts Payable		247,502	117,472	4,607				\$369,581
Interest Payable								\$0
Tax Anticipation Notes Payable								\$0
Loans Payable								\$0
Other Liabilities		214,355	3,686,076	812,780				\$4,713,211
Due to Capital Projects Fund								\$0
Due to Debt Service Fund			1,133,288					\$1,133,288
Due to Low/Moderate Income Housing Fund								\$0
Due to Special Revenue/Other Funds								\$0
Tax Allocation Bonds Payable						11,380,000		\$11,380,000
Lease Revenue, Certificates of Participation Payable, Financing Authority Bonds						2,450,725		\$2,450,725
All Other Long-Term Debt						3,731,815		\$3,731,815
Total Liabilities and Other Credits		\$461,857	\$4,936,836	\$817,387	\$0	\$17,562,540		\$23,778,620

**Redevelopment Agency Of The City Of Vallejo
Redevelopment Agencies Financial Transactions Report**

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2006	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Equities								
Investment In General Fixed Assets							2,855,873	\$2,855,873
Fund Balance Reserved		2,886,830	2,152,180	9,902,871				\$14,941,881
Fund Balance Unreserved-Designated		3,523,867						\$3,523,867
Fund Balance Unreserved-Undesignated		5,235,348	-4,686,076	994,057				\$1,543,329
Total Equities		\$11,646,045	(\$2,533,896)	\$10,896,928	\$0		\$2,855,873	\$22,864,950
Total Liabilities, Other Credits, and Equities		\$12,107,902	\$2,402,940	\$11,714,315	\$0	\$17,562,540	\$2,855,873	\$46,643,570

Redevelopment Agency Of The City Of Vallejo

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Summary, Combined Transfers In/Out

Fiscal Year 2006

Operating Transfers In	\$1,184,457
Tax Increment Transfers In	\$652,340
Operating Transfers Out	\$1,184,457
Tax Increment Transfers Out	\$652,340

**EXHIBIT 2
TO REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO
ANNUAL REPORT FOR FISCAL YEAR 2005-06**

**State of California Department of Housing and
Community Development Reporting Forms**

(Schedules HCD-A, HCD-B, HCD-C and HCD-D)

Confirmation of Redevelopment Agency On-Line Filing of Annual HCD Report

**To: State Controller
Division of Accounting and Reporting
Local Government Reporting Section
P.O.Box. 942850
Sacramento, CA 94250**

This notice is automatically generated by HCD's On-Line Reporting System. The purpose is to inform and verify to the SCO that the redevelopment agency electronically filed the annual HCD report and HCD, by this notice, electronically received the annual HCD report.

Below identifies the reporting redevelopment agency, authorized person who filed the report, and the date and time HCD received the agency's annual report:

**Redevelopment Agency: VALLEJO RDA
Agency Administrator: Bonnie Lipscomb
Date: 12/13/2006
Time: 09:02 am**

Note to Redevelopment Agency:

Send this notice and a copy of the agency's independent auditor's report and financial statement to the SCO at the above address. *It is not necessary to submit a paper copy of HCD's reporting schedules to either the SCO or HCD.*

California Redevelopment Agencies - Fiscal Year 2005/2006
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial Summary
 VALLEJO RDA

Adjusted Beginning Balance	Project Area Receipts	Agency Other Revenue	Total Expenses	Net Resources Available	Other Housing Fund Assets	Total Housing Fund Assets	Encumbrances	* Unencumbered Balance	Unencumbered Designated	Unencumbered Not Designated
\$1,343,348	\$652,340	\$355,646	\$1,357,277	\$994,057	\$10,238,838	\$11,232,895	\$0	\$994,057	\$0	\$994,057

Expenses	Debt Service	Other	Planning and Administration Costs	Total
2005/2006	\$457,266	\$750,000	\$150,011	\$1,357,277

*The Unencumbered Balance is equal to Net Resources Available minus Encumbrances

Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)

California Redevelopment Agencies - Fiscal Year 2005/2006
Status of Low and Moderate Income Housing Funds
Sch C Agency Financial and Program Detail
VALLEJO RDA

	Beginning Balance	\$1,324,540
	Adjustment to Beginning Balance	\$18,808
	Adjusted Beginning Balance	\$1,343,348
Total Tax Increment From PA(s) \$652,340	Total Receipts from PA(s)	\$652,340
	Other Revenues not reported on Schedule A	\$355,646
	Sum of Beginning Balance and Revenues	\$2,351,334

Expenditure			
Item	Subitem	Amount	Remark
Debt Service			
Debt Principal Payments	Tax Allocation, Bonds & Notes	\$105,000	
Interest Expense		\$352,266	
	Subtotal of Debt Service	\$457,266	
Other			
		\$750,000	Housing loan Marina Tower-\$750,000
	Subtotal of Other	\$750,000	
Planning and Administration Costs			
Administration Costs		\$150,011	
	Subtotal of Planning and Administration Costs	\$150,011	
	Total Expenditures	\$1,357,277	

Net Resources Available **\$994,057**

Indebtedness For Setasides Deferred **\$335,967**

Other Housing Fund Assets		
Category	Amount	Remark
Loan Receivable for Housing Activities	\$9,902,871	
	Total Other Housing Fund Assets	\$9,902,871

Total Fund Equity **\$11,232,895**

California Redevelopment Agencies - Fiscal Year 2005/2006
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial and Program Detail
 VALLEJO RDA

2001/2002	\$523046			
2002/2003	\$496019			
2003/2004	\$3885669	<i>sum of 4 Previous Years' Tax Increment for 2005/2006</i>	<i>Prior Year Ending Unencum</i>	<i>Excess Surplus for 2005/2006</i>
2004/2005	\$568264	\$5472998	\$1,324,540	\$0

<i>Sum of Current and 3 Previous Years' Tax Increments</i>	\$5,602,292
<i>Adjusted Balance</i>	\$994,057
<i>Excess Surplus for next year</i>	\$0
<i>Net Resources Available</i>	\$994,057
<i>Unencumbered Designated</i>	\$0
<i>Unencumbered Undesignated</i>	\$994,057
<i>Total Encumbrances</i>	\$0
<i>Unencumbered Balance</i>	\$994,057
<i>Unencumbered Balance Adjusted for Debt Proceeds</i>	\$0
<i>Unencumbered Balance Adjusted for Land Sales</i>	\$0
<i>Excess Surplus Expenditure Plan</i>	No
<i>Excess Surplus Plan Adoption Date</i>	

<i>Site Improvement Activities Benefiting Households</i>				
<i>Income Level</i>	<i>Low</i>	<i>Very Low</i>	<i>Moderate</i>	<i>Total</i>

<i>Land Held for Future Development</i>					
<i>Site Name</i>	<i>Num Of Acres</i>	<i>Zoning</i>	<i>Purchase Date</i>	<i>Estimated Start Date</i>	<i>Remark</i>

Use of the Housing Fund to Assist Mortgagors

<i>Income Adjustment Factors</i>	<input type="text"/>	<i>Requirements Completed</i>	<input type="text"/>
<i>Home</i>	\$ <input type="text"/>	<i>Hope</i>	\$ <input type="text"/>

Non Housing Redevelopment Funds Usage

California Redevelopment Agencies - Fiscal Year 2005/2006
Status of Low and Moderate Income Housing Funds
Sch C Agency Financial and Program Detail
VALLEJO RDA

Resource Needs

Marketing and educational information on successful rental projects funded with RDA set-aside.

LMIHF Deposits/Withdrawals

Document Name	Document Date	Custodian Name	Custodian Phone	Copy Source
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Achievements

Description

California Redevelopment Agencies-Fiscal Year 2005/2006
 Project Area Contributions to Low and Moderate Income Housing Funds
 Sch A Project Area Summary Report
 VALLEJO RDA

Project Area	100% of Tax Increment	20% Set Aside Requirement	Tax Increment Allocated	Amount Exempted	Deferral	Tax Incr. Deposited to Hsng Fund	Percent of Tax Incr Dep	Repayment Deferrals	Other Income	Total Deposited to Housing
FLOSDEN ACRES PROJECT	\$1,433,842	\$286,768	\$286,768	\$0	\$0	\$286,768	20.00%	\$0	\$0	\$286,768
MARINA VISTA PROJECT	\$451,199	\$90,240	\$90,240	\$0	\$0	\$90,240	20.00%	\$0	\$0	\$90,240
VALLEJO CENTRAL PROJECT	\$709,031	\$141,806	\$141,806	\$0	\$0	\$141,806	20.00%	\$0	\$0	\$141,806
WATERFRONT PROJECT	\$667,629	\$133,526	\$133,526	\$0	\$0	\$133,526	20.00%	\$0	\$0	\$133,526
Agency Totals:	\$3,261,701	\$652,340	\$652,340	\$0	\$0	\$652,340	20.00%	\$0	\$0	\$652,340

Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)

**California Redevelopment Agencies- Fiscal Year 2005/2006
Project Area Contributions to Low and Moderate Income Housing Fund
Sch A Project Area Financial Information**

Agency **VALLEJO RDA**
 Address **555 Santa Clara Street**
PO Box 3068
Vallejo CA 94590

Project Area FLOSDEN ACRES PROJECT							
Type: Inside Project Area		Status: Active					
Plan Adoption: 1970		Plan Expiration Year: 2031					
Gross Tax Increment	Calculated Deposit	Amount Allocated	Amount Exempted	Amount Deferred	Total Deposited	%	Cumulative Def.
\$1,433,842	\$286,768	\$286,768	\$0	\$0	\$286,768	20.00%	\$0
				Repayment	\$0		
				Category			
				Total Additional Revenue	\$0		
				Total Housing Fund Deposits for Project Area	\$286,768		

Project Area MARINA VISTA PROJECT							
Type: Inside Project Area		Status: Active					
Plan Adoption: 1975		Plan Expiration Year: 2017					
Gross Tax Increment	Calculated Deposit	Amount Allocated	Amount Exempted	Amount Deferred	Total Deposited	%	Cumulative Def.
\$451,199	\$90,240	\$90,240	\$0	\$0	\$90,240	20.00%	\$0
				Repayment	\$0		
				Category			
				Total Additional Revenue	\$0		
				Total Housing Fund Deposits for Project Area	\$90,240		

**California Redevelopment Agencies- Fiscal Year 2005/2006
Project Area Contributions to Low and Moderate Income Housing Fund
Sch A Project Area Financial Information**

Project Area VALLEJO CENTRAL PROJECT							
Type: Inside Project Area		Status: Active					
Plan Adoption: 1983		Plan Expiration Year: 2026					
Gross Tax Increment	Calculated Deposit	Amount Allocated	Amount Exempted	Amount Deferred	Total Deposited	%	Cumulative Def.
\$709,031	\$141,806	\$141,806	\$0	\$0	\$141,806	20.00%	\$0
				Repayment	\$0		
				Category			
				Total Additional Revenue	\$0		
		Total Housing Fund Deposits for Project Area			\$141,806		

Project Area WATERFRONT PROJECT							
Type: Inside Project Area		Status: Active					
Plan Adoption: 1973		Plan Expiration Year: 2017					
Gross Tax Increment	Calculated Deposit	Amount Allocated	Amount Exempted	Amount Deferred	Total Deposited	%	Cumulative Def.
\$667,629	\$133,526	\$133,526	\$0	\$0	\$133,526	20.00%	\$335,967
				Repayment	\$0		
				Category			
				Total Additional Revenue	\$0		
		Total Housing Fund Deposits for Project Area			\$133,526		

Agency Totals For All Project Areas:

Gross Tax Increment	Calculated Deposit	Amount Allocated	Amount Exempted	Amount Deferred	Total Deposited	%	Cumulative Def.
\$3,261,701	\$652,340.2	\$652,340	\$0	\$0	\$652,340	20%	\$335,967
					Total Additional Revenue from Project Areas		\$0
					Total Deferral Repayments.		\$0
					Total Deposit to Housing Fund from Project Areas.		\$652,340

**EXHIBIT 3
TO REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO
ANNUAL REPORT FOR FISCAL YEAR 2005-06**

Statement of Indebtedness



CITY OF VALLEJO

OFFICE OF THE FINANCE DIRECTOR

555 SANTA CLARA STREET • P.O. BOX 3068 • VALLEJO • CALIFORNIA • 94590-5934 • (707) 648-4592
FAX (707) 649-5406

September 29, 2006

Jun Adeva, Deputy Auditor Controller
Solano County Office of Auditor-Controller
675 Texas Street
Fairfield, CA 94533

Dear Mr. Adeva:

Pursuant to Health and Safety Code Section 33675, I am faxing copies of the City of Vallejo Redevelopment Agency's Statement of Indebtedness. Statements are provided for the four redevelopment project areas which require submittal of this statement. Please be advised that original copies will follow by mail.

Please do not hesitate to call the Assistant Finance Director at (707) 648-4486 if you have any questions about the enclosed statements.

Sincerely,

Susan Mayer
Assistant Finance Director

**STATEMENT OF INDEBTEDNESS - CONSOLIDATED
FILED FOR THE 2006-2007 TAX YEAR**

Name of Redevelopment Agency
Vallejo Redevelopment Agency

Name of Project Area
MARINA VISTA

	Line	Balances Carried Forward From:		Current	
		Total Outstanding Debt	Principal/Interest Due During Tax Year	Total Outstanding Debt	Principal/Interest Due During Tax Year
Fiscal Period - Totals (Optional)	(1)	\$ 41,996,563	\$ 733,091		
Post Fiscal Period - Totals	(2)	\$ -	\$ -		
Grand Totals					
Available Revenues	(3)	41,996,563	733,091		
From Calculation of Available Revenues, Line 7					
Net Requirement	(4)	764,152			
	(5)	\$ 41,232,411	\$ -		

Consolidate on this form all of the data contained on Form A and B (including supplemental pages). Form A is to include all indebtedness entered into as of June 30 of the Fiscal Year. Form B may be filed at the option of the agency, and is to include indebtedness entered into post June 30 of the Fiscal Year, pursuant to Health and Safety Code Section 33675(c)(2). This is optional for each agency and is not a requirement for filing the Statement of indebtedness. The Reconciliation Statement is to include indebtedness from Form A only.

Certification of Chief Financial Officer:
Pursuant to Section 336775 (b) of the Health and Safety Code,
I hereby certify that the above is a true and accurate Statement
of Indebtedness for the above named agency.

Name ROBERT V. STOUT Title FINANCE DIRECTOR
Signature *Robert V. Stout* Date 9/29/06

**STATEMENT OF INDEBTEDNESS
FILED FOR THE 2006-2007 TAX YEAR**

Form A
Page 1 of 1 Pages

Name of Redevelopment Agency
Name of Project Area

Vallejo Redevelopment Agency
MARINA VISTA

For Indebtedness Entered into as of 6/30/2006

Debt Identification	Original Data				Current	
	Date	Principal	Term	Interest Rate	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A) 1990 Tax Allocation bonds	10/1/1990				4,013,063	272,562
(B) 2003 COP - State Farm	12/1/2003	2,617,600	2003-2023	Variable	3,445,880	208,026
(C) Advances from the City	As of 6/30/2006				3,042,037	-
(D) Advance - Flosden	9/24/2003	1,000,000	Until Paid	N/A	1,133,288	-
(E) Advance - Bridge Fund	As of 6/30/2006	500,000	Until Paid	N/A	540,000	-
(H) Improvement Projects (Georgia St, etc)	As of 6/30/2006	N/A	Annual	N/A	142,370	142,370
(I) Triad Downtown Development DDA	As of 6/30/2006	N/A	Annual	N/A	5,425,750	-
(J) Waterfront DDA	As of 6/30/2006	N/A	Annual	N/A	14,175,000	-
(K) Passthroughs	As of 6/30/2006	N/A	N/A	N/A	1,679,863	19,893
20% Low & Mod Income Housing	As of 6/30/2006	N/A	N/A	N/A	8,399,313	90,240
(L) Set-Aside Required by H & S Code	As of 6/30/2006				41,996,563	733,091
Sub Total,						
This Page						
Totals Forward						
From All Other Pages						
Grand Totals					41,996,563	733,091
Available Revenues					764,152	
From Calculation of Available Revenues						
Net Requirement					41,232,411	

Purpose of Indebtedness:

(A) STREET & INFRASTRUCTURE IMPROVEMENTS

(B) STATE FARM PROJECT

(C) STREET AND INFRASTRUCTURE IMPROVEMENTS

(D) CAPITAL STREET PROJECT

(E) CAPITAL STREET PROJECT

(H) IMPROVEMENT PROJECTS-GEORGIA STREET

(I) TRIAD DOWNTOWN DEVELOPMENT PROJECT DDA

(J) DEVELOPMENT OF WATERFRONT PUBLIC IMPROVEMENTS

(K) PASS-THRU OBLIGATIONS
LOW & MOD INCOME HOUSING SET-ASIDE REQUIRED BY

(L) SECTION 3333.4.2 OF THE HEALTH & SAFETY CODE

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Agency **Vallejo Redevelopment Agency**
 Name of Project Area **MARINA VISTA**

Tax Year **2006-2007**

Reconciliation Dates: **From July 1, 2005 To June 30, 2006**

Debt Identification:		A		B		C		D		E		F
SOI page and line:	Brief Description	Outstanding Debt All Beginning Indebtedness	Increases (Attach Explanation)	Decreases (Attach Explanation)	Amounts Paid Against Indebtedness, from:	Other Funds	Remaining Balance (A+B-C-D-E)					
Prior Yr	Current Yr											
Pg 1	Line A	4,282,218	158		269,313		4,013,063					
Pg 2	Line B	3,635,366			189,486		3,445,880					
Pg 1	Line C	2,925,036	117,001				3,042,037					
Pg 1	Line D	1,083,288	50,000				1,133,288					
Pg 1	Line E	500,000	40,000				540,000					
Pg 2	Line F	-	161,123		102,478	58,645	-					
Pg 2	Line G	20,100	4,000		24,100		-					
Pg 1	Line H		197,070		54,700		142,370					
Pg 1	Line I		5,425,750				5,425,750					
Pg 1	Line J	10,879,357	3,295,643				14,175,000					
	<i>Subtotal 80% Debt</i>	23,325,365	9,290,745	0	640,077	58,645	31,917,388					
Pg 1	Line K		1,699,756		19,893		1,679,863					
Pg 1	Line L	5,831,341	2,658,212		90,240		8,399,313					
	TOTAL - THIS PAGE	29,156,706	13,648,713	0	750,210	58,645	41,996,563					
TOTALS FORWARD												
GRAND TOTALS		29,156,706	13,648,713	-	750,210	58,645	41,996,563					

Proof

NOTE:

Column A must equal the previous year Statement of Indebtedness Outstanding Debt. Column F must equal this year's SOI Outstanding Debt column. Use the page and line number that the Indebtedness is listed on in each year as appropriate, and a brief description. Ignore any Indebtedness fully repaid in the previous year, as it had a zero ending balance. All new Indebtedness entered into since the previous SOI is to be listed below the previous Indebtedness. Enter "new" in the "Prior Yr" page and line column for each new Indebtedness.

Reconciliation Statement - Description of Adjustments

Agency: **Vallejo Redevelopment Agency**
 Project Area: **MARINA VISTA**

Reconciliation Sheet page and line:	Description of Adjustment	Amount
Pg 1 Line A	INCREASE -Correct beginning bond balance	158
Pg 1 Line C	INCREASE -Capitalized interest on advance payable to the City	117,001
Pg 1 Line D	INCREASE - Capitalized Interest on Advance Payable to Flosden	50,000
Pg 1 Line E	INCREASE - Capitalized Interest on Advance Payable to Bridge Fund	40,000
Pg 1 Line F	INCREASE - Current Redevelopment and Administration Costs paid to the City	161,123
Pg Line G	INCREASE - ERAF adjusted to actual	4,000
Pg Line H	INCREASE - Add Improvement Projects	197,070
Pg Line I	INCREASE -Add TRIAD Downtown Development Project DDA	5,425,750
Pg Line J	INCREASE -Waterfront:DDA Development	3,295,643
Pg Line K	INCREASE -Adjust pass-through obligation as % of outstanding debt	1,699,756
Pg Line L	INCREASE -Adjust low/mod set-aside computation to 20% outstanding debt	2,658,212
Pg Line		
Pg Line		
Pg Line		
Pg Line		
Pg Line		
Pg Line		
Pg Line		
Line	Grand Total	\$ 13,648,713

CALCULATION OF AVAILABLE REVENUES

AGENCY NAME Vallejo Redevelopment Agency

PROJECT AREA MARINA VISTA

TAX YEAR 2006-2007

RECONCILIATION DATES: JULY 1, 2005 TO JUNE 30, 2006

1. Beginning Balance, Available Revenues, as originally reported		-
Adjustment		1,063,163
Beginning Balance, Available Revenues, as revised		1,063,163
2. Tax Increment Received - Gross		451,199
All Tax Increment Revenues, including any Tax Increment passed through to other local taxing agencies		451,199
3. All other Available Revenues Received		
Use of Money & Property - Debt Service Fund	4,210	
Use of Money & Property - Capital Projects Fund	54,435	
	58,645	58,645
4. Revenues from any other source, included in Column E of the Reconciliation Statement, but not included in (1 - 3) above		-
5. Sum of Lines 1 through 4		1,573,007
6. Total amounts paid against indebtedness in previous year. (D + E on Reconciliation Statement)		
Debt Service Fund Expenditures	577,005	
Less unpaid accrued interest on interfund advances	(70,000)	
Debt Service Fund Transfer out - low/mod	90,240	
Capital Project Fund Expenditures	211,610	
	808,855	
Proof	-	808,855
7. Available Revenues, End of Year (5 - 6)		764,152
Reconciliation to Fund Balance per GAAP Financial Statements:		
Debt Service Fund (Fiscal Agent Reserve)	274,720	
Capital Project Fund	489,432	
	764,152	
Proof	-	-

**STATEMENT OF INDEBTEDNESS - CONSOLIDATED
FILED FOR THE 2006-2007 TAX YEAR**

Name of Redevelopment Agency
Name of Project Area

Vallejo Redevelopment Agency
FLOSDEN

	Balances Carried Forward From:	Line	Current	
			Total Outstanding Debt	Principal/Interest Due During Tax Year
Fiscal Period - Totals (Optional)	(From Form A, Page 1 Totals)	(1)	261,885,251	19,665,778
Post Fiscal Period - Totals	(From Form B Totals)	(2)		
Grand Totals		(3)	261,885,251	19,665,778
Available Revenues From Calculation of Available Revenues, Line 7		(4)	7,018,253	
Net Requirement		(5)	254,866,998	

Consolidate on this form all of the data contained on Form A and B (including supplemental pages). Form A is to include all indebtedness entered into as of June 30 of the Fiscal Year. Form B may be filed at the option of the agency, and is to include indebtedness entered into post June 30 of the Fiscal Year, pursuant to Health and Safety Code Section 33675(c)(2). This is optional for each agency and is not a requirement for filing the Statement of indebtedness. The Reconciliation Statement is to include indebtedness from Form A only.

Certification of Chief Financial Officer:
Pursuant to Section 336775 (b) of the Health and Safety Code,
I hereby certify that the above is a true and accurate Statement
of Indebtedness for the above named agency.

Name: ROBERT V. STOUT Title: FINANCE DIRECTOR
 Signature: [Signature] Date: 9/29/06

**STATEMENT OF INDEBTEDNESS
FILED FOR THE 2006-2007 TAX YEAR**

Name of Redevelopment Agency
Name of Project Area

**Vallejo Redevelopment Agency
FLOSDEN**

For Indebtedness Entered into as of 6/30/2006

Debt Identification	Date	Original Data				Total Interest	Total Outstanding Debt	Current Principal/Interest Due During Tax Year
		Principal	Term	Interest Rate	Interest			
(A) North Vallejo Community Center Agency-Marine World Facility	As of 6/30/2006	1,800,000	N/A	3%	N/A	1,755,100	1,755,100	
(B) Participation	As of 6/30/2006	3,000,000	Until debt is paid	N/A	N/A	380,553	-	
(C) ERAF Payment	As of 6/30/2006	N/A	N/A	N/A	N/A	-	-	
(D) Current Redevelopment and Admin	As of 6/30/2006	N/A	N/A	N/A	N/A	-	-	
(E) Grow Vallejo Fund	As of 6/30/2006	N/A	N/A	N/A	N/A	-	-	
(F) Participation Marine World Certificates of Marine World Revenue Anticipation	As of 6/30/2006	63,465,000	1997-2028	5.25% - 7.41%	96,817,627	114,188,120	5,178,490	
(G) Notes (RANS)	As of 6/30/2006	N/A	Variable	N/A	N/A	12,000,000	12,000,000	
(H) Passthroughs	As of 6/30/2006	N/A	N/A	N/A	N/A	81,184,428	445,420	
(I) Set-Aside Required by H & S Code	As of 6/30/2006	N/A	Variable	N/A	N/A	52,377,050	286,768	
Sub Total,						261,885,251	19,665,778	
This Page								
Totals Forward								
From All Other Pages								
Grand Totals								
Available Revenues								
From Calculation of Available Revenues								
Net Requirement								
Purpose of Indebtedness:								

(A) DESIGN/CONSTRUCTION OF NORTH VALLEJO COMMUNITY CENTER

(B) Finance Public Improvements

(G) FINANCE PUBLIC IMPROVEMENTS

(H) PASS-THROUGH OBLIGATION

LOW & MOD INCOME HOUSING SET-ASIDE REQUIRED BY HEALTH AND

(F) FINANCE PUBLIC IMPROVEMENTS

(I) SAFETY CODE SECTION 3334.2

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Agency Vallejo Redevelopment Agency
 Name of Project Area FLOSDEN

Tax Year 2006-2007

Reconciliation Dates: From July 1, 2005 To June 30, 2006

Debt Identification:		A Outstanding Debt At Beginning Indebtedness	B Adjustments		C Decreases (Attach Explanation)	D Amounts Paid Against Indebtedness, from: Tax Increment	E Other Funds	F Remaining Balance (A+B-C-D-E)
SOI, page and line: Prior Yr	Brief Description		Increases (Attach Explanation)	Decreases (Attach Explanation)				
Pg 1 Line E	1 A	1,755,100					1,755,100	
Pg 1 Line C	1 B	677,343	2,680,628				3,357,971	
Pg 1 Line G	1 C	95,700	479,224		574,924	2,977,418	380,553	
Pg 1 Line H	1 D		327,544		131,889	195,655		
Pg 1 Line F	1 E	100,000		100,000				
Pg 1 Line B	1 F	119,365,120		30		5,176,970	114,188,120	
Pg 1 Line D	1 G	14,000,000	12,000,000			14,000,000	12,000,000	
Pg 2 Line J	1 H	135,993,263	15,487,396	100,030	706,813	22,350,043	128,323,773	
Pg 1 Line A	1 I	33,998,316	81,629,848		445,420		81,184,428	
		169,991,579	18,665,502		286,768		52,377,050	
TOTAL - THIS PAGE			115,782,746	100,030	1,439,001	22,350,043	261,885,251	
TOTALS FORWARD								
GRAND TOTALS		169,991,579	115,782,746	100,030	1,439,001	22,350,043	261,885,251	

Proof

NOTE:

Column A must equal the previous year Statement of Indebtedness Outstanding Debt. Column F must equal this year's SOI Outstanding Debt column. Use the page and line number that the indebtedness is listed on in each year as appropriate, and a brief description. Ignore any indebtedness fully repaid in the previous year, as it had a zero ending balance. All new indebtedness entered into since the previous SOI is to be listed below the previous indebtedness. Enter "new" in the "Prior Yr" page and line column for each new indebtedness.

CALCULATION OF AVAILABLE REVENUES

AGENCY NAME Vallejo Redevelopment Agency

PROJECT AREA FLOSDEN

TAX YEAR 2006-2007

RECONCILIATION DATES: JULY 1, 2005 TO JUNE 30, 2006

1.	Beginning Balance, Available Revenues, as originally reported	397,842	
	Adjustment	6,922,360	
	Beginning Balance, Available Revenues, as revised	7,320,202	
2.	Tax Increment Received - Gross	1,433,842	
	All Tax Increment Revenues, including any Tax Increment passed through to other local taxing agencies		
3.	All other Available Revenues Received		
	Use of Money & Property - D/S Fund	5,408	
	Use of Money & Property - Capital Projects Fund	190,247	
	Marine World JPA	2,680,628	
		2,876,283	
4.	Revenues from any other source, included in Column E of the Reconciliation Statement, but not included in (1 - 3) above		
	Marine World JPA revenues used for COPs payment	5,176,970	
	Marine World JPA revenues used for RANS payment	14,000,000	
		19,176,970	
5.	Sum of Lines 1 through 4	30,807,297	
6.	Total amounts paid against indebtedness in previous year. (D + E on Reconciliation Statement)		
	Debt Service Fund Expenditures	1,036,946	
	Debt Service Fund Transfer out - Low/Mod	286,768	
	Capital Project Fund Expenditures	3,288,360	
	MWJPA - Cops Debt Service	5,176,970	
	MWJPA - RANS Debt Service	14,000,000	
		23,789,044	
	Proof	-	23,789,044
7.	Available Revenues, End of Year (5 - 6)	7,018,253	
	Reconciliation to GAAP Financial Statements		
	Debt Service Fund	1,000,000	
	Capital Project Fund	6,018,253	
		7,018,253	
	Proof	-	

**STATEMENT OF INDEBTEDNESS - CONSOLIDATED
FILED FOR THE 2006-2007 TAX YEAR**

Cover Page

Name of Redevelopment Agency
Name of Project Area

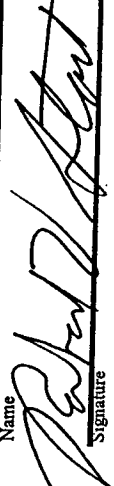
Vallejo Redevelopment Agency
VALLEJO CENTRAL

AMENDED

	Line	Balances Carried Forward From:		Current	
		Total Outstanding Debt	Principal/Interest Due During Tax Year	Total Outstanding Debt	Principal/Interest Due During Tax Year
Fiscal Period - Totals (Optional)	(1)	\$ 24,614,820	\$ 2,202,056		
Post Fiscal Period - Totals	(2)	\$ -	\$ -		
Grand Totals	(3)	\$ 24,614,820	\$ 2,202,056		
Available Revenues From Calculation of Available Revenues, Line 7	(4)	\$ 154,564			
Net Requirement	(5)	\$ 24,460,256			

Consolidate on this form all of the data contained on Form A and B (including supplemental pages). Form A is to include all indebtedness entered into as of June 30 of the Fiscal Year. Form B may be filed at the option of the agency, and is to include indebtedness entered into post June 30 of the Fiscal Year, pursuant to Health and Safety Code Section 33675(c)(2). This is optional for each agency and is not a requirement for filing the Statement of indebtedness. The Reconciliation Statement is to include indebtedness from Form A only.

Certification of Chief Financial Officer:
Pursuant to Section 336775 (b) of the Health and Safety Code,
I hereby certify that the above is a true and accurate Statement
of Indebtedness for the above named agency.

ROBERT V. STOUT FINANCEDIRECTOR
 Name Title

 Signature Date 10/11/06

**STATEMENT OF INDEBTEDNESS
FILED FOR THE 2006-2007 TAX YEAR**

Name of Redevelopment Agency
Name of Project Area

Vallejo Redevelopment Agency
VALLEJO CENTRAL

For Indebtedness Entered into as of 6/30/2006

Debt Identification	Original Data						Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year	
(A) 1990 Tax Allocation bonds	10/1/1990	1,900,000	1991-2020	6% - 7.5%	3,336,781	2,923,317	158,250	
(B) Advances from the City	As of 6/30/2006	2,372,329	Until Paid	4%	N/A	1,586,813		
(C) Advance - Arts & Convention Center	As of 6/30/2006	2,828,000	20 YRS AFTER C.O.P	3%	N/A	3,012,788		
(D) Current Redevelopment and Admin	As of 6/30/2006	N/A	ANNUAL	N/A	N/A	1,481	1,481	
(H) Empress Theater	As of 6/30/2006	3,802,000	N/A	N/A	N/A	1,751,622	1,751,622	
(I) Triad Downtown Development DDA	As of 6/30/2006	N/A	N/A	N/A	N/A	5,246,723		
(J) Pass-Thru Obligations	As of 06/30/06	N/A	N/A	N/A	N/A	5,169,112	148,897	
20% Low & Mod Income Housing	As of 06/30/06	N/A	N/A	N/A	N/A	4,922,964	141,806	
(K) Set-Aside Required by H & S Code		Based on O/S Debt	N/A	N/A	N/A	24,614,820	2,202,056	
This Page Totals Forward								
From All Other Pages								
Grand Totals								
Available Revenues								
From Calculation of Available Revenues								
Net Requirement								

Purpose of Indebtedness:

(A) STREET & INFRASTRUCTURE IMPROVEMENTS

(B) STREET AND INFRASTRUCTURE IMPROVEMENTS

(C) ARTS & CONVENTION CENTER REHAB

(D) CURRENT REDEVELOPMENT AND ADMIN

(E) EMPRESS THEATER-RD009 REHAB

(I) TRIAD DOWNTOWN DEVELOPMENT DDA

(J) PASS THRU OBLIGATIONS
LOW & MOD INCOME HOUSING SET-ASIDE REQUIRED BY

(K) SECTION 33334.2 OF THE HEALTH & SAFETY CODE

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Agency Vallejo Redevelopment Agency
 Name of Project Area VALLEJO CENTRAL

Tax Year 2006-2007

Reconciliation Dates: From July 1, 2005 To June 30, 2006

Debt Identification:		A		B		C		D		E		F
		Outstanding Debt All Beginning Indebtedness		Increases (Attach Explanation)		Decreases (Attach Explanation)		Amounts Paid Against Indebtedness, from:		Remaining Balance (A+B-C-D-E)		
Prior Yr	Current Yr	Brief Description		Increases (Attach Explanation)		Decreases (Attach Explanation)		Tax Increment		Other Funds		Remaining Balance (A+B-C-D-E)
Pg 1	Line A	1990 Tax Allocation bonds		3,034,094	47,473			158,250				
Pg 1	Line B	Advances from the City		1,525,782	61,031							1,586,813
Pg 1	Line C	Advance - Arts & Convention Center		2,927,948	84,840							3,012,788
Pg 1	Line D	Current Redevelopment and Admin		-	199,733			131,984		66,268		1,481
Pg 2	Line E	Facade & Site Improvements		-	20,254			20,254				-
Pg 2	Line F	Professional Svcs - Contracted Svcs		157,671								-
Pg 2	Line G	ERAF		30,700	2,500			33,200				-
Pg 2	Line H	Empress Theater		2,782,730								1,751,622
Pg 1	Line I	Triad Downtown Development DDA			5,425,750			179,027				5,246,723
Pg 1	Line J	<i>Subtotal 80% Debt</i>		10,458,925	5,841,581			522,715		66,268		14,522,744
Pg 1	Line K	Pass-Thru Obligations		157,000	5,161,009			148,897				5,169,112
Pg 1	Line L	20% Low & Mod Income Housing		2,653,981	2,410,789			141,806				4,922,964
Pg 1	Line M	Set-Aside Required by H & S Code		13,269,906	13,413,379			813,418		66,268		24,614,820
TOTAL - THIS PAGE				13,269,906	13,413,379			813,418		66,268		24,614,820
GRAND TOTALS				13,269,906	13,413,379			813,418		66,268		24,614,820

NOTE: Column A must equal the previous year Statement of Indebtedness Outstanding Debt. Column F must equal this year's SOI Outstanding Debt column. Use the page and line number that the indebtedness is listed on in each year as appropriate, and a brief description. Ignore any indebtedness fully repaid in the previous year, as it had a zero ending balance. All new indebtedness entered into since the previous SOI is to be listed below the previous indebtedness. Enter "new" in the "Prior Yr" page and line column for each new indebtedness.

CALCULATION OF AVAILABLE REVENUES

AGENCY NAME Vallejo Redevelopment Agency

PROJECT AREA VALLEJO CENTRAL

TAX YEAR 2006-2007

RECONCILIATION DATES: JULY 1, 2005 TO JUNE 30, 2006

1. Beginning Balance, Available Revenues, as originally reported	1,866,557	
Adjustment	(1,607,606)	
Beginning Balance, Available Revenues, as revised	<u>258,951</u>	
2. Tax Increment Received - Gross		<u>709,031</u>
All Tax Increment Revenues, including any Tax Increment passed through to other local taxing agencies		
3. All other Available Revenues Received		
Use of Money & Property - D/S Fund	8,116	
Use of Money & Property - Capital Projects Fund	<u>58,152</u>	
		<u>66,268</u>
4. Revenues from any other source, included in Column E of the Reconciliation Statement, but not included in (1 - 3) above		<u>-</u>
5. Sum of Lines 1 through 4		<u>1,034,250</u>
6. Total amounts paid against indebtedness in previous year. (D + E on Reconciliation Statement)		
Debt Service Fund - Expenditures	434,268	
Less unpaid accrued interest on interfund advances	(84,840)	
Debt Service Fund - Transfer out (20% low/mod)	141,806	
Capital Project Expenditures	<u>388,452</u>	
	<u>879,686</u>	
Proof	-	<u>879,686</u>
7. Available Revenues, End of Year (5 - 6)		<u>154,564</u>
Reconciliation of Fund Balance to GAAP Financial Statements:		
Debt Service Fund (Fiscal Agent Reserve)	154,564	
Capital Project Fund	-	
	<u>154,564</u>	
Proof	-	

**STATEMENT OF INDEBTEDNESS - CONSOLIDATED
FILED FOR THE 2006-2007 TAX YEAR**

Name of Redevelopment Agency
Name of Project Area

Vallejo Redevelopment Agency
WATERFRONT

	Line	Balances Carried Forward From:	Current	
			Total Outstanding Debt	Principal/Interest Due During Tax Year
Fiscal Period - Totals (Optional)	(1)	(From Form A, Page 1 Totals)	\$ 21,809,268	\$ 390,275
Post Fiscal Period - Totals	(2)	(From Form B Totals)	\$ -	\$ -
Grand Totals				
Available Revenues	(3)		\$ 21,809,268	\$ 390,275
From Calculation of Available Revenues, Line 7	(4)		\$ 872,322	
Net Requirement	(5)		\$ 20,936,946	

Consolidate on this form all of the data contained on Form A and B (including supplemental pages). Form A is to include all indebtedness entered into as of June 30 of the Fiscal Year. Form B may be filed at the option of the agency, and is to include indebtedness entered into post June 30 of the Fiscal Year, pursuant to Health and Safety Code Section 33675(c)(2). This is optional for each agency and is not a requirement for filing the Statement of indebtedness. The Reconciliation Statement is to include indebtedness from Form A only.

Certification of Chief Financial Officer:
Pursuant to Section 336775 (b) of the Health and Safety Code,
I hereby certify that the above is a true and accurate Statement
of Indebtedness for the above named agency.

ROBERT V. STOUT FINANCE DIRECTOR
 Name Title
Robert V. Stout 9/29/06
 Signature Date

**STATEMENT OF INDEBTEDNESS
FILED FOR THE 2006-2007 TAX YEAR**

Name of Redevelopment Agency
Name of Project Area

Vallejo Redevelopment Agency
WATERFRONT

For Indebtedness Entered into as of 6/30/2006

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A) 1989 Tax Allocation bonds	10/1/1990 As of	2,485,000	1997-2003 Until Paid	6% - 8%	4,806,571	3,665,325	248,010
(B) Advances from the City	6/30/2006 As of	2,959,903		4%	N/A	4,187,516	-
(C) Current Redevelopment and Admin	6/30/2006 As of	N/A	N/A	N/A	N/A	1,481	1,481
(D) DDA Waterfront Development	6/30/2006 As of	N/A	Annual	N/A	N/A	9,375,000	-
(G) Passthroughs	6/30/2006 As of	N/A	N/A	N/A	N/A	218,093	7,258
20% Low & Mod Income Housing	6/30/2006 As of	N/A	N/A	N/A	N/A	4,361,854	133,526
(H) Set-Aside Required by H & S Code	6/30/2006 As of	N/A	N/A	N/A	N/A	21,809,268	390,275
Sub Total,							
This Page							
Totals Forward							
From All Other Pages							
Grand Totals							
Available Revenues							
From Calculation of Available Revenues						21,809,268	390,275
Net Requirement						872,322	
Purpose of Indebtedness:						20,936,946	

(G) PASS-THRU OBLIGATIONS
LOW & MOD INCOME HOUSING SET-ASIDE REQUIRED BY
(H) SECTION 3334.2 OF THE HEALTH & SAFETY CODE

- (A) STREET & INFRASTRUCTURE IMPROVEMENTS
- (B) STREET AND INFRASTRUCTURE IMPROVEMENTS
- (C) CURRENT REDEVELOPMENT AND ADMIN COSTS
- (D) DEVELOPMENT OF WATERFRONT PUBLIC IMPROVEMENTS



RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Agency Vallejo Redevelopment Agency
 Name of Project Area WATERFRONT

Tax Year **2006-2007**

Reconciliation Dates: **From July 1, 2005 To June 30, 2006**

SOI, page and line: Prior Yr	Debt Identification: Current Yr	Brief Description	A		B		C		D		E	
			Outstanding Debt All Beginning Indebtedness	Adjustments	Increases (Attach Explanation)	Decreases (Attach Explanation)	Tax Increment	Other Funds	Amounts Paid Against Indebtedness, from:	Remaining Balance (A+B-C-D-E)		
Pg 1 Line A	Pg 1 Line A	1989 Tax Allocation bonds	3,908,470							243,145		3,665,325
Pg 1 Line B	Pg 1 Line B	Advances from the City	4,026,458		161,058							4,187,516
Pg 1 Line C	Pg 1 Line C	Current Redevelopment and Admin	14,004		229,856					123,401	118,978	1,481
Pg 1 Line D	Pg 1 Line D	DDA Waterfront Development	29,716,669			20,341,669						9,375,000
Pg 1 Line E	Pg 1 Line E	Grow Vallejo Project	100,000			100,000						
Pg 1 Line F	Pg 1 Line F	ERAF	41,500		1,700					43,200		
		<i>Subtotal 80% Debt</i>	37,807,101		392,614	20,441,669				409,746	118,978	17,229,322
Pg 1 Line G	Pg 1 Line G	Passthroughs			225,351					7,258		218,093
Pg 1 Line H	Pg 1 Line H	20% Low & Mod Income Housing Set-Aside Required by H & S Code	9,451,775			4,956,395				133,526		4,361,854
TOTAL - THIS PAGE			47,258,876		617,965	25,398,064				550,530	118,978	21,809,268
GRAND TOTALS			47,258,876		617,965	25,398,064				550,530	118,978	21,809,268

Proof

NOTE: Column A must equal the previous year Statement of Indebtedness Outstanding Debt. Column F must equal this year's SOI Outstanding Debt column. Use the page and line number that the indebtedness is listed on in each year as appropriate, and a brief description. Ignore any indebtedness fully repaid in the previous year, as it had a zero ending balance. All new indebtedness entered into since the previous SOI is to be listed below the previous indebtedness. Enter "new" in the "Prior Yr" page and line column for each new indebtedness.

CALCULATION OF AVAILABLE REVENUES

AGENCY NAME Vallejo Redevelopment Agency

PROJECT AREA WATERFRONT

TAX YEAR 2006-2007

RECONCILIATION DATES: JULY 1, 2005 TO JUNE 30, 2006

1. Beginning Balance, Available Revenues, as originally reported		-
Adjustment		755,223
Beginning Balance, Available Revenues, as revised		755,223
2. Tax Increment Received - Gross		667,629
All Tax Increment Revenues, including any Tax Increment passed through to other local taxing agencies		667,629
3. All other Available Revenues Received		
Use of Money & Property - D/S Fund	11,247	
Use of Money & Property - Capital Projects Fund	107,731	
		118,978
4. Revenues from any other source, included in Column E of the Reconciliation Statement, but not included in (1 - 3) above		-
5. Sum of Lines 1 through 4		1,541,830
6. Total amounts paid against indebtedness in previous year. (D + E on Reconciliation Statement)		
Debt Service Expenditures	298,900	
Debt Service Fund Transfer out - low/mod	133,526	
Capital Project Expenditures	237,082	
	669,508	
Proof	-	669,508
7. Available Revenues, End of Year (5 - 6)		872,322
Reconciliation to Fund Balance per GAAP Financial Statements:		
Debt Service Fund		245,761
Capital Project Fund	1,481	
	625,080	
		626,561
Proof		872,322

**EXHIBIT 4
TO REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO
ANNUAL REPORT FOR FISCAL YEAR 2005-06**

**Financial Statements of the Vallejo Redevelopment Agency
For the Year Ending June 30, 2006**

VALLEJO REDEVELOPMENT AGENCY

**BASIC COMPONENT UNIT
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2006

INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the Governing Board
of the City of Vallejo Redevelopment Agency
Vallejo, California

We have audited the accompanying basic component unit financial statements of the governmental activities and each major fund of the Vallejo Redevelopment Agency, a component unit of the City of Vallejo, California, as of and for the year ended June 30, 2006, which collectively comprise the Agency's basic component unit financial statements as listed in the Table of Contents. These basic component unit financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the component unit financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the basic component unit financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities and each major fund of the Agency as of June 30, 2006 and the respective changes in financial position and the respective budgetary comparisons, as listed in the table of contents, for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with Government Auditing Standards, we have also issued reports dated December 7, 2006 on our consideration of the Agency's internal control structure and on its compliance with laws and regulation.

Management's Discussion and Analysis is not a required part of the basic component unit financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

December 7, 2006

VALLEJO REDEVELOPMENT AGENCY

**STATEMENT OF NET ASSETS AND
STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities summarize the entire Agency's financial activities and financial position. They are prepared on the same basis as used by most businesses, which means they include all the Agency's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the Agency's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between Agency funds have been eliminated.

The Statement of Net Assets reports the difference between the Agency's total assets and the Agency's total liabilities, including all the Agency's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the Agency's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the Agency's financial position in a single column.

The Statement of Activities reports increases and decreases in the Agency's net assets. It is also prepared on the full accrual basis, which means it includes all the Agency's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

VALLEJO REDEVELOPMENT AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2006

ASSETS	
Cash and investments (Note 3)	\$10,065,492
Restricted cash and investments (Note 3)	1,532,733
Receivables:	
Accounts	10,719
Notes (Note 4)	12,130,699
Other assets	8,630
Land held for redevelopment (Note 1F)	1,343,595
Capital assets (Note 6)	
Land	2,722,700
Depreciable capital assets, net	<u>133,173</u>
 Total Assets	 <u>27,947,741</u>
 LIABILITIES	
Accounts payable and accrued liabilities	502,493
Due to other governments	93,041
Deposits payable	35,328
Advances from the City of Vallejo (Note 5C)	3,731,815
Long-term debt (Note 7):	
Due within one year	411,616
Due in more than one year	<u>13,419,109</u>
 Total Liabilities	 <u>18,193,402</u>
 NET ASSETS (Note 8)	
Invested in capital assets, net of related debt	2,100,873
Restricted for	
Affordable housing	10,896,928
Prepayment reserve/Six Flags	380,553
Unrestricted net assets	<u>(3,624,015)</u>
 Total Net Assets	 <u><u>\$9,754,339</u></u>

See accompanying notes to financial statements

**VALLEJO REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

Expenses:	
Redevelopment and housing	\$2,387,596
Joint venture shared revenue reimbursement to the City of Vallejo	2,977,418
Educational Revenue	
Augmentation Fund payment (Note 10)	727,981
Pass-thru payments (Note 10)	639,686
Interest and fiscal agent fees	976,214
	<u>7,708,895</u>
Program revenues:	
Operating contributions - City	484,042
Joint venture shared revenues	2,680,628
	<u>3,164,670</u>
Net program expense	<u>4,544,225</u>
General revenues:	
Property tax increment	3,261,700
Use of money and property	822,932
Other revenues	25,596
	<u>4,110,228</u>
Change in Net Assets	(433,997)
Net assets-beginning	<u>10,188,336</u>
Net assets-ending	<u><u>\$9,754,339</u></u>

See accompanying notes to financial statements

VALLEJO REDEVELOPMENT AGENCY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2006

	<u>Administration</u>	<u>Marina Vista Debt Service</u>	<u>Marina Vista Capital Projects</u>	<u>Vallejo Central Debt Service</u>	<u>Vallejo Central Capital Projects</u>	<u>Waterfront Debt Service</u>
ASSETS						
Cash and investments (Note 3)	\$75,656		\$617,606	\$5,761	\$1,979,112	
Restricted cash and investments (Note 3)		\$274,720		154,564		\$245,761
Receivables:						
Accounts					10,328	
Notes (Note 4)					1,050,048	
Other assets						
Advance to other funds (Note 5B)						
Land held for redevelopment (Note 1F)						
Total Assets	<u>\$75,656</u>	<u>\$274,720</u>	<u>\$617,606</u>	<u>\$160,325</u>	<u>\$3,039,488</u>	<u>\$245,761</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$75,656		\$128,121	\$5,761	\$21,982	
Due to other governments						
Deferred revenue						
Advances from other funds (Note 5B)		\$1,133,288				
Advances from the City of Vallejo (Note 5C)		540,000		3,012,788	179,027	
Deposits payable					35,328	
Total Liabilities	<u>75,656</u>	<u>1,673,288</u>	<u>128,121</u>	<u>3,018,549</u>	<u>236,337</u>	
FUND BALANCES (Note 8)						
Fund balance						
Reserved for:						
Encumbrances			125,225		1,481	
Notes receivable					1,050,048	
Advance to other funds						
Land held for redevelopment						
Debt service		274,720		154,564		\$245,761
Prepayment reserve/Six Flags						
Unreserved:						
Designated						
Capital projects			17,145		1,751,622	
Undesignated, Reported in:						
Special Revenue Funds						
Debt Service Funds		(1,673,288)		(3,012,788)		
Capital Projects Funds			347,115			
Total Fund Balances		<u>(1,398,568)</u>	<u>489,485</u>	<u>(2,858,224)</u>	<u>2,803,151</u>	<u>245,761</u>
Total Liabilities and Fund Balances	<u>\$75,656</u>	<u>\$274,720</u>	<u>\$617,606</u>	<u>\$160,325</u>	<u>\$3,039,488</u>	<u>\$245,761</u>

See accompanying notes to financial statements

<u>Waterfront Capital Projects</u>	<u>Flosden Acres Debt Service</u>	<u>Flosden Acres Capital Projects</u>	<u>Affordable Housing Debt Service</u>	<u>Affordable Housing Special Revenue</u>	<u>Southeast Vallejo Debt Service</u>	<u>Total Governmental Funds</u>
\$639,674	\$111,711	\$5,637,700 380,553	\$477,135	\$998,272		\$10,065,492 1,532,733
365,000		8,630		391 10,715,651		10,719 12,130,699
1,343,595	1,133,288					8,630 1,133,288 1,343,595
<u>\$2,348,269</u>	<u>\$1,244,999</u>	<u>\$6,026,883</u>	<u>\$477,135</u>	<u>\$11,714,314</u>		<u>\$26,225,156</u>
\$13,113	\$18,670 93,041 133,288	\$8,630		\$4,606 812,780		\$276,539 93,041 946,068 1,133,288 3,731,815 35,328
<u>13,113</u>	<u>244,999</u>	<u>8,630</u>		<u>817,386</u>		<u>\$6,216,079</u>
1,481 365,000 1,343,595	1,000,000	380,553 1,755,100	\$477,135	9,902,871 994,057		128,187 11,317,919 1,000,000 1,343,595 1,152,180 380,553 3,523,867 994,057 (4,686,076) 4,854,795
<u>625,080</u>		<u>3,882,600</u>				<u>4,854,795</u>
<u>2,335,156</u>	<u>1,000,000</u>	<u>6,018,253</u>	<u>477,135</u>	<u>10,896,928</u>		<u>20,009,077</u>
<u>\$2,348,269</u>	<u>\$1,244,999</u>	<u>\$6,026,883</u>	<u>\$477,135</u>	<u>\$11,714,314</u>		<u>\$26,225,156</u>

VALLEJO REDEVELOPMENT AGENCY
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET ASSETS
 JUNE 30, 2006

Total fund balances reported on the governmental funds balance sheet	\$20,009,077
<p>Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:</p>	
CAPITAL ASSETS	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	2,855,873
ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES	
Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	946,068
LONG TERM ASSETS AND LIABILITIES	
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:	
Long-term debt	(13,830,725)
Interest payable	<u>(225,954)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$9,754,339</u></u>

See accompanying notes to financial statements

VALLEJO REDEVELOPMENT AGENCY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2006

	Administration	Marina Vista Debt Service	Marina Vista Capital Projects	Vallejo Central Debt Service	Vallejo Central Capital Projects	Waterfront Debt Service
REVENUES						
Taxes		\$451,200		\$709,030		\$667,628
Contributions from the City of Vallejo	\$484,042					
Joint venture shared revenue from Marine World JPA		4,208	\$54,436	8,116	\$58,152	11,247
Use of money and property Other	2,596					
Total Revenues	486,638	455,408	54,436	717,146	58,152	678,875
EXPENDITURES						
Current:						
Redevelopment and housing	486,638	4,213	145,858	9,081	388,452	5,297
Joint venture shared revenue reimbursement to the City of Vallejo						
Educational Revenue Augmentation Fund payment (Note 10)		24,100		33,200		43,200
Pass-thru payments (Note 10)		19,892	11,053	148,896		7,258
Capital outlay Debt Service			54,700			
Principal		171,708		30,000		65,000
Interest and fiscal agent fees		357,091		213,090		178,145
Total Expenditures	486,638	577,004	211,611	434,267	388,452	298,900
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(121,596)	(157,175)	282,879	(330,300)	379,975
OTHER FINANCING SOURCES (USES)						
Transfers in (Note 5A)		147,441			224,668	
Transfers out (Note 5A)		(90,240)	(147,441)	(366,474)		(373,071)
Total Other Financing Sources (Uses)		57,201	(147,441)	(366,474)	224,668	(373,071)
NET CHANGE IN FUND BALANCES		(64,395)	(304,616)	(83,595)	(105,632)	6,904
BEGINNING FUND BALANCES		(1,334,173)	794,101	(2,774,629)	2,908,783	238,857
ENDING FUND BALANCES		(\$1,398,568)	\$489,485	(\$2,858,224)	\$2,803,151	\$245,761

See accompanying notes to financial statements

<u>Waterfront Capital Projects</u>	<u>Flosden Acres Debt Service</u>	<u>Flosden Acres Capital Projects</u>	<u>Affordable Housing Debt Service</u>	<u>Affordable Housing Special Revenue</u>	<u>Southeast Vallejo Debt Service</u>	<u>Total Governmental Funds</u>
	\$1,433,842					\$3,261,700 484,042
\$107,731	5,408	\$2,680,628 190,248	\$12,168	\$113,489 25,596	\$52,558	2,680,628 620,357 25,596
<u>107,731</u>	<u>1,439,250</u>	<u>2,870,876</u>	<u>12,168</u>	<u>139,085</u>	<u>52,558</u>	<u>7,072,323</u>
229,915	16,602	310,943		730,070		2,327,069
		2,977,418				2,977,418
7,167	574,923 445,420				52,558	727,981 639,686 54,700
			105,000 361,275			371,708 1,109,601
<u>237,082</u>	<u>1,036,945</u>	<u>3,288,361</u>	<u>466,275</u>	<u>730,070</u>	<u>52,558</u>	<u>8,208,163</u>
<u>(129,351)</u>	<u>402,305</u>	<u>(417,485)</u>	<u>(454,107)</u>	<u>(590,985)</u>		<u>(1,135,840)</u>
239,546	(402,305)	115,536	457,266	652,340 (457,266)		1,836,797 (1,836,797)
<u>239,546</u>	<u>(402,305)</u>	<u>115,536</u>	<u>457,266</u>	<u>195,074</u>		
110,195		(301,949)	3,159	(395,911)		(1,135,840)
<u>2,224,961</u>	<u>1,000,000</u>	<u>6,320,202</u>	<u>473,976</u>	<u>11,292,839</u>		<u>21,144,917</u>
<u>\$2,335,156</u>	<u>\$1,000,000</u>	<u>\$6,018,253</u>	<u>\$477,135</u>	<u>\$10,896,928</u>		<u>\$20,009,077</u>

VALLEJO REDEVELOPMENT AGENCY
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2006

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Government Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$1,135,840)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense is deducted from the fund balance (5,827)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance 371,708

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures of governmental funds (net change):

Deferred revenues 335,863
 Interest payable 99

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (\$433,997)

See accompanying notes to financial statements

VALLEJO REDEVELOPMENT AGENCY
ADMINISTRATION FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Contributions from the City of Vallejo	\$683,000	\$683,000	\$484,042	(\$198,958)
Use of money and property			2,596	2,596
Total Revenues	<u>683,000</u>	<u>683,000</u>	<u>486,638</u>	<u>(196,362)</u>
EXPENDITURES:				
Current:				
Redevelopment and housing	<u>683,000</u>	<u>683,000</u>	<u>486,638</u>	<u>196,362</u>
Total Expenditures	<u>683,000</u>	<u>683,000</u>	<u>486,638</u>	<u>196,362</u>
NET CHANGE IN FUND BALANCE				
BEGINNING FUND BALANCE				
ENDING FUND BALANCE				

See accompanying notes to financial statements

VALLEJO REDEVELOPMENT AGENCY
 AFFORDABLE HOUSING FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$215,800	\$215,800	\$113,489	(\$102,311)
Other	400	400	25,596	25,196
Total Revenues	216,200	216,200	139,085	(77,115)
EXPENDITURES:				
Current:				
Redevelopment and housing	159,700	173,700	730,070	(556,370)
Total Expenditures	159,700	173,700	730,070	(556,370)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	56,500	42,500	(590,985)	(633,485)
OTHER FINANCING SOURCES (USES)				
Transfers in	597,600	597,600	652,340	54,740
Transfers out	(464,300)	(464,300)	(457,266)	7,034
Total other financing sources (uses)	133,300	133,300	195,074	61,774
NET CHANGE IN FUND BALANCE	\$189,800	\$175,800	(395,911)	(\$571,711)
BEGINNING FUND BALANCE			11,292,839	
ENDING FUND BALANCE			\$10,896,928	

See accompanying notes to financial statements

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Vallejo Redevelopment Agency is a component unit of the City of Vallejo, California. The basic financial statements are intended to present the financial position and results of operations of the Agency and not those transactions of the City as a whole.

B. Basis of Presentation

The Agency's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Assets and the Statement of Activities include the financial activities of the overall Agency government. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Agency's funds. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

C. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total, or other funds at the option of the Agency.

The Agency reported the following major governmental funds in the accompanying financial statements:

Administration (Special Revenue Fund) is the general operating fund of the Agency. It is used to account for administrative and development activity supported by contributions from the City.

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marina Vista (Debt Service Fund) is used to account for the accumulation of resources, most importantly property tax increment receipts, necessary for the payment of long term debt and other obligations incurred by the Marina Vista Project Area.

Marina Vista (Capital Projects Fund) is used to account for monies intended for redevelopment projects of the Marina Vista Project Area. These include property tax increment monies in excess of amounts needed to fulfill the debt service obligations of the area and bond receipts.

Vallejo Central (Debt Service Fund) is used to account for the accumulation of resources, most importantly property tax increment receipts, necessary for the payment of long term debt and other obligations incurred by the Vallejo Central Project Area.

Vallejo Central (Capital Project Fund) is used to account for monies intended for redevelopment projects of the Vallejo Central Project Area. These include property tax increment monies in excess of amounts needed to fulfill the debt service obligations of the area and bond receipts.

Waterfront (Debt Service Fund)) is used to account for the accumulation of resources, most importantly property tax increment receipts, necessary for the payment of long term debt and other obligations incurred by the Waterfront Development Project Area.

Waterfront (Capital Project Fund) is used to account for monies intended for redevelopment projects of the Waterfront Project Area. These include property tax increment monies in excess of amounts needed to fulfill the debt service obligations of the area and bond receipts.

Flosden Acres (Debt Service Fund) is used to account for the accumulation of resources, most importantly property tax increment receipts, necessary for the payment of long term debt and other obligations incurred by the Flosden Acres Project Area.

Flosden Acres (Capital Project Fund) is used to account for monies intended for redevelopment projects of the Flosden Acres Project Area. These include property tax increment monies in excess of amounts needed to fulfill the debt service obligations of the area and bond receipts.

Affordable Housing (Debt Service Fund) is used to account for the accumulation of resources necessary for the payment of long term debt and other obligations incurred for Affordable Housing.

Affordable Housing (Special Revenue Fund) is a fund which is used to account for the 20% low and moderate income housing setaside required by state redevelopment law to finance development and rehabilitation of low and moderate income housing projects, including related loan programs.

Southeast Vallejo (Debt Service Fund) is used to account for the accumulation of resources, most importantly property tax increment receipts, necessary for the payment of long term debt and other obligations incurred by the Southeast Vallejo Project Area.

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Agency considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include sales taxes, intergovernmental revenues and interest.

E. Property Tax

Solano County assesses properties and bills, collects, and distributes property taxes to the Agency. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. Collection of delinquent accounts is the responsibility of the County, which retains all penalties.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the Agency in the fiscal year they are assessed provided they become available as defined above.

F. Land Held for Redevelopment

Land held for redevelopment is stated at the lower of historical cost or net realizable value, if estimable. Net realizable value equals the agreed-upon sales price when a disposition agreement has been reached with a developer.

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosed contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

A. Budgets and Budgetary Accounting

The Agency Executive Director submits a proposed budget to the Board 45 days prior to the end of the year, per City Charter. The Board holds public hearings, modifies the Executive Director's recommendations, and adopts a final budget by resolution prior to June 30 of each year. The annual budget indicates appropriations by fund or, in some instances, by program. Supplemental appropriations were adopted by the Board during the year. The Executive Director is authorized to transfer budgeted amounts between programs within any department. Any revisions or transfers that alter the total appropriations of any department must be approved by the Board.

Budget information in the accompanying schedules is presented for all major governmental funds on the modified accrual basis of accounting and in conformity with generally accepted accounting principles.

B. Encumbrance Accounting

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end do not lapse and are included as part of the following year budget.

C. Excess of Expenditures over Appropriations

The Affordable Housing Special Revenue Fund had expenditures exceeded appropriations in the amount of \$556,371 due to management review and update of the loan portfolio valuation. Sufficient resources were available within the Fund to finance these overages.

NOTE 3 - CASH AND INVESTMENTS

The Agency's cash, except cash with fiscal agents, is included in a City-wide cash and investments pool, the details of which are presented in the City's basic financial statements. The City's investment policy and the California Government Code permit investments in the following: Obligations of the U.S. Treasury and its agencies, commercial paper, banker's acceptances, repurchase agreements, certificates of deposit, corporate notes, money market and mutual funds of government securities, negotiable certificates of deposit, asset-backed securities, mortgage-backed securities and the State of California Local Agency Investment Fund. As of June 30, 2006 the City's portfolio was composed primarily of investments in securities issued by the U.S. Government and its agencies, corporate notes, and the State of California Local Agency Investment Fund.

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

A. Classification

Cash and Investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of Agency debt instruments. Investments are carried at fair value as follows at June 30, 2006:

Cash and investments	\$	10,065,492
Restricted cash and investments		1,532,733
Total cash and investments	\$	11,598,225

B. Investments Authorized by Debt Agreements

The Agency must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the Agency fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance, bond indentures or State statute. These debt agreements do not address concentration of credit risk except for U.S. Government Agency Obligations which are limited to a maximum of 10% in one issuer. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U. S. Treasury Bonds, Notes and Bills	None	N/A
U.S. Government Agency Obligations	None	One of two highest
Money Market Funds	None	P-1
Government Money Market	360 Days	Highest
Insured FDIC – Savings, Deposit Accounts, CDs	None	N/A
Interest Bearing & Time Deposit – Banks or Savings and Loans	None	A-1 (Bank), Baa (S&L)
Bankers Acceptances	180 Days	One of two highest
Commercial Paper	270 Days	P-1
State of California Local Agency Investment Fund (LAIF Pool)	N/A	None
Municipal Bonds	N/A	One of two highest
Investment Agreements	None	One of three highest
Tax-Exempt Obligations	None	One of two highest
Taxable Bonds	None	A-1
Repurchase Agreements	180 Days	One of two highest
Other Permitted Investments Approved by Bank	None	None

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the Agency's investments, which are available for withdrawal on demand as discussed below:

	<u>Amount</u>
City of Vallejo's Pooled Investments	\$ 10,446,046
Money Market Funds (U.S. Securities)	<u>1,152,180</u>
Total cash and investments	<u>\$ 11,598,226</u>

Mutual Funds are available for withdrawal on demand and at June 30, 2006 have an average maturity of 14 days.

D. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2006 for the mutual funds were AAAM as provided by Standard and Poor's Investment Rating System.

NOTE 4 - LOANS AND NOTES RECEIVABLE

A. Affordable Housing

Various residential purchase and rehabilitation loan programs are offered to qualifying low-to-moderate-income individuals by the Agency through the Affordable Housing Fund. These loans are secured by first or second mortgages on the residential property and are insured by private guaranty mortgage insurance. Terms on the loans vary depending on the ability of the loan participants to repay the loans. Interest rates on these loans range from 3% to 8% and the principal maturity dates range from 5 years to 30 years. The loan program offers deferred interest loans, as well as below-market-rate 30 year loans. Interest income is recorded in the Affordable Housing Fund as payments are received. In addition, the Agency has entered into agreements with developers to assist in the development of affordable housing. These loans receivable are secured by deeds of trust and bear varying interest rates. The outstanding balance of these programs at June 30, 2006 was \$10,715,651.

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 4 – LOANS AND NOTES RECEIVABLE (Continued)

B. Meyer Cookware Industries, Inc

Pursuant to a Disposition and Development Agreement between the Agency and Meyer Cookware Industries, Inc., the Agency, in prior years, paid certain development fees on behalf of Meyer totaling \$1,500,000. Meyer agreed to repay \$500,000 of these fees to the Agency over a 24-year period commencing in 1998. This loan to Meyer is secured by a corporate guarantee and is non-interest bearing. As of June 30, 2006 the outstanding balance of the loan was \$365,000. The terms of the agreement call for Meyer to repay the note in increasing annual installments, as follows:

Fiscal 2004-2008	\$20,000 per year
Fiscal 2009-2013	\$25,000 per year
Fiscal 2014-2018	\$40,000 per year

The obligation of Meyer to repay the remaining \$1,000,000 is contingent upon either on the sale of the property or the refinancing of the existing debt. As a result, the \$1,000,000 is not included as a receivable in the accompanying basic financial statements. Meyer has agreed to pay the Agency either 9% of the net sale proceeds upon any sale of the property as satisfaction in full of the development contribution, or net refinancing proceeds if such a refinancing should occur. Ten years following the issuance of the Certificate of Occupancy (1995), the participation in proceeds from the sale of property or refinancing is reduced from 9% to 5%.

C. Empress Theatre Associates, LLC

Pursuant to an Owner Participation Agreement between the Agency and Empress Theatre Associates, LLC, the Agency issued a loan not to exceed \$2,828,000 for the rehabilitation and renovation of the Empress Theatre. On June 14, 2005, the City and Agency extended the total loan authorization to \$3.8 million. The additional source of funds will be an interfund advance from the City's Arts and Convention Center Fund. Interest rate for the note is 3% per annum, which shall accrue commencing upon issuance of a Certificate of Completion by the Agency. Payments of principal and interest are to be made annually for twenty years beginning one year after the Agency issues a Certificate of Completion. The note is secured by a deed of trust on the property. At June 30, 2006 the outstanding balance of the loan was \$1,050,048.

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 5 – INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Agency Board approval, resources may be transferred from one Agency fund to another. The purpose of the majority of transfers is to reimburse a fund, which has made expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund. Transfers between funds during the fiscal year ended June 30, 2006 were as follows.

Fund Making Transfers	Fund Receiving Transfers	Amount Transferred
Special Revenue Fund:		
Affordable Housing	Affordable Housing Debt Service Fund	457,266 (A)
Debt Service Fund:s		
Marina Vista	Affordable Housing Special Revenue Fund	90,240 (B)
Vallejo Central	Affordable Housing Special Revenue Fund	141,806 (B)
Vallejo Central	Vallejo Central Capital Projects Fund	224,668 (C)
Waterfront Development	Affordable Housing Special Revenue Fund	133,526 (B)
Waterfront Development	Waterfront Capital Project Fund	239,546 (C)
Flosden Acres	Affordable Housing Special Revenue Fund	286,768 (B)
Flosden Acres	Flosden Acres Capital Projects Fund	115,536 (C)
Capital Projects Fund:		
Marina Vista	Marina Vista Debt Service Fund	147,441 (A)
Total Interfund Transfers		\$1,836,797

The reasons for these transfers are set forth below:

- (A) Transfer of amounts required to fund debt service payments
- (B) Transfer of State-required set-aside of Low and Moderate Income Housing portion of property tax increment
- (C) Transfer of amounts for funding capital and other project area programs

B. Long Term Interfund Balance

On October 31, 2003, the Flosden Acres Debt Service Fund advanced \$1,000,000 to Marina Vista Debt Service Fund. Interest accrues at 5% per annum on unpaid principal balance until repaid in full. As of June 30, 2006 the amount owed was \$1,133,288.

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

C. Long Term Interfund Balance between the City and the Agency

Recorded Advances

The Agency has recorded the following interfund advances from the City of Vallejo:

Vallejo Central Project Area - Empress Theater

As of June 30, 2006, the City had advanced \$2,828,000 to the Vallejo Central Debt Service Fund. Interest accrues at 3% per annum on unpaid principal balance until repaid in full. The advance is expected to be repaid from property tax increments of the project areas when available. As of June 30, 2006, the balance of this advance was \$3,012,788. Subsequent to June 30, 2006, the City advanced an additional \$968,000 for a cumulative balance of \$3,796,000.

Vallejo Central Project Area – Downtown Development/Triad

As part of its commitment to the Triad Downtown Development Project, the City has agreed to advance up to \$3,393,000 to the Agency to fund a portion of the Agency’s DDA obligations. Interest accrues on the outstanding balance at the City’s cost of funds. The advance is expected to be repaid from property tax increments of the project areas when available. As of June 30, 2006, the balance drawn on this advance was \$179,027.

In addition, the City has also agreed to defer \$6.6 million in development fees. As a condition of the DDA, the Agency will pay these fees on behalf of the developer from future tax increment. Deferrals will accrue interest at 3.5%. No fees had been deferred as of June 30, 2006.

Marina Vista Project Area - Meyer Cookware

The City advanced \$500,000 to the Marina Vista Debt Service Fund. Interest accrues at 4% per annum on unpaid principal balance until repaid in full. The advance is expected to be repaid from property tax increments of the project areas when available. As of June 30, 2006, the balance of the advance was \$540,000.

Other City Advances

The City has advanced additional funds to the Agency that are not included in the Agency’s financial statements because of the Agency’s limited ability to repay these advances at this time. Should additional tax increment become available, these obligations will be recognized and repaid to the City. The advances continue to accrue interest at 4% per year at June 30, 2006. The balances of these additional advances as of June 30, 2006 were as follows:

Project Area	Balance Due June 30, 2006
Marina Vista	\$3,042,037
Waterfront	4,187,516
Vallejo Central	1,586,813
	\$8,816,366

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 6 - CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. Agency policy has set the capitalization threshold for reporting capital assets at \$500,000. Depreciation is recorded on a straight-line, half-year convention basis over the estimated useful lives of 15-40 years for building and improvements.

Capital assets of the Agency for the year ended June 30, 2006 are presented in the table below.

	<u>Balance at June 30, 2005</u>	<u>Additions</u>	<u>Balance at June 30, 2006</u>
Capital assets not being depreciated:			
Land	<u>\$2,722,700</u>		<u>\$2,722,700</u>
Total capital assets not being depreciated	<u>2,722,700</u>		<u>2,722,700</u>
Capital assets, being depreciated:			
Building and improvements	<u>269,300</u>		<u>269,300</u>
Less accumulated depreciation for:			
Building and improvements	<u>(130,300)</u>	<u>(\$5,827)</u>	<u>(136,127)</u>
Net capital assets being depreciated	<u>139,000</u>	<u>(5,827)</u>	<u>133,173</u>
Governmental activity capital assets, net	<u><u>\$2,861,700</u></u>	<u><u>(\$5,827)</u></u>	<u><u>\$2,855,873</u></u>

Depreciation expense of \$5,827 has been allocated to the Redevelopment and Housing Program.

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 7 – LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2006:

	Original Issue Amount	Balance June 30, 2005	Retirements	Balance June 30, 2006	Current Portion
Tax Allocation Bonds:					
Waterfront Development Project 7.9%, due 5/1/19	\$2,485,000	\$2,255,000	\$65,000	\$2,190,000	\$75,000
Marina Vista Project 6.0-7.5%, due 9/1/20	3,335,000	2,500,000	85,000	2,415,000	95,000
Vallejo Central Project 6.0-7.5%, due 9/1/20	1,900,000	1,725,000	30,000	1,695,000	35,000
Vallejo Housing Set Aside 7.0%, due 10/1/31	5,410,000	5,185,000	105,000	5,080,000	115,000
Total Tax Allocation Bonds	<u>13,130,000</u>	<u>11,665,000</u>	<u>285,000</u>	<u>11,380,000</u>	<u>320,000</u>
Certificates of Participation:					
2003 COPs variable rate, due 12/1/23	2,617,597	2,537,433	86,708	2,450,725	91,616
Total Certificates of Participation	<u>2,617,597</u>	<u>2,537,433</u>	<u>86,708</u>	<u>2,450,725</u>	<u>91,616</u>
Total Redevelopment Agency Debt	<u>\$15,747,597</u>	<u>\$14,202,433</u>	<u>\$371,708</u>	<u>\$13,830,725</u>	<u>\$411,616</u>

A. Tax Allocation Bonds

Waterfront Redevelopment Project – In January 1989, Tax Allocation Refunding Bonds in the amount of \$2,485,000 were issued to repay certain advances made to the Agency from the City. The bonds mature in May 2019. Semi-annual interest payments are due on May 1 and November 1 and annual principal payments are due May 1. Bonds became eligible to be redeemed, in whole or in part, at the option of the Agency on May 1, 1996, or on any Interest Payment Date thereafter. The bonds are subject to mandatory sinking fund redemption and are secured by amounts in the related Debt Service Fund and by incremental property tax revenues. The debt is serviced through the Waterfront Debt Service Fund.

Marina Vista and Vallejo Capital Projects – In August 1990, the Vallejo Public Financing Authority (PFA) issued bonds in the amount of \$5,235,000 to provide funds to the Agency for use in the Marina Vista Project (\$3,335,000) and in the Vallejo Central Project (\$1,900,000). Net proceeds allocated to the Marina Vista Project were used to defease all future debt service payments on certain lease revenue bonds used to finance the construction of City Hall. Net proceeds allocated to the Vallejo Central Project were used to fund infrastructure improvements in the project area.

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 7 – LONG-TERM DEBT (Continued)

The bonds are secured by loan agreements between the Agency and the PFA. The semi-annual loan payments by the Agency are expected to meet all debt service requirements of the bonds. Semi-annual interest payments are due on March 1 and September 1 and annual principal payments are due September 1. The loan payments are made solely from the tax increment revenues within the redevelopment project areas, and the bonds are reflected as a liability of the Agency. The debt is serviced through the Marina Vista Debt Service Fund.

Vallejo Housing Set Aside – In August 2001, the Agency issued Tax Allocation Bonds in the amount of \$5,410,000 to finance housing activities of the Agency and to repay a loan from the PFA. Semi-annual interest payments are due on April 1 and October 1 and annual principal payments are due October 1. The bonds are subject to mandatory sinking fund redemption and payment is made solely from, and secured by, housing set-aside tax increment revenues within the redevelopment project areas.

B. Certificates of Participation (COPs)

2003 COPs – In December 2003, the City issued \$8,000,000 of Certificates of Participation (2003 Capital Improvement Project) to provide funding for Springstowne Library improvements, solar energy projects and various public works capital projects. The Marina Vista Capital Projects Fund received \$2,617,597 of the bond proceeds. Principal payments are payable annually on December 1. Interest is payable at the beginning of each month. The future interest payments are estimates based on the interest rate as of the basic financial statements date, which was approximately 3.27% at June 30, 2006. The City has the option of converting the COPs to a fixed interest rate, after which interest is payable on June 1 and December 1.

C. Debt Service Requirements

The annual debt service requirements to maturity for all long-term debt are as follows:

For the Year Ending June 30	Principal	Interest
2007	\$411,616	\$912,756
2008	444,888	885,123
2009	484,795	854,938
2010	534,704	821,968
2011	574,611	941,485
2012-2016	3,613,316	3,264,126
2017-2021	4,583,827	1,816,405
2022-2026	1,622,968	762,631
2027-2031	1,255,000	337,575
2032-2036	305,000	10,675
Total	<u>\$13,830,725</u>	<u>\$10,607,682</u>

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 8 – NET ASSETS AND FUND BALANCES (DEFICIT)

A. Net Assets

Net Assets is the excess of all the Agency's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the Agency's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Agency cannot unilaterally alter.

Unrestricted describes the portion of Net Assets which is not restricted as to use.

B. Reservations

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds. The Agency cannot modify or remove these restrictions or reserves. At June 30, 2006, reserves included:

Reserved for **encumbrances** represents the portion of fund balance set aside for open purchase orders.

Reserved for **notes receivable** and **advances** are the portions of fund balance set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

Reserved for **land held for redevelopment** is the carrying value of property held by the Redevelopment Agency, which is reserved since it is not an available spendable resource.

Reserved for **debt service** and **prepayment reserve/Six Flags** represents assets that are restricted pursuant to the Agency' long-term debt agreements.

C. Designations

Designations are imposed by the Agency Board to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action.

Designated for **capital projects** is the portion of fund balance to be used for projects approved by the Board as part of the Capital Improvement Program budget.

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 8 – NET ASSETS AND FUND BALANCES (DEFICIT) (Continued)

D. Fund Deficits

The Marina and Vallejo Central Debt Service Funds had deficits in the amounts of \$1,398,568 and \$2,858,224, respectively at June 30, 2006. These deficits are expected to be resolved through future tax increment revenues.

NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES

A. Marine World Lease Commitments

In 1985, through a series of lease and sublease agreements, the Marine World park facilities were subleased by the City to the Agency, and by the Agency to the Marine World Foundation (Foundation), a California non-profit public benefit corporation.

During 1996, the Foundation defaulted on debt owed to the Agency and City. As a result, the City and the Agency formed the Marine World Joint Powers Authority (JPA), a component unit of the City. The JPA took over the ownership of Marine World on November 1, 1996. The Foundation conveyed all of its rights, title and interest in its permits, policies and assets to the JPA, and the JPA assumed all the obligations and liabilities of the Foundation.

In January 1997, the JPA issued \$63,465,000 of COPs under similar lease and sublease agreements. The proceeds were used to refund the 1990 COPs, issued to refund the 1985 and 1986 COPs, which were issued to finance the construction and acquisition of the Marine World facilities; and the 1991 Community Facilities District Bonds were issued to fund new attractions and capital improvements to the facilities. The 1997 COPs are due through 2028 and may be prepaid without penalty at any time. In February 2005, principal payments in the amount of \$1,010,000 were made.

The various leases and subleases described above expire when the 1997 COPs have been retired, at which time title to the facilities passes from the JPA to the City. Lease payments are equal to the annual principal and semi-annual interest payments related to the 1997 COPs and continue through February 1, 2028, unless the COPs are paid earlier. To the extent the JPA fails to make timely lease payments, the City is required to make payments necessary to assure timely payment of principal and interest on the 1997 COPs. The Agency is responsible for sublease payments only to the extent it receives lease payments from the JPA.

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

The annual debt service requirements for the Certificates of Participation are as follows:

Fiscal Year Ending December 31	Marine World JPA		
	Principal	Interest	Total
2006	\$1,070,000	\$4,106,970	\$5,176,970
2007	1,140,000	4,038,490	5,178,490
2008	1,215,000	3,965,530	5,180,530
2009	1,300,000	3,880,450	5,180,450
2010	1,390,000	3,789,480	5,179,480
2012-2016	8,585,000	17,341,250	25,926,250
2017-2021	12,115,000	13,862,490	25,977,490
2022-2026	17,135,000	8,841,810	25,976,810
2027-2031	13,545,000	2,043,620	15,588,620
Total	<u>\$57,495,000</u>	<u>\$61,870,090</u>	<u>\$119,365,090</u>

B. Management, Option Agreements, and Agency Commitment

On February 1, 1997, the JPA entered into a management agreement with Park Management Corp., a wholly owned subsidiary of Six Flags, Inc. In 2005, the JPA entered into an Amendment to the 1997 Management Agreement, and extended the management term through February 1, 2010. The JPA has provided the Manager a purchase option agreement, which if exercised, will result in the sale of the park to the Manager. The option can be exercised through February 1, 2010.

C. Revenue-Sharing Agreement

In November 1997, the Agency, JPA, and Park Management Corp., entered into a revenue-sharing agreement. The agreement directs that revenues from the project are offset against the operating expenses of the project, working capital borrowings, and the annual payment of the 1997 COPs and any other tax-exempt notes or obligations under the City's parking facility assessment bonds. The remainder of the net revenues is allocated 80% to Park Management Corp and 20% to the JPA. During fiscal 2005-06, the JPA remitted \$2,680,628 to the Agency in satisfaction of the 20% revenue allocation. The Agency in lieu remitted this amount plus certain additional funds released pursuant to the Agreement.

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

D. *Triad Downtown Vallejo Mixed-Use Development*

In accordance with a Disposition and Development Agreement (“DDA”) between the Agency, the City, and Triad Downtown Vallejo, LLC (“Triad”) dated October 28, 2005 (as amended on January 13, 2006); the Agency is required to provide an estimated \$10.8 million of public improvements and programs related to the proposed development. In addition, as part of a Fee Deferral Agreement between the Agency and City dated October 28, 2005, the City will defer an estimated \$6.6 million in development impact fees for this project, which the Agency will repay to the City on behalf of the developer over an estimated twenty (20) year period. The total estimated Agency financial commitment for this DDA totals \$17.4 million. Both the City and Triad have agreements to provide the Agency with interim cash flow financing until the project generates tax increment and other revenue.

E. *Waterfront Project*

In accordance with the amended and restated Disposition and Development Agreement between the Agency, the City, and Callahan and DeSilva Vallejo, LLC signed on October 27, 2005, the Agency is obligated to provide as estimated \$23.7 million of public improvements and programs related to the proposed development. These include the following estimated commitments:

Vallejo Station parking garage (Parcel L3)	\$ 5,000,000
City Hall parking garage and improvements	4,900,000
Park and street improvements	9,850,000
Remediation (Southern Waterfront)	<u>4,000,000</u>
	\$23,750,000

The last item listed, remediation, reflects the Agency’s contingent liability for remediation costs for contaminants on certain property located within the Waterfront Project Area.

An independent soils’ engineering firm has developed four alternatives for remediation of the contaminants, depending upon future land use. The alternatives range from “No Action” with an estimated cost of \$1.2 million for basic containment and highly restricted land use to complete removal of contaminants for unrestricted land use with an estimated cost of \$33 million. Discussions are ongoing with the previous owner and the regional water quality control board having jurisdiction over the property as to the preferred remedial approach based on anticipated future land uses. The Agency believes that the previous owner may be responsible for part or all of such costs and therefore has not recorded a liability for any remediation costs.

The Agency incurred \$655,254 of legal, investigative and remediation costs through June 30, 2006 and believes it may be entitled to recover some of this cost from the previous owner. The Agency paid approximately \$2.4 million for this property in 1988. Given the uncertainty over remediation costs, the property is carried at no value in the accompanying Government-Wide Statement of Net Assets.

VALLEJO REDEVELOPMENT AGENCY
Basic Component Unit Financial Statements

NOTE 10 – PASS-THROUGH PAYMENTS AND TAX INCREMENT SHIFT TO EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF)

In 2005, the State of California directed that a portion of the incremental property tax received by redevelopment agencies be shifted to local educational agencies. During the fiscal year ended June 30, 2006, \$1,365,680 was shifted as a result of the State directive. Of this balance, \$727,981 was expensed during fiscal year 2006 and the remaining \$637,699 was accrued as of June 30, 2006 in the South East Capital Projects Fund due to Project Area's sunset.

The Agency has entered into various tax-sharing agreements with the Solano County and other taxing entities in the Vallejo Central, Flosden Acres, and Southeast Vallejo Project Areas. Portions of tax increments from those project areas are received by the Agency and remitted to the applicable taxing entities. In fiscal year 2006, the Agency calculated and remitted \$639,686 in pass-through payments to the affected jurisdictions.

NOTE 11 – SUBSEQUENT EVENT

Project Area Merger

On November 14, 2006, the Housing and Redevelopment Commission and City Council approved the modification of the Waterfront Master Plan. A component of this approval was the merger of three redevelopment projects affected by the Waterfront Master Plan – Marina Vista, Waterfront and Vallejo Central effective December 28, 2006. The effect of this merger is to: a) increase and merge the tax increment limits for the three project areas to establish one combined tax increment limit applicable to the entire merged project area, b) establish one combined bonded indebtedness limit applicable to the entire merged project area, c) extend the time limit on the effectiveness of the plan and the time limit for the receipt of tax increment and repayment of debt for the Marina Vista Redevelopment Plan, and d) replace the three individual Redevelopment Plans with one Amended and Restated Redevelopment Plan covering the entire merged project area.

**INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Governing Board
Vallejo Redevelopment Agency
Vallejo, California

We have audited the financial statements of the Vallejo Redevelopment Agency as of and for the year ended June 30, 2006, and have issued our report thereon dated December 7, 2006. We have conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit included tests of compliance with provisions of the *Guidelines for Compliance Audits of California Redevelopment Agencies*. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Governing Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the above parties.

December 7, 2006

SCHEDULE OF PRIOR YEAR FINDINGS

Finding 05-01: Affordable Housing Fund Planning and Administrative Expenditures

The Agency did not prepare a written determination showing that planning and administrative expenditures were necessary for the production, improvement or preservation of low and moderate income housing for the year ended June 30, 2005, as required by Health and Safety Code Section 33334.3(d).

Management Response:

Implemented. This determination was made in the fiscal year 2006 budget resolution.

Finding 05-02: Five-Year Implementation Plan

Health and Safety Code Section 33334.3(d) requires that Five Year Implementation Plans be updated and adopted every five years. The Redevelopment Agency did not adopt the updated Five Year Implementation Plans for the Marina Vista, Flosden Acres, Waterfront Development, Vallejo Central, and Southeast Vallejo Project Areas, by their respective expiration dates of February/March 2005. The Agency adopted the updated Plans in April 2005.

Management Response:

Implemented.

**EXHIBIT 5
TO REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO
ANNUAL REPORT FOR FISCAL YEAR 2005-06**

Blight Report

**FISCAL YEAR 2005-06 REDEVELOPMENT AGENCY ANNUAL REPORT
BLIGHT ALLEVIATION PROGRAM**

(Submitted to the State Controller in compliance with Section 33080 of the Community Redevelopment Law)

PROJECTS AND PROGRAMS	BLIGHT REMOVAL NEXUS				
	Deterioration/ Dilapidation	Defective Design	Age and Obsolescence	Inadequate Public Improvements	Impaired Investments
<p>Downtown Façade Improvement Program (ongoing): The Redevelopment Agency offers a Façade Improvement Program in the downtown area that has resulted in significant enhancements to the appearance of the Redevelopment Area and makes the area more attractive to customers, tenants, and investors. This Program provides grants and low-interest loans to businesses and property owners who wish to improve the façade of their storefronts and/or buildings. Specific design standards govern the type of façade improvements that can be developed under this Program.</p>	X		X		X

**EXHIBIT 6
TO REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO
ANNUAL REPORT FOR FISCAL YEAR 2005-06**

Housing and Displacement Report

**FISCAL YEAR 2005-06 REDEVELOPMENT AGENCY ANNUAL REPORT
HOUSING AND DISPLACEMENT REPORT**

**(Submitted to the State Controller in compliance with Section 33080 of the
Community Redevelopment Law)**

The Redevelopment Agency did not engage in any activities pursuant to Section 33080.3.

**EXHIBIT 7
TO REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO
ANNUAL REPORT FOR FISCAL YEAR 2005-06**

Loan Report

**FISCAL YEAR 2005-06 REDEVELOPMENT AGENCY ANNUAL REPORT
LOAN REPORT**

**(Submitted to the State Controller in compliance with Section 33080 of the
Community Redevelopment Law)**

There were no loans made by the Redevelopment Agency that were fifty thousand dollars (\$50,000) or more that were in default or not in compliance with the terms of the loan approved by the Redevelopment Agency during FY 2005-06.

**EXHIBIT 8
TO REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO
ANNUAL REPORT FOR FISCAL YEAR 2005-06**

Property Report

**FISCAL YEAR 2005-06 REDEVELOPMENT AGENCY ANNUAL REPORT
REDEVELOPMENT AGENCY PROPERTIES**

(Submitted to the State Controller in compliance with Section 33080 of the Community Redevelopment Law)

ASSESSOR PARCEL #	STREET ADDRESS	OWNER	DESCRIPTION	LOCATION MAP #	SQ FT	ACRE	ACQSN DATE
0055-160-030	NO SITE ADDRESS	RDA Vallejo	Open Space/Waterfront	55-16	43,560	1.00	NA
0055-160-040	NO SITE ADDRESS	RDA Vallejo	Open Space/Waterfront	55-16	47,045	1.08	NA
0055-160-050	NO SITE ADDRESS	RDA Vallejo	Open Space/Waterfront	55-16	65,776	1.51	NA
0055-160-060	NO SITE ADDRESS	RDA Vallejo	Open Space/Waterfront	55-16	58,370	1.34	NA
0055-160-130	NO SITE ADDRESS	RDA Vallejo	Parking Lot/Waterfront	55-16	87,991	2.02	1983
0055-160-160	NO SITE ADDRESS	RDA Vallejo	Memorial/Fountain/Waterfront Area	55-16	40,037	0.92	1985
0055-160-170	NO SITE ADDRESS	RDA Vallejo	Parking Lot/Waterfront Area	55-16	100,624	2.31	1983
0055-160-190	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-16	5,500	0.13	1983
0055-160-240	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-16	10,445	0.24	1983
0055-160-310	212 GEORGIA ST.	RDA Vallejo	Waterfront Area	55-16	6,618	0.15	1983
0055-160-360	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-16	11,325	0.26	NA
0055-160-410	485 MARE ISLAND WAY	RDA Vallejo	Waterfront Area	55-16	227,818	5.23	NA
0055-160-420	NO SITE ADDRESS	RDA Vallejo	Vallejo Yacht Club	55-16	12,196	0.28	NA
0055-160-570	150 GEORGIA STREET	RDA Vallejo	Waterfront Area	55-16	386,813	8.88	NA
0055-160-580	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-16	9,239	0.21	NA
0055-160-590	505 SANTA CLARA STREET	RDA Vallejo	Waterfront Area	55-16	57,064	1.31	NA
0055-170-010	NO SITE ADDRESS	RDA Vallejo	JFK Library	55-17	26,593	0.61	NA
0055-170-020	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-17	30,608	0.70	NA
0055-170-030	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-17	26,251	0.60	NA
0055-170-050	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-17	35,000	0.80	NA
0055-170-060	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-17	17,160	0.39	NA
0055-170-080	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-17	23,274	0.53	NA
0055-170-100	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-17	58,806	1.34	NA
0055-170-170	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-17	9,300	0.21	NA
0055-170-200	NO SITE ADDRESS	RDA Vallejo	Downtown Commercial Lot	55-17	1,728	0.04	1983
0055-170-220	NO SITE ADDRESS	RDA Vallejo	Downtown Commercial Lot	55-17	5,200	0.12	1983
0055-170-230	NO SITE ADDRESS	RDA Vallejo	Downtown Commercial Lot	55-17	54,450	1.25	1983
0055-170-260	NO SITE ADDRESS	RDA Vallejo	Downtown Commercial Lot	55-17	50,530	1.16	1983
0055-170-280	NO SITE ADDRESS	RDA Vallejo	Downtown Commercial Lot	55-17	32,450	0.74	1983
0055-170-360	NO SITE ADDRESS	RDA Vallejo	Downtown Commercial Lot	55-17	33,389	0.77	1983
0055-170-400	285 MARE ISLAND WAY	RDA Vallejo	Waterfront Area	55-17	21,513	0.49	NA
0055-170-410	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-17	18,005	0.41	NA
0055-170-460	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-17	212,137	4.87	NA
0055-170-470	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-17	61,855	1.42	NA
0055-180-010	1 CURTOLA PARKWAY	RDA Vallejo	Waterfront Area	55-18	69,696	1.60	NA
0055-180-020	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-18	130,244	2.99	NA
0055-180-030	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-18	5,290	0.12	NA

ASSESSOR PARCEL #	STREET ADDRESS	OWNER	DESCRIPTION	LOCATION MAP #	SQ FT	ACRE	ACQSN DATE
0055-180-040	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-18	187,308	4.30	1988
0055-180-050	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-18	5,742	0.13	NA
0055-180-060	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-18	12,540	0.29	NA
0055-180-070	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	55-18	17,156	0.39	NA
0058-050-040	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	58-05	6,500	0.15	6/14/1988
0058-050-050	1121 SONOMA BLVD	RDA Vallejo	Waterfront Area	58-05	101,930	2.34	6/14/1988
0058-050-070	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	58-05	47,044	1.08	6/14/1988
0058-050-090	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	58-05	110,206	2.53	6/14/1988
0058-090-040	50 SOLANO AVE	RDA Vallejo	Waterfront Area	58-09	267,458	6.14	6/14/1988
0058-090-070	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	58-09	90,169	2.07	6/14/1988
0058-090-090	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	58-09	131,986	3.03	6/14/1988
0058-090-130	1133 SONOMA BLVD	RDA Vallejo	Waterfront Area	58-09	10,200	0.23	6/14/1988
0058-090-190	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	58-09	127,630	2.93	6/14/1988
0058-090-210	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	58-09	39,204	0.90	6/14/1988
0058-100-300	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	58-10	10,150	0.23	6/14/1988
0058-100-320	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	58-10	3,159	0.07	6/14/1988
0058-100-450	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	58-10	13,068	0.30	6/14/1988
0058-110-130	NO SITE ADDRESS	RDA Vallejo	Waterfront Area	58-11	19,602	0.45	6/14/1988
0072-044-100	341 LAMONT COURT	RDA Vallejo	Residential	72-04	5,662	0.13	1988



CONSENT E

Agenda Item No.

COUNCIL COMMUNICATION

Date: December 19, 2006

TO: Honorable Mayor and Members of the City Council

FROM: John P. Thompson, City Manager *JPT*
Gary A. Leach, Public Works Director *GL*

SUBJECT: APPROVAL OF A RESOLUTION AMENDING THE FISCAL YEAR 2006-2007 WATER ENTERPRISE FUND BUDGET BY: 1) REDISTRIBUTING APPROVED CAPITAL APPROPRIATIONS INTO TWO CAPITAL PROJECTS, AND 2) INCREASING APPROPRIATIONS FOR THE HIGHWAY 12 JAMESON CANYON PIPELINE RELOCATION PROJECT TO BE REIMBURSED BY CALTRANS.

BACKGROUND

1. Trans Vallejo Emergency Backup Pump Station at the Fleming Hill Water Treatment Plant

The approved Fleming Hill Grid Pump Station Retrofit Project (WT7028) will be delayed by one year, making \$300,000 in appropriations available for transfer to the Fleming Hill Water Treatment Plant Upgrades Project (WT7025) for the purpose of installing a dual pump Trans Vallejo Emergency Backup Pump Station at the treatment plant. This backup pump station will reduce the cost of the postponed FH Grid Pump Station Retrofit Project by allowing shut down of the Trans Vallejo pumps, which are located next to the grid pumps, thereby avoiding the need for expensive accommodation of continued operation of the Trans Vallejo pumps in proximity to active construction. A new cost estimate will be created and additional funds if necessary will be requested in Fiscal Year 2007-2008 to allow completion of the FH Grid Pump Station Retrofit Project in the winter of 2007. Additionally, the new Trans Vallejo pump station will provide a second source of supply to approximately half the City in case of emergency or a loss of the natural gas supply to the existing pump station. Due to the extremely long lead time for pump manufacture, the backup pump station must be bid by February 2007 to meet the required November 2007 completion date.

2. Meter Replacement Project

The delay of the Fleming Hill Grid Pump Station Retrofit Project (WT7028) also makes \$100,000 in appropriations available for transfer to the Meter Replacement Project



(WT7014) to fund the additional replacement of approximately 500 small meters which were installed over 30 years ago. The City replaced approximately 100 large, older meters at a cost of \$125,000 under the original project budget. Upon review of the meter age records it is advisable to replace a greater number of older, small meters than is possible with the existing budget. The City is currently out to bid with the small meter replacement contract and will avoid additional mobilization charges by adding funds to this unit price contract by contract change order.

3. Highway 12 Jameson Canyon Pipeline Relocation - Caltrans

Caltrans is scheduled to start their Highway 12 Truck Climbing Ramp Project in November 2007. In order to begin that project Caltrans requires the City's 30-inch Jameson pipeline to be relocated. Caltrans is responsible and has agreed to reimburse the estimated \$1.1 Million dollar cost associated with the pipeline relocation due to the City's prior easement rights. Due to the long lead times required for pipeline material procurement, the project budget must be in place at the time of formal agreement between the City and Caltrans so that engineering design work can begin as soon as possible.

Due to Caltrans' need for an expedited project timeline, the formal RFP process to select an engineering design firm was deemed not feasible. City and Caltrans staff mutually agreed on the respected firm of Carollo Engineers to perform the required design engineering work under agreement with the City of Vallejo but with costs reimbursed by Caltrans.

Required City actions include:

- 1) Amending the Fiscal Year 2006-2007 Water Enterprise Fund budget by increasing capital project appropriations in the amount of \$1.1 Million dollars and setting up the "Highway 12 Jameson Canyon Pipeline Relocation Project" in the City's accounting system. A resolution of intention to amend the budget was adopted by the City Council on December 5, 2006 (Res. No. 06-362 N.C.).
- 2) Entering into a Utility Reimbursement Agreement with Caltrans and a Professional Consulting Services Engineering Design Agreement with Carollo Engineers. The City Manager was authorized to sign each of the agreements by Council Resolution No. 06-362 N.C., adopted December 5, 2006.



Fiscal Impact

The following capital project redistributions within Fund 404 are proposed:

<u>Project Name</u>	<u>Current Budget</u>	<u>Proposed Budget</u>
WT7028, FH Grid Pump Station Retrofit	\$900,000	\$500,000
WT7025, FHWTP Upgrade	\$350,000	\$650,000
WT7014, Meter Replacement	<u>\$439,000</u>	<u>\$539,000</u>
	\$1,689,000	\$1,689,000

A new cost estimate will be created for the FH Grid Pump Station Retrofit Project due to changes in construction site constraints, and additional funds, if needed, will be requested in Fiscal Year 2007-2008 to allow completion of the project in the winter of 2007.

Caltrans will reimburse the City for the approximately \$1.1 Million cost of the Highway 12 Jameson Canyon Pipeline Relocation Project, including design and construction. It is proposed that the \$1.1 Million dollar project budget appropriation be set up from unencumbered, unreserved Fund 404 (City System Capital Fund) fund balance. Caltrans will reimburse the City upon receipt of invoices from the City confirming payment of project expenses.

RECOMMENDATION

Staff recommends adopting a resolution of intention to amend the Fiscal Year 2006-2007 Water Enterprise Fund budget by : 1) redistributing approved capital appropriations totaling four hundred thousand dollars into two capital projects, and 2) increasing appropriations by one million and one hundred thousand dollars for the Highway 12 Jameson Canyon Pipeline Relocation Project to be reimbursed by Caltrans.

ALTERNATIVES CONSIDERED

An investigation was undertaken to determine if the pipeline relocation project could be funded and constructed by Caltrans. It was concluded that this was not possible due to the specialty nature of the pipeline work, and the necessity for the pipeline relocation to be completed prior to the start of construction of Caltrans' Highway 12 Truck Climbing Ramp Project.



ENVIRONMENTAL REVIEW

The adoption of this resolution to amend the FY2006-2007 Water Enterprise Fund budget is not a project pursuant to section 15378 (b) (4) of Title 14 of the California Code of Regulations as it involves governmental fiscal activities. Capital projects that may result in a potentially significant physical impact on the environment would be subject to future, separate environmental review.

PROPOSED ACTION

Adoption of a resolution of intention amending the Fiscal Year 2006-2007 Water Enterprise Fund budget by: 1) redistributing approved capital appropriations totaling four hundred thousand dollars into two capital projects, and 2) increasing appropriations by one million and one hundred thousand dollars for the Highway 12 Jameson Canyon Pipeline Relocation Project to be reimbursed by Caltrans.

DOCUMENTS AVAILABLE FOR REVIEW

- a. A resolution to amend the Fiscal Year 2006-2007 Water Enterprise Budget by: 1) redistributing approved capital appropriations totaling four hundred thousand dollars into two capital projects, and 2) increasing appropriations by one million and one hundred thousand dollars for the Highway 12 Jameson Canyon Pipeline Relocation Project to be reimbursed by Caltrans.

CONTACT PERSONS

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Erik J. Nugteren, Water Superintendent
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DECEMBER 19, 2006

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RESOLUTION NO. 06-____ N.C.

WHEREAS, in June 2006, the City Council did adopt a budget for the Water Enterprise Fund which allocated capital funds for Fiscal Year 2006-2007; and

WHEREAS, Section 703 of the City Charter requires that available funds not included in the budget may be appropriated by the City Council after giving one week's notice of intention to do so; and

WHEREAS, the City Council is interested in amending the Fiscal Year 2006-2007 Water Enterprise Fund budget; and

WHEREAS, the City Council has considered the report and recommendations of the City Manager on the proposed budget amendments and has determined that they are in the best interest of the City of Vallejo and are both fair and appropriate; and

WHEREAS, on December 5, 2006 the City Council adopted Resolution No. 06-362 N.C., a resolution of intention to amend the Fiscal Year 2006-2007 Water Enterprise Budget, as outlined below:

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF VALLEJO, CALIFORNIA, AS FOLLOWS:

Section 1: The City Council does hereby reallocate \$400,000 in capital project budget allocations in the Fleming Hill Grid Pump Station Retrofit Project (WT7028) in the Water Enterprise Fund 404 as follows: 1) \$300,000 for the Fleming Hill Water Treatment Plant Upgrades Project (WT7025); and 2) \$100,000 for the Meter Replacement Project (WT7014).

Section 2: The City Council does hereby increase the budgeted capital project appropriations for the Water Enterprise Fund by \$1.1 Million dollars for the Caltrans-reimbursable Highway 12 Jameson Canyon Pipeline Relocation Project from unencumbered, unreserved Fund 404 balance.

DECEMBER 19, 2006

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RESOLUTION NO. _____ N.C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

WHEREAS, there is litigation pending in the Solano County Superior Court entitled Safeco Insurance Company of Illinois v. City of Vallejo, Solano County Superior Court, Case No. FCS027504; and

WHEREAS, Safeco Insurance Company of Illinois filed a complaint alleging inverse condemnation, among other causes of action.

WHEREAS, counsel for the City of Vallejo has met in closed session with the City Council concerning this matter; and

WHEREAS, the City Attorney is recommending that this litigation be settled by payment of \$57,500.00 to Safeco Insurance Company of Illinois in exchange for a dismissal of its complaint in the above referenced matter.

NOW, THEREFORE, BE IT RESOLVED that the City Manager is authorized to execute a Settlement Agreement in the matter of Safeco Insurance Company of Illinois v. City of Vallejo, Solano County Superior Court, Case No. FCS027504.

BE IT FURTHER RESOLVED that the City Manager and City Attorney are further authorized and directed to take whatever steps may be necessary and to execute any documents required to effect said settlement.

December 19, 2006
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Note: New text is shown in **bold**, deleted text as ~~strikeout~~.

ORDINANCE NO. ____ N.C. (2d)

AN ORDINANCE OF THE CITY OF VALLEJO AMENDING SECTION 2 (PART) OF ORDINANCE NO. 558 N.C. (2d), AS AMENDED, OF THE VALLEJO MUNICIPAL CODE TO AMEND CHAPTER 2.48 - ARCHITECTURAL HERITAGE AND LANDMARKS COMMISSION TO REVISE THE RESIDENCE LOCATION REQUIREMENTS FOR MEMBERSHIP IN THE COMMISSION.

THE COUNCIL OF THE CITY OF VALLEJO DOES ORDAIN AS FOLLOWS:

SECTION 1. Chapter 2.48 – Architectural Heritage and Landmarks Commission is hereby amended as follows:

Sections:

- 2.48.010 Created – Membership
- 2.48.020 Qualifications of members
- 2.48.030 Term of office
- 2.48.040 Limitation of Terms
- 2.48.050 Removal or vacancy in office
- 2.48.060 Appointment of officers
- 2.48.070 Duties of officers
- 2.48.080 Meetings, quorum and records
- 2.48.090 Adoption of rules

2.48.010 – No change.

2.48.020 Qualifications of members

To be eligible for appointment to the commission, an individual must have a demonstrated talent or interest in aesthetics, architectural design, or cultural heritage, either through background, experience, training, education, or occupation. ~~Three members of the commission must be residents of the architectural heritage district, two of whom must be property owners. Three members must be residents of the St. Vincent’s historic district. The remaining members must be residents of the city and live outside these districts.~~

2.48.030 through 2.48.090 – No change.

SECTION 2. Severability.

If any section, subsection, sentence, clause, phrase, or word of this Ordinance is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed and adopted this Ordinance, and each and all provisions hereof, irrespective of the fact that one or more provisions may be declared invalid.

SECTION 3. Effective Date.

This Ordinance shall take effect and be in full force and effect from and after (30) days after its final passage.

RESOLUTION NO. 06- N.C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

THAT the attached list of Mayor and City Council appointments to boards, commissions, and committees for calendar year 2007 are hereby confirmed.

OFFICIAL APPOINTMENTS – 2007

COUNCIL MEMBER	ORGANIZATION	NUMBER OF COUNCIL MEMBERS	MEETING INFORMATION
MAYOR (ALTERNATE TO STEVE MESSINA)	ASSOCIATION OF BAY AREA GOVERNMENTS (ABAG) EXECUTIVE BOARD	ONE + ALTERNATE	3 RD THURSDAY – 7:00 pm EVERY OTHER MONTH 101 EIGHT STREET METRO CENTER – OAKLAND
BARTEE CLOUTIER (ALTERNATE)	ASSOCIATION OF BAY AREA GOVERNMENTS	ONE + ALTERNATE	MEETINGS TWICE A YEAR SPRING – FALL
MAYOR CLOUTIER (ALTERNATE)	SOLANO COUNTY TRANSPORTATION AUTHORITY GOVERNING BOARD (STA)	ONE + ALTERNATE	2ND WEDNESDAY – 6:00 PM TRANSPORTATION OFFICE 1 HARBOR CENTER SUITE 130 SUISUN
MAYOR PEARSALL (ALTERNATE)	SOLANO TRANSPORTATION IMPROVEMENT AUTHORITY (STIA) SOLANO COUNTY WATER AGENCY BOARD	MAYOR + ALTERNATE	MEETS AFTER BOARD MEETING 2 ND THURSDAY – 7:00 PM SOLANO IRRIGATION DISTRICT OFFICE 509 ELMIRA ROAD – VACAVILLE 95687 ATTN: DIANE ADIS
MAYOR PEARSALL (ALTERNATE)	SOLANO WATER AUTHORITY BOARD	MAYOR + ALTERNATE	MEETS AS NEEDED SOLANO IRRIGATION DISTRICT OFFICE 508 ELMIRA ROAD – VACAVILLE, 95687 ATTN: KIM JOHNSON

CLOUTIER	SOLANO ECONOMIC DEVELOPMENT CORPORATION (SEDCORP) EXECUTIVE FORUM AND BOARD MEETINGS	ONE	4 TH THURS. – 9:00 AM – BI-MONTHLY MEETINGS AT JELLY BELLY 1 JELLY BELLY LANE FAIRFIELD, CA
DAVIS PEARSALL (ALTERNATE)	VALLEJO-NAPA SOLID WASTE MANAGEMENT	ONE + ALTERNATE	1 ST THURSDAY – 8:30 A.M. NAPA COUNTY ENVIRONMENTAL SERVICE 1195 THIRD STREET – RM. 101 NAPA, CA 94558
CLOUTIER	ARCHITECTURAL HERITAGE AND LANDMARKS COMMISSION	ONE	3 RD THURSDAY – 7:00 P.M. CITY COUNCIL CHAMBERS
PEARSALL	BEAUTIFICATION ADVISORY COMMISSION	ONE	LAST MONDAY MONTHLY – 7:00P.M. CITY COUNCIL CHAMBERS
SUNGA	CARQUINEZ STRAIT COORDINATING COUNCIL PRESERVATION TRUST BOARD OF DIRECTORS	ONE	MEETINGS ON CALL
BARTEE	CENTRAL CORE RESTORATION CORP. (CCRC)	ONE	2 ND THURSDAY – 8:30 A.M. 401 GEORGIA ST. SUITE 220

BARTEE	CIVIL SERVICE COMMISSION	ONE	2 ND MONDAY – 5:15 P.M. CITY COUNCIL CHAMBERS
PEARSALL	CODE ENFORCEMENT APPEALS BOARD	ONE	2 ND MONDAY – 7:00 P.M. PLANNING DEPARTMENT CONFERENCE ROOM
BARTEE	COMMISSION ON AGING	ONE	4 TH MONDAY – 10:00 A.M. BI-MONTHLY CITY COUNCIL CHAMBERS
SUNGA	COMMUNITY ARTS FOUNDATION	ONE	4 TH WEDNESDAY – 7:00 P.M. FETTERLY PLAYHOUSE
CLOUTIER	COMMUNITY DEVELOPMENT COMMISSION	ONE	1 ST THURSDAY – 7:30 P.M. QUARTERLY CITY COUNCIL CHAMBERS
MAYOR CLOUTIER DAVIS	AD HOC COUNCIL COMMITTEE ON STREET NAMING	THREE	MEETINGS ON CALL
GOMES	COMMISSION ON CULTURE AND THE ARTS	ONE	2 ND MONDAY – 7:00 P.M. BI-MONTHLY FETTERLY PLAYHOUSE

BARTEE	ECONOMIC DEVELOPMENT COMMISSION	ONE	2 ND WEDNESDAY – 5:30 P.M. BI-MONTHLY CITY MANAGER'S CONFERENCE ROOM
PEARSALL	FIGHTING BACK PARTNERSHIP	ONE	1 ST THURSDAY – 6:00 P.M. 3 RD FLOOR – JFK LIBRARY
CLOUTIER	HOUSING AND REDEVELOPMENT COMMISSION	ONE	2 ND WEDNESDAY – 7:30 P.M. CITY COUNCIL CHAMBERS
GOMES	HUMAN RELATIONS COMMISSION	ONE	4 TH WEDNESDAY – 7:30 P.M. CITY COUNCIL CHAMBERS
MAYOR SUNGA DAVIS	INTER-AGENCY COMMITTEE	MAYOR + TWO	2 ND MON. QUARTERLY CITY MANAGERS'S OFFICE
MAYOR	LEAGUE OF CALIFORNIA CITIES NORTHERN DIVISION	MAYOR	QUARTERLY MEETINGS PLACE AND TIME TO BE ANNOUNCED
GOMES	LIBRARY BOARD	ONE	1 ST THURSDAY BI-MONTHLY 6:30 P.M. – JFK LIBRARY MC CUNE ROOM

BARTEE	MARINA ADVISORY COMMITTEE	ONE	1 ST THURS. - 5:00 P.M. JFK LIBRARY JOSEPH ROOM
DAVIS SUNGA PEARSALL	MARINA COUNCIL COMMITTEE	THREE	MEETINGS ON CALL
PEARSALL BARTEE CLOUTIER	MARINE WORLD OVERSIGHT COMMITTEE	THREE	MEETINGS ON CALL
BARTEE SUNGA (ALTERNATE)	MOBILE HOME RENT REVIEW BOARD	ONE + ALTERNATE	MEETINGS ON CALL
DAVIS	PLANNING COMMISSION	ONE	1 ST AND 3 RD MONDAY - 7:00 P.M. CITY COUNCIL CHAMBERS
MAYOR DAVIS SUNGA	PUBLIC TELEVISION ACCESS COMMITTEE	MAYOR + TWO	MEETINGS ON CALL
MAYOR	SAN FRANCISCO WATER TRANSIT AUTHORITY	MAYOR	4 TH THURSDAY 12:30 P.M. SAN FRANCISCO FERRY BLDG.

BARTEE	SENIOR CITIZENS COUNCIL	ONE	3 RD MONDAY – 2:00 P.M. QUARTERLY DOUGLAS SENIOR CENTER
GOMES	SISTER CITY COMMISSION	ONE	3 RD MONDAY – 7:00 P.M. QUARTERLY SISTER CITY ROOM JFK LIBRARY
MAYOR	SOLANO COUNTY MAYOR'S CONFERENCE	MAYOR	3 RD WEDNESDAY – 6:00 P.M. SUISUN
DAVIS	SOLANO COUNTY FAIR BOARD	ONE	2 ND WEDNESDAY – 6:15 P.M. DIRECTOR'S OFFICE FAIRGROUNDS
GOMES	VALLEJO CONVENTION AND VISITORS BUREAU	ONE	3 RD WEDNESDAY – 3:30 P.M. CHAMBER OF COMMERCE OFFICE
SUNGA	TRAVIS REGIONAL ARMED FORCES COMMITTEE	ONE	3 RD MONDAY – 12:00 NOON LOCATION TO BE ANNOUNCED FAIRFIELD
PEARSALL GOMES (ALTERNATE)	TRI-CITY COUNTY COOPERATIVE PLANNING GROUP GOVERNING BOARD	ONE + ALTERNATE	3 RD THURSDAY QUARTERLY 7:00 P.M. 4 JURISDICTIONS ROTATE

DAVIS	VALLEJO GOLF CLUB	ONE	2 ND THURSDAY – 7:00 P.M. BLUE ROCK SPRINGS BOARD ROOM
CLOUTIER PEARSALL (ALTERNATE)	VALLEJO SANITATION & FLOOD CONTROL DISTRICT (VSFCD) CITIZENS ADVISORY COMMITTEE	ONE + ALTERNATE	MEETINGS ON CALL 450 RYDER ST.
SUNGA	YOUTH ACTIVITIES COMMISSION	ONE	1 ST THURS. – 5:30 P.M. ECONOMIC DEVELOPMENT CONFERENCE ROOM
MAYOR	ISLAND ENERGY ADVISORY COMMITTEE	MAYOR	MEETINGS ON CALL
BARTEE	VALLEJO MAIN STREET BOARD OF DIRECTORS	ONE	1 ST FRI. – 9:00 A.M. 401 GEORGIA ST.
MAYOR BARTEE SUNGA	TRANSPORTATION COUNCIL COMMITTEE	THREE	MEETING ON CALL
GOMES CLOUTIER DAVIS	AD HOC COUNCIL COMMITTEE ON TRAFFIC SAFETY IMPROVEMENTS	THREE	MEETINGS ON CALL

BARTEE	SENIOR COALITION	ONE	1 ST FRIDAY NOON 475 TEXAS STREET, FAIRFIELD
BARTEE	SR ROUNDTABLE	ONE	TO BE ANNOUNCED

**Agenda No.****COUNCIL COMMUNICATION****Date: December 19, 2006**

TO: Honorable Mayor and Members of the City Council

FROM: John P. Thompson, City Manager *JPT*
Gary A. Leach, Public Works Director *GL*
Frederick G. Soley, City Attorney *FGS*SUBJECT: Approval of a Resolution Authorizing the City Manager to Sign a Settlement Agreement in the Matter of City of Vallejo v. Ghilotti Brothers, Inc., et al., Solano County Superior Court, Case No. FCS 026051 and Ghilotti Brothers, Inc. v. City of Vallejo, et al., Solano County Superior Court, Case No. FCS 026376**BACKGROUND AND DISCUSSION**

On October 7, 2004, the City received a claim letter from Ghilotti Brothers, Inc. ("GBI"), with thirty seven (37) claims totaling \$560,480.73. At a mediation in March 2005, the amount of the claim escalated to \$844,669.85 and the mediator proposed that the City pay GBI \$490,000.00. The City Council rejected the mediator's proposal and filed a false claims action against GBI and in response GBI filed a lawsuit against the City for breach of contract, among other causes of action.

Staff discussed this item in closed session with the City Council and the Council directed staff to negotiate a settlement of this matter, which has now been accomplished. Upon the execution of the Settlement Agreement and the payment of \$300,000.00 to GBI, both GBI and the City will dismiss their actions with prejudice. Seventy four percent (74%) of the proposed payment (\$223,000.00) is coming from the liquidated damages the City assessed on GBI at the completion of the project and remain in the Project's budget.

RECOMMENDATION

Staff recommends that City Council authorize the City Manager to execute the Settlement Agreement on behalf of the City as settling this matter will avoid legal proceedings and the time, expense and uncertainty that such proceedings would involve.

ALTERNATIVES CONSIDERED

If this matter is not settled, then the matter would proceed to trial and the City would begin to incur legal costs, which most likely would exceed the \$77,000 being paid above the

Project's originally budgeted funds.

ENVIRONMENTAL REVIEW

The proposed Settlement Agreement is not considered a project under the California Environmental Quality Act (CEQA) and no environmental review is required.

PROPOSED ACTION

Approval of a Resolution authorizing the City Manager to sign a Settlement Agreement in the matter of City of Vallejo v. Ghilotti Brothers, Inc., et al., Solano County Superior Court, Case No. FCS 026051 and Ghilotti Brothers, Inc. v. City of Vallejo, et al., Solano County Superior Court, Case No. FCS 026376.

DOCUMENTS ATTACHED

- A. Resolution.
- B. Settlement Agreement in the Matter of City of Vallejo v. Ghilotti Brothers, Inc., et al., Solano County Superior Court, Case No. FCS 026051 and Ghilotti Brothers, Inc. v. City of Vallejo, et al., Solano County Superior Court, Case No. FCS 026376.

CONTACT PERSON

John A. Nagel, Assistant City Attorney
(707) 648-4545
E-mail: nagel@ci.vallejo.ca.us

December 19, 2006
J:\JNL\LITIGATE\GBI\Settlement Agreement Staff Report.doc

RESOLUTION NO. _____ N.C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

WHEREAS, there is litigation pending in the Solano County Superior Court entitled City of Vallejo v. Ghilotti Brothers, Inc., et al., Solano County Superior Court, Case No. FCS 026051 and Ghilotti Brothers, Inc. v. City of Vallejo, et al., Solano County Superior Court, Case No. FCS 026376; and

WHEREAS, counsel for the City of Vallejo has met in closed session with the City Council concerning this matter; and

WHEREAS, the City Attorney is recommending that this litigation be settled by payment of \$300,000.00 to Ghilotti Brothers, Inc. in exchange for a release of all claims and a dismissal by GBI of Solano County Superior Court, Case No. FCS 026376 and a dismissal by the City of Solano County Superior Court, Case No. FCS 026051.

NOW, THEREFORE, BE IT RESOLVED that the City Manager is authorized to execute a Settlement Agreement in the matter of City of Vallejo v. Ghilotti Brothers, Inc., et al., Solano County Superior Court, Case No. FCS 026051 and Ghilotti Brothers, Inc. v. City of Vallejo, et al., Solano County Superior Court, Case No. FCS 026376.

BE IT FURTHER RESOLVED that the City Manager and City Attorney are further authorized and directed to take whatever steps may be necessary and to execute any documents required to effect said settlement.

December 19, 2006

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SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release (hereinafter "Agreement") is entered into by and between City of Vallejo, a municipal corporation (hereinafter "CITY"), Ghilotti Bros., Inc., a California corporation (hereinafter "GBI"), Michael W. Ghilotti, an individual (hereinafter "MWG") and Thomas M. Saxton, an individual (hereinafter "SAXTON"), (collectively referred to herein as "Settling Parties") on this _____th day of December 2006.

Whereas CITY entered into a written public works construction contract with GBI for the public work of improvement commonly known as Georgia Street/Unity Plaza Enhancement Project, in the City of Vallejo, County of Solano, State of California (hereinafter "Project");

Whereas disputes have arisen between the parties hereto arising from alleged acts and omissions by the parties arising from the Project;

Whereas the City contends that MWG and SAXTON presented to CITY purported claims on behalf of GBI arising from the Project;

Whereas CITY filed an action in Solano County Superior Court on or about May 2005, asserting claims against GBI, MWG and SAXTON (case FCS 026051, hereinafter "CITY's Action");

Whereas GBI filed an action in Solano County Superior Court on or about July 2005, asserting claims against CITY (case FCS 026376, hereinafter "GBI's Action");

Whereas the Settling Parties dispute liability and the allegations against them alleged in the two actions;

Whereas despite their differences, the Settling Parties now desire to mutually settle, compromise and discharge the claims between them arising from the Project. This Agreement is entered into voluntarily by the parties, solely for the purpose of bringing the dispute to a conclusion, and to avoid further costs, risks and expenses associated with continued litigation.

WHEREFORE in consideration of the covenants and agreements herein, the parties hereby agree as follows:

1. Within thirty (30) days of execution of Agreement by each of the Settling Parties, CITY will pay GBI the sum of \$300,000.00. Payment will be in the form of two separate checks, one in the amount of \$191,388.68 and one in the amount of \$108,611.32, both payable to GBI.

2. Promptly after execution of the Agreement by each of the Settling Parties, CITY shall prepare and transmit to the court for filing, or cause to be prepared and transmitted to the court for filing, a request for dismissal with prejudice of CITY's Action.

3. Promptly after execution of the Agreement by each of the Settling Parties, GBI shall prepare and transmit to the court for filing, or cause to be prepared and transmitted to the court for filing, a request for dismissal with prejudice of GBI's Action.

4. CITY on its own behalf and on behalf of its respective officers, agents, employees, predecessors, successors, assigns, insurers and sureties, does hereby forever release and discharge each other Settling Party, including the others' owners, shareholders, partners, joint venturers, directors, officers, agents, employees, predecessors, successors, heirs, assigns, insurers, sureties and trustees, of and from any

and all claims, demands, actions; or causes of action, whether known or unknown, contingent or certain, past, present or future, which in any way relate to or arise from the Project or the claims asserted or which could have been asserted in the Action.

5. GBI, MWG and SAXTON, on their own behalf and on behalf of their respective officers, agents, employees, predecessors, successors, assigns, insurers and sureties, do hereby forever release and discharge CITY, including CITY's council members, directors, officers, attorneys, agents, employees, predecessors, successors, heirs, assigns, insurers, sureties and trustees, of and from any and all claims, demands, actions or causes of action, whether known or unknown, contingent or certain, past, present or future, which in any way relate to or arise from the Project or the claims asserted or which could have been asserted in the Action.

6. In entering into this Agreement, and the release provided for herein, except to the extent that such claims are expressly excluded herein, it is the intent of the Settling Parties to waive all rights or benefits which they may have under Civil Code section 1542; which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Notwithstanding the above, or anything else in this agreement to the contrary, the parties agree and understand that CITY is not releasing claims arising from latent defects in the Project that are unknown as of the date of this agreement and GBI is not waiving rights to indemnity or contribution, if any, in connection with such unknown latent defects .

7. Each party to this Agreement represents and warrants that during the course of negotiations leading to the settlement reflected herein, it has had the benefit of counsel. Each party to this Agreement further represents and warrants that the contents of this Agreement, and the meaning of its various terms have been explained to it by its attorneys, and that this Agreement is executed voluntarily, with full knowledge of its significance. This Agreement and each of the provisions hereof, has been reached as the result of negotiations between the parties. Each of the parties hereto expressly acknowledges and agrees that this Agreement shall not be deemed to have been prepared or drafted by any particular party hereto, and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

8. Each signatory of this Agreement represents and warrants that he or she is competent to execute this Agreement on his or her own behalf, or has the competence and express authority of the person or entity on whose behalf he or she is signing, to execute this Agreement on behalf of the other person or entity.

9. As between the Settling Parties hereto, each acknowledges and agrees that each of them will bear their own costs of suit, consultants fees, experts fees, attorneys' fees, and other costs and expenses of any kind or character arising out of or relating in any way to any of the claims, demands, actions or causes of action which comprise the subject matter of this Agreement. However, in the event of any action brought by any party hereto to enforce the terms of this Agreement, the prevailing party shall be entitled to its attorneys' fees and costs actually incurred in addition to all other relief to which that party may be entitled.

10. This Agreement shall be binding upon and shall inure to the benefit of each party hereto, and each party's respective officers, directors, owners, shareholders, partners, joint venturers, subsidiaries, affiliated companies, agents, servants, employees, trustees, heirs, insurers, sureties, successors' and assigns.

11. This Agreement shall be construed in accordance with the laws of the State of California.

12. This Agreement may be executed simultaneously or in any number of counterparts, each of which shall be deemed an original, equally admissible in evidence, but all of which together shall constitute one and the same Agreement, notwithstanding that the signatures of each party or their respective representatives do not appear on the same page of this Agreement and notwithstanding that the signature page(s) may have been photocopied or transmitted by facsimile

13. If any provision or any part of any provision of this Agreement is for any reason held to be invalid, unenforceable or contrary to any public policy, law, statute, regulation or ordinance the remainder of this Agreement shall not be affected thereby and shall remain valid and fully enforceable.

14. No amendment or modification of this Agreement shall be of any force or effect unless in writing and executed by all of the parties hereto.

15. The parties hereto agree to execute or cause to be executed any and all documents reasonably required to effectuate the terms and conditions of this Agreement.

16. This Agreement contains the entire agreement of the parties with respect to the matters covered hereby, and supersedes any oral or written Understandings or agreements between the parties with respect to the claims being released and settled

herein. No person or party is authorized to make any representation or warranties except as set forth herein and no agreement, statement, representation or promise by any party hereto which is not contained herein related to the claims being released and settled herein, shall be valid or binding.

ACCEPTED AND AGREED:

DATED: _____

GHILOTTI BROTHERS, INC.,
a California corporation

By: _____

Michael W. Ghilotti
President

DATED: _____

MICHAEL W. GHILOTTI,
an individual

Michael W. Ghilotti

DATED: _____

THOMAS M. SAXTON,
an individual

Thomas M. Saxton

(SIGNATURES CONTINUED ON NEXT PAGE)

DATED: _____

CITY OF VALLEJO,
a municipal corporation

By: _____
John P. Thompson
City Manager

Attest: _____
Allison Villarante
City Clerk

Approved as to Content:

Gary A. Leach
Public Works Director

Approved as to Form:

Frederick G. Soley
City Attorney



CC
RDA
VHA
MWJPA
ADMIN A

Agenda Item No.

COUNCIL COMMUNICATION
REDEVELOPMENT AGENCY BOARD COMMUNICATION
HOUSING AUTHORITY BOARD COMMUNICATION
MARINE WORLD JOINT POWERS AUTHORITY BOARD COMMUNICATION

Date: December 19, 2006

TO: Honorable Mayor and Members of the City Council
Chairman and Members of the Redevelopment Agency
Chairman and Members of the Housing Authority
Chairman and Members of the Marine World Joint Powers Authority

FROM: John P. Thompson, City Manager/Executive Director *J.P.T.*
Frederick G. Soley, City Attorney/Agency and Authority Counsel *F.G.S.*
John A. Nagel, Assistant City Attorney *J.A.N.*

SUBJECT: Revisions to Conflict of Interest Code

BACKGROUND AND DISCUSSION

An initiative measure known as the Political Reform Act of 1974 (the "Act") was approved by the voters of California on June 4, 1974. The Act became effective January 7, 1975. The Act covers a number of topics, including campaign disclosure, limitations on contributions to political campaigns, lobbyists, conflicts of interest, ethics, and also created the Fair Political Practices Commission to enforce the provisions of the Act. The Act is set forth in Government Code sections 81000, et seq.

The provisions of the Act pertaining to conflicts of interest start with Government Code section 87100. The Act requires every local government agency, including the City of Vallejo, the Redevelopment Agency of the City of Vallejo ("Redevelopment Agency"), the Housing Authority of the City of Vallejo ("Housing Authority"), and the Marine World Joint Powers Authority Board ("Marine World JPA") to adopt and promulgate a conflict of interest code. The conflict of interest code shall have the force of law and any violation by a designated employee is a violation of the Act. (Government Code section 87300.)

Every local government agency must amend its conflict of interest code when changes are necessitated by changed circumstances, including the creation of

new positions, which must be designated pursuant to the Act, and relevant changes in the duties assigned to existing positions. The Act calls for review of the conflict of interest code biennially to determine if changes are necessary (Government Code section 87306.5). Once this review has been accomplished, an amended Conflict of Interest Code is submitted for adoption.

In addition to adopting its own Conflict of Interest Code, the City Council is designated as the code-reviewing body with respect to the conflict of interest code of any city agency other than the City Council and it must approve the Conflict of Interest Code, and any amendments, for the Redevelopment Agency, the Housing Authority and the Marine World JPA, for those codes to become effective. (Government Code sections 82011 (c) and 87303.)

On September 26, 2006, the City Council accepted the 2006 Local Agency Biennial Notice for the City of Vallejo, the Redevelopment Agency, the Housing Authority, and the Marine World JPA, which indicate that the Conflict of Interest Code for these agencies needed to be amended. The City Council directed the City Manager, who also serves as the Executive Director of the named city agencies, to return to the City Council with an amended Conflict of Interest Code.

The City Attorney's Office, who also serves as Counsel for the above named city agencies, has solicited comments about necessary changes from staff. The specific changes to City of Vallejo Conflict of Interest Code are:

1. Community Development Department:

In the past, the position of Economic Development Program Manager has been listed. During this year's review it was determined that the Economic Development Program Manager is the "working" title for the position and the classification title for the position is Community Development Program Manager. The correct classification title has been used. Instead of the working title

2. Development Services Department:

The Downtown Vallejo Specific Plan and the Vallejo Waterfront Master Plan, both adopted by the City Council, calls for the establishment of a Design Review Board. The ordinance to create the Board is scheduled to be held on first reading on December 19, 2006, the same night the City Council will adopt the amended Code. In anticipation of the Board's official creation it is being added to the Code.

3. Fire Department:

There were no changes in positions or departmental organization that required the Code to be amended.

4. Human Resources Department:

Since the last amendment to the Code, the positions of Human Resources Operations Manager and Workers Compensation Coordinator have been created. These positions are performing duties that trigger disclosure obligations under the Act and they have been added to the Code.

5. Police Department:

There were no changes in positions or departmental organization that required the Code to be amended.

6. Public Works Department:

In response to staff reductions since the last amendment to the Code, the Department has reorganized. The classification title for Transportation and Landscape Maintenance Superintendent has been changed to Transportation Superintendent and the Landscape Maintenance Manager, Senior Landscape Inspector and Landscape Inspector has been moved to the Maintenance Division.

The Public Works Department has historically assigned separate work duties to its various Assistant Maintenance Superintendents and the Code listed each position separately (e.g., Assistant Maintenance Superintendent/Equipment, Assistant Maintenance Superintendent/Facilities, and so on.). As there is a single classification title for Assistant Maintenance Superintendent, regardless of the actual work duties assigned, the Code has been amended to eliminate the multiple listings. The amended Code now simply lists the classification title of Assistant Maintenance Superintendent. The disclosure category for this position was also changed from 2 to 1.

7. Utilities Department, Water Division:

There were no changes in positions or departmental organization that required the Code to be amended.

Some of the Division titles have also been revised as they were not consistent with the Division titles used in Chapter 2.10 (Administrative Organization) of the Vallejo Municipal Code.

The City Attorney's office, which also serves as Counsel for the Redevelopment Agency, the Housing Authority, and the Marine World JPA, has prepared the necessary amendments to the City's Code, including appendixes for the Housing Authority of the City of Vallejo Conflict of Interest Code, the Redevelopment Agency of the City of Vallejo's Conflict of Interest Code, and the Marine World Joint Powers Authority's Conflict of Interest Code. The inclusion of a separate appendix for each of the preceding agencies will make it clearer that they have adopted a Conflict of Interest Code as required by state law.

The fiscal impact of doing the work necessary to prepare the amendments to these Conflict of Interest Codes is minimal, and covered by the City's annual operating budget.

RECOMMENDATION

The City Council, the Redevelopment Agency Board, the Housing Authority Board, and the Marine World Joint Powers Authority Board are required by the Act to review and amend, if necessary, their Conflict of Interest Code biennially. Furthermore the Act requires the City Council to approve the Redevelopment Agency, the Housing Authority, and the Marine World Joint Powers Authority's Conflict of Interest Codes once those bodies have taken independent action to adopt their Codes. The actions to be taken tonight will permit these bodies to comply with the provisions of the Act.

ENVIRONMENTAL REVIEW

The adoption of the various resolutions listed below are not a project under the California Environmental Quality Act ("CEQA") pursuant to section 15378 (b)(2) of Title 14 of the California Code of Regulations and no environmental review is required.

PROPOSED ACTION

1. Redevelopment Agency Board

Adopt the resolution approving the Redevelopment Agency's Amended Conflict of Interest Code.

2. Housing Authority Board

Adopt the resolution approving the Housing Authority's Amended Conflict of Interest Code.

3. Marine World Joint Powers Authority Board

Adopt the resolution approving the Marine World Joint Powers Authority's Amended Conflict of Interest Code.

4. City Council

a. Adopt the resolution approving the City of Vallejo's Amended Conflict of Interest Code.

b. Adopt the resolution approving the Housing Authority of the City of Vallejo's Conflict of Interest Code, the Redevelopment Agency of the City of Vallejo's Conflict of Interest Code, and the Marine World Joint Powers Authority's Conflict of Interest Code.

DOCUMENTS ATTACHED

1. City of Vallejo Conflict of Interest Code, including appendixes for the Housing Authority of the City of Vallejo Conflict of Interest Code, the Redevelopment Agency of the City of Vallejo's Conflict of Interest Code, and the Marine World Joint Powers Authority's Conflict of Interest Code.
2. Housing Authority Resolution approving the Housing Authority of the City of Vallejo's Conflict of Interest Code.
3. Redevelopment Agency Resolution approving the Redevelopment Agency of the City of Vallejo's Conflict of Interest Code.
4. Marine World Joint Powers Authority Resolution approving the Marine World Joint Powers Authority's Conflict of Interest Code.
5. City Council Resolution approving amendments to the City of Vallejo's Conflict of Interest Code.
6. City Council Resolution approving the Housing Authority of the City of Vallejo's Conflict of Interest Code, the Redevelopment Agency of the City

of Vallejo's Conflict of Interest Code, and the Marine World Joint Powers Authority's Conflict of Interest Code.

Contact Person by: John A. Nagel, Assistant City Attorney
(707) 648-4545
E-mail: nagel@ci.vallejo.ca.us

December 19, 2006

J:\JN\CONFLICT OF INTEREST CODE\2006 Code\2006 Conflict of Interest Update staff report v5.doc

CITY OF VALLEJO
CONFLICT OF INTEREST CODE

**Approved by the
Vallejo City Council;
Resolution No. 92-282 N.C.
Adopted June 16, 1992**

**Amended January 26, 1993
Amended January 3, 1995
Amended January 7, 1997
Amended January 30, 2001
Amended November 5, 2002
Amended March 15, 2005
Amended _____, 2006**

**CONFLICT OF INTEREST CODE FOR THE
CITY OF VALLEJO**

The California Political Reform Act of 1974, as amended, (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. (See, Government Code Sections 87300-87313.) The Fair Political Practices Commission has adopted a regulation (Title 2 of the California Code of Regulations Section 18730), which contains the terms of a standard conflict of interest code. It can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act of 1974. Therefore, the terms of Section 18730 of Title 2 of the California Code of Regulations, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference, and along with the attached Appendices in which members and employees are designated and disclosure categories are set forth, shall constitute the conflict of interest code of the City of Vallejo, the Housing Authority of the City of Vallejo, the Redevelopment Agency of the City of Vallejo and the Marine World Joint Powers Authority.

Designated members and employees shall file Statements of Economic Interests (FPPC Form 700) with the City Clerk who shall make all statements available for public inspection and reproduction, pursuant to Government Code Section 81008.

APPENDIX A

CITY OF VALLEJO DESIGNATED POSITIONS

<u>Department/Division Or Commission</u>	<u>Position</u>	<u>Disclosure Category¹</u>
<u>City Attorney's Office</u>	City Attorney ²	--
	Assistant City Attorney	1
	Deputy City Attorney	1
 <u>City Manager Department</u>		
<u>Administrative Division</u>	City Manager ²	--
	Assistant City Manager	1
City Clerk Division	City Clerk	1
	Deputy City Clerk	1
<u>Community Development Department</u>	Community Development Director	1
Economic Development Division	Community Development Program Manager	1
	Community Development Analyst I/II	1
	Mare Island Program Manager	1
	Senior Community Development Analyst	1

1 Disclosure Categories are contained in Appendix E.

2 The City Manager, as well as the City Attorney, Finance Director, Mayor, members of the City Council and members of the Planning Commission are subject to the reporting requirements of Article 2 (Sections 87200, et seq.), Chapter 7, Title 9 of the Government Code of the State of California, and therefore are exempt from the requirements of this Local Conflict of Interest Code pursuant to Government Code Section 87302(a).

APPENDIX A (cont.)

CITY OF VALLEJO DESIGNATED POSITIONS

<u>Department/Division or Commission</u>	<u>Position</u>	<u>Disclosure Category</u>
Housing and Community Development Division	Senior Community Development Analyst	1
	Community Development Analyst I/II	1
	Housing and Community Development Program Manager	1
	Housing Operation Supervisor	1
Housing and Redevelopment Commission	Housing and Redevelopment Commissioners	1
Community Development Commission	Community Development Commissioners	1
Economic Development Commission	Economic Development Commissioners	1
Mobile Home Rent Review Board	Mobile Home Rent Review Board Members	1
Vallejo Tourism Business Improvement District Advisory Board	Vallejo Tourism Business Improvement District Advisory Board Members	3

APPENDIX A (cont.)

CITY OF VALLEJO DESIGNATED POSITIONS

<u>Department/Division or Commission</u>	<u>Position</u>	<u>Disclosure Category</u>
<u>Consultants</u>	Decision-making capacity ³	1
	Acting in staff capacity ⁴	--
<u>Development Services Department</u>	Development Services Director	1
Architectural Heritage and Landmarks Commission	Architectural Heritage and Landmarks Commissioners	1
Building Inspection Division	Chief Building Official	1
Code Enforcement Division	Code Enforcement Manager	1
	Senior Code Enforcement Officer	2
Code Enforcement Appeals Board	Code Enforcement Appeal Board Members	1
Design Review Board	Design Review Board Members	1
Planning Commission	Planning Commissioners ¹	--
Planning Division	Planning Manager	1
	Senior Planner	1
	Associate Planner	1

³ Consultants, as defined in 2 C.C.R. § 18701(a)(2), shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The City Manager may determine in writing that a particular consultant, although a "designated employee," is hired to perform a range of duties that is limited in scope and thus not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The City Manager's determination is a public record and shall be retained for public inspection in the same manner and location as the disclosure statements filed under this conflict of interest code.

⁴ Consultants, as defined in 2 C.C.R. §18701(a)(2), who perform the same or substantially all the same duties for the City that would otherwise be performed by an individual holding a designated staff position in this Code shall disclose pursuant to the disclosure category required by this Code for the comparable designated staff position.

APPENDIX A (cont.)

CITY OF VALLEJO DESIGNATED POSITIONS

<u>Department/Division or Commission</u>	<u>Position</u>	<u>Disclosure Category</u>
<u>Finance Department</u>	Assistant Planner	1
	Director of Finance ²	--
	Assistant Finance Director	1
	Accounting Manager	1
	Auditor - Controller	1
Purchasing Division	Purchasing Manager	2
Information Technology Division	Chief Information Officer	2
<u>Fire Department</u>	Fire Chief	1
	Deputy Fire Chief	1
Fire Prevention Division	Assistant Fire Chief	2
	Fire Marshall	2
	Senior Code Enforcement Officer	2
Fire Training Division	Assistant Fire Chief	2
<u>Human Resources Department</u>	Director of Human Resources	1
	Assistant Director of Human Resources	1
	Human Resources Operations Manager	1
	Human Resources Program Manager	2
Risk Management Division	Risk Manager	1
	Workers Compensation Coordinator	2
<u>Police Department</u>	Police Chief	1
	Police Captain	1
	Administrative Analyst I/II	2

APPENDIX A (cont.)

CITY OF VALLEJO DESIGNATED POSITIONS

<u>Department/Division or Commission</u>	<u>Position</u>	<u>Disclosure Category</u>
<u>Public Works Department</u>	Public Works Director	1
	City Engineer	1
Engineering Division	Assistant City Engineer	1
	Senior Civil Engineer	2
	Associate Civil Engineer	2
	Senior Construction Inspector	2
	Senior Engineer Technician	2
	Administrative Analyst I/II	2
Maintenance Division	Maintenance Superintendent	1
	Assistant Maintenance Superintendent	1
	Landscape Maintenance Manager	1
	Marina Manager	1
	Senior Landscape Inspector	2
	Landscape Inspector	2
Transportation Division	Transportation Superintendent	1
	Transportation Program Manager	1
	Administrative Analyst I/II	2
	Assoc. Transportation Analyst	2

APPENDIX A (cont.)

CITY OF VALLEJO DESIGNATED POSITIONS

<u>Department/Division or Commission</u>	<u>Position</u>	<u>Disclosure Category</u>
<u>Utilities</u>	Director of Utilities	1
Water Division	Water Superintendent	1
	Deputy Water Superintendent Operations	1
	Deputy Water Superintendent Engineering	1
	Assistant Water Superintendent/Facilities Maintenance	2
	Assistant Water Superintendent/Supply & Distribution	2
	Senior Civil Engineer	2
	Associate Civil Engineer	2
	Associate (Civil) Water Utility Engineer	2
	Administrative Analyst I/II	2

APPENDIX B

HOUSING AUTHORITY OF THE CITY OF VALLEJO

All Commissioners, employees, and consultants for the Housing Authority shall comply with and adhere to all applicable conflict of interest provisions contained in the applicable federal, state and local law. The Housing Authority contracts with the City of Vallejo for the provision of staff services and the City employees providing services to the Housing Authority are subject to the City of Vallejo's Conflict of Interest Code and must adhere to all applicable conflict of interest provisions contained in the applicable federal, state and local law.

<u>Position</u>	<u>Disclosure Category</u>
Housing Authority Board Members ⁵	1
Executive Director ⁶	--
Consultants	Decision-making capacity ⁷ Acting in staff capacity ⁸
	1 --

⁵ The members of the City Council serving on the Housing Authority Board are exempt from this Code as they are subject to the reporting requirements of Article 2 (Sections 87200, et seq.), Chapter 7, Title 9 of the Government Code of the State of California pursuant to California Government Code Section 87302(a). The two tenant commissioners are covered by this Code,

⁶ The City Manager occupies the position of Executive Director for the Housing Authority. He is subject to the reporting requirements of Article 2 (Sections 87200, et seq.), Chapter 7, Title 9 of the Government Code of the State of California, and is therefore exempt from the requirements of this Conflict of Interest Code pursuant to Government Code, Section 87392(a).

⁷ Consultants, as defined in 2 C.C.R. § 18701(a)(2), shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Executive Director may determine in writing that a particular consultant, although a "designated employee," is hired to perform a range of duties that is limited in scope and thus not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as the disclosure statements filed under this conflict of interest code.

⁸ Consultants, as defined in 2 C.C.R. § 18701(a)(2), who perform the same or substantially all the same duties for the City that would otherwise be performed by an individual holding a designated staff position in this Code shall disclose pursuant to the disclosure category required by this Code for the comparable designated staff position.

APPENDIX C

REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO

All Board members, employees, and consultants for the Redevelopment Agency shall comply with and adhere to all applicable conflict of interest provisions contained in the applicable state and local law. The Redevelopment Agency contracts with the City of Vallejo for the provision of staff services and the City employees providing services to the Redevelopment Agency are subject to the City of Vallejo's Conflict of Interest Code and must adhere to all applicable conflict of interest provisions contained in the applicable state and local law.

<u>Position</u>	<u>Disclosure Category</u>
Redevelopment Agency Board Members ⁹	--
Executive Director ¹⁰	--
Consultants	Decision-making capacity ¹¹ 1
	Acting in staff capacity ¹² --

9 The members of the City Council members serve as the Agency's Board and are subject to the reporting requirements of Article 2 (Sections 87200, et seq.), Chapter 7, Title 9 of the Government Code of the State of California and therefore are exempt from the requirements of this Conflict of Interest Code pursuant to California Government Code Section 87302(a).

10 The City Manager occupies the position of Executive Director for the Redevelopment Agency. He or she is subject to the reporting requirements of Article 2 (Sections 87200, et seq.), Chapter 7, Title 9 of the Government Code of the State of California, and is therefore exempt from the requirements of this Conflict of Interest Code pursuant to Government Code Section 87392(a).

11 Consultants, as defined in 2 C.C.R. §18701(a)(2), shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Executive Director may determine in writing that a particular consultant, although a "designated employee," is hired to perform a range of duties that is limited in scope and thus not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as the disclosure statements filed under this conflict of interest code.

12 Consultants, as defined in 2 C.C.R. §8701(a)(2), who perform the same or substantially all the same duties for the City that would otherwise be performed by an individual holding a designated staff position in this Code shall disclose pursuant to the disclosure category required by this Code for the comparable designated staff position.

APPENDIX D

MARINE WORLD JOINT POWERS AUTHORITY

All Agency members, employees, and consultants for the Marine World Joint Powers Authority shall comply with and adhere to all applicable conflict of interest provisions contained in the applicable state and local law. The Marine World Joint Powers Authority contracts with the City of Vallejo for the provision of staff services and the City employees providing services to the Marine World Joint Powers Authority are subject to the City of Vallejo's Conflict of Interest Code and must adhere to all applicable conflict of interest provisions contained in the applicable state and local law.

<u>Position</u>	<u>Disclosure Category</u>
Joint Powers Board Members ¹³	--
Executive Director ¹⁴	--
Consultants	1
Decision-making capacity ¹⁵	1
Acting in staff capacity ¹⁶	--

APPENDIX E

13 The members of the City Council serve as the Authority's Board and are subject to the reporting requirements of Article 2 (Sections 87200, et seq.), Chapter 7, Title 9 of the Government Code of the State of California and therefore are exempt from the requires of this Conflict of Interest Code pursuant to California Government Code Section 87302(a).

14 The City Manager occupies the position of Executive Director for the Authority. He or she is subject to the reporting requirements of Article 2 (Sections 87200, et seq.), Chapter 7, Title 9 of the Government Code of the State of California, and is therefore exempt from the requirements of this Conflict of Interest Code pursuant to Government Code Section 87392(a).

15 Consultants, as defined in 2 C.C.R. §18701(a)(2), shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Executive Director may determine in writing that a particular consultant, although a "designated employee," is hired to perform a range of duties that is limited in scope and thus not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as the disclosure statements filed under this conflict of interest code.

16 Consultants, as defined in 2 C.C.R. §8701(a)(2), who perform the same or substantially all the same duties for the City that would otherwise be performed by an individual holding a designated staff position in this Code shall disclose pursuant to the disclosure category required by this Code for the comparable designated staff position.

DISCLOSURE CATEGORIES

DISCLOSURE CATEGORY 1

Designated employees and officials in Disclosure Category 1 must report:

- A. All investments, business positions in any business entity, and sources of income, including but not limited to gifts, loans and travel payments, located in or doing business in the City of Vallejo.
- B. All interests in real property located in the City of Vallejo.

DISCLOSURE CATEGORY 2

Designated employees and officials in Disclosure Category 2 must report:

- A. All investments and business positions in any business entity which, within the last two years, has contracted, or in the future foreseeably may contract with the City of Vallejo or with the State of California to provide services, supplies, materials, machinery or equipment to the City of Vallejo.
- B. All income from any source, including but not limited to gifts, loans and travel payments, which, within the last two years, has contracted, or in the future foreseeably may contract with the City of Vallejo or with the State of California to provide services, supplies, material, machinery or equipment to the City of Vallejo.
- C. Interest in real property in the City of Vallejo only if the employee makes decisions that may affect real property within the City of Vallejo.

DISCLOSURE CATEGORY 3

All members of the Vallejo Tourism Business Improvement District Advisory Board must report all investments, business positions in any business entity, sources of income, including but not limited to gifts, loans and travel payments, and interests in real property located in the Vallejo Tourism Business Improvement District, whose boundaries are the city limits of the City of Vallejo.

RESOLUTION NO. _____

BE IT RESOLVED by the Housing Authority of the City of Vallejo as follows:

WHEREAS, the Political Reform Act of 1974, Government Code Sections 81000, et seq., requires every state or local government agency to adopt and promulgate a Conflict of Interest Code ("Code"); and

WHEREAS, state law as specified in the Political Reform Act of 1974 requires the Board of Commissioners to biennially review its Code and revise it if necessary; and

WHEREAS, the Executive Director and City Attorney, acting as the Authority's Counsel, have reviewed the Code, last amended on March 15, 2005, have determined that certain amendments to the Code should be made and recommend the adoption of the amended Code that has been presented to the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the City of Vallejo that the Housing Authority's Conflict of Interest Code, heretofore adopted on June 16, 1992 and subsequently amended, is hereby further amended and adopted in the form presented to Board of Commissioners.

December 19, 2006

RESOLUTION NO. _____

BE IT RESOLVED by the Redevelopment Agency of the City of Vallejo as follows:

WHEREAS, the Political Reform Act of 1974, Government Code Sections 81000, et seq., requires every state or local government agency to adopt and promulgate a Conflict of Interest Code ("Code"); and

WHEREAS, state law as specified in the Political Reform Act of 1974 requires the Redevelopment Agency Board of Directors to biennially review its Code and revise it if necessary; and

WHEREAS, the Executive Director and City Attorney, acting as the Agency's Counsel, have reviewed the Code, last amended on March 15, 2005, have determined that certain amendments to the Code should be made and recommend the adoption of the amended Code that has been presented to the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Redevelopment Agency of the City of Vallejo that the Redevelopment Agency's Conflict of Interest Code, heretofore adopted on June 16, 1992 and subsequently amended, is hereby further amended and adopted in the form presented to Board of Directors.

December 19, 2006

RESOLUTION NO. _____

BE IT RESOLVED by the Marine World Joint Powers Authority as follows:

WHEREAS, the Political Reform Act of 1974, Government Code Sections 81000, et seq., requires every state or local government agency to adopt and promulgate a Conflict of Interest Code ("Code"); and

WHEREAS, state law as specified in the Political Reform Act of 1974 requires the Marine World Joint Powers Authority Board of Directors to biennially review its Code and revise it if necessary; and

WHEREAS, the Executive Director and City Attorney, acting as the Agency's Counsel, have reviewed the Code, last amended on March 15, 2005, have determined that certain amendments to the Code should be made and recommend the adoption of the amended Code that has been presented to the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Marine World Joint Powers Authority that the Marine World Joint Powers Authority's Conflict of Interest Code, heretofore adopted on June 16, 1992 and subsequently amended, is hereby further amended and adopted in the form presented to Board of Directors.

December 19, 2006

RESOLUTION NO. _____ N.C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

WHEREAS, the Political Reform Act of 1974, Government Code Sections 81000, et seq., requires every state or local government agency to adopt and promulgate a Conflict of Interest Code ("Code"); and

WHEREAS, state law as specified in the Political Reform Act of 1974 requires the City Council as the code reviewing body to biennially review its Code and revise it if necessary; and

WHEREAS, the City Attorney and City staff have reviewed the Code, last amended in 2002, and have determined that certain amendments to the Code should be made; and

WHEREAS, the City Attorney and City staff recommend the adoption of the amended Code that has been presented to the City Council.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Vallejo that the City of Vallejo Conflict of Interest Code, heretofore adopted on June 16, 1992 and subsequently amended, is hereby further amended and adopted in the form presented to City Council.

December 19, 2006

RESOLUTION NO. _____ N.C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

WHEREAS, the Political Reform Act of 1974, Government Code Sections 81000, et seq., requires every state or local government agency to adopt and promulgate a Conflict of Interest Code ("Code"); and

WHEREAS, on December 19, 2006, the Redevelopment Agency of the City of Vallejo ("Redevelopment Agency") adopted a Conflict of Interest Code and designated those positions subject to the Code during a joint meeting with the City Council; and

WHEREAS, on December 19, 2006, the Housing Authority of the City of Vallejo ("Housing Authority") adopted a Conflict of Interest Code and designated those positions subject to the Code during a joint meeting with the City Council; and

WHEREAS, on December 19, 2006, the Marine World Joint Powers Authority ("Marine World JPA") adopted a Conflict of Interest Code and designated those positions subject to the Code during a joint meeting with the City Council; and

WHEREAS, the City Council of the City of Vallejo is required by Section 87303 of the California Government Code to review and approve the Redevelopment Agency, the Housing Authority's, and Marine World JPA's Conflict of Interest Codes.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Vallejo that the Redevelopment Agency's Conflict of Interest Code, the Housing Authority's Conflict of Interest Code, and the Marine World JPA's Conflict of Interest Code, are hereby approved.

December 19, 2006



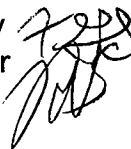
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RDA
MWJPA
VPFA
ADMIN B

Agenda Item No.

**VALLEJO PUBLIC FINANCING AUTHORITY
REDEVELOPMENT AGENCY COMMUNICATION
MARINE WORLD JPA COMMUNICATION**

Date: December 19, 2006

TO: Honorable Chairperson and Members of the Public Financing Authority
Honorable Chairperson and Members of the Redevelopment Agency
Honorable Chairperson and Members of the Marine World JPA

FROM: John P. Thompson, City Manager/Executive Director 
Frederick G. Soley, City Attorney 
Robert V. Stout, Finance Director 

**SUBJECT: CONSIDERATION OF RESOLUTIONS AUTHORIZING THE ISSUANCE
OF NOT TO EXCEED \$14,000,000 REVENUE ANTICIPATION NOTES
FOR MARINE WORLD AND APPROVING AND AUTHORIZING
RELATED DOCUMENTS AND ACTIONS**

BACKGROUND:

On an annual basis, the Marine World JPA has requested authorization to borrow funds for off-season cash flow requirements, as projected by Six Flags, Inc., the Park Manager. The Marine World JPA will repay the amounts borrowed from revenues received from attendance during the 2007 Park operating season.

This year, the Park Manager estimates a \$14 million cash deficit in the off-season. In addition to operating deficits that need to be funded in the months of November 2006 through March 2007, the February 2007 debt service payment on the 1997 Certificates of Participation ("COPs") must also be funded. The funding requirement for the February 2007 COP payment is \$3,159,245. Based on a total \$14 million borrowing, after funding the February 2007 COP payment and the cost of issuing the Notes (estimated not to exceed \$46,000), approximately \$10,794,755 will be available for the Park's operations. The Park Manager has determined that the RANs can again be repaid by the end of September 2007.

The City's Financial Advisor, Public Financial Management (PFM), has reviewed the Park Manager's cash flow estimates and confirmed that \$14 million is adequate to fund all requirements for the Park, and that there will be sufficient revenues in the summer season to repay the RANs, including interest.



The resolutions before the Public Financing Authority, the Marine World JPA and Redevelopment Agency will authorize the Marine World JPA to borrow \$14 million for Calendar Year 2007. Consistent with prior years, Six Flags, Inc. will purchase the Revenue Anticipation Notes ("RANs") directly, avoiding the need for collateral to be provided as security for repayment of the RANs.

The resolutions and the agreements and other documents before the Authority, the Marine World JPA and Agency authorize certain officers and staff to take necessary actions and/or to execute documents as needed to issue the RANs. The agreements establish the relationship between the Vallejo Public Financing Authority, the Vallejo Redevelopment Agency and the Marine World JPA with regard to the issuance of the RANs. Further, they provide for the disposition of the proceeds and the repayment of the RANs, as well as the authorization and approval of the advances to the Marine World JPA from the proceeds of the RANs.

With each issuance of RANs, there has been a supplement to the original Cash Flow Management Agreement. The agreement has had thirteen other supplements; the first being dated January 1, 1993. The supplements generally provide for the disposition of the proceeds and the repayment of the RANs, and provide authorization and approval of the advances to the Marine World JPA from the proceeds of the RANs. A Fourteenth Supplement to the Cash Flow Management Agreement is proposed, which updates the relationship between the Redevelopment Agency of the City of Vallejo and the Marine World JPA with regard to the issuance of the RANs.

The Bank of New York Trust Company acts as the independent third-party trustee of the proceeds of the RANs.

There are no financial implications to the City or RDA in approving the Agreements or in approving the sale of the RANs. This debt issue will assist Marine World in meeting all of its cash flow requirements while the Park is closed during the off season.

The Marine World JPA will repay the amounts borrowed from revenues received from attendance during the 2007 Park operating season.

There is no current direct impact on the City's General Fund due to the adoption of the attached resolutions.

ENVIRONMENTAL REVIEW:

This program is not a project as defined by the California Environmental Quality Act and is not subject to CEQA review.



PROPOSED ACTION:

1. Adopt a Resolution of the Vallejo Public Financing Authority (“Authority”) authorizing the issuance and sale of Taxable Revenue Anticipation Notes (RANs), and authorizing and directing execution and delivery of certain agreements and authorizing certain actions related thereto.
2. Adopt a Resolution of the Marine World Joint Powers Authority (“Marine World JPA”) authorizing actions in connection with the issuance and sale of Taxable Revenue Anticipation Notes, and authorizing and directing execution and delivery of certain agreements and authorizing certain actions related thereto.
3. Adopt a Resolution of the Vallejo Redevelopment Agency (“Agency”) directing the execution and delivery of a Fourteenth Supplement to the Cash Flow Management Agreement and authorizing certain actions related thereto.

DOCUMENTS ATTACHED:

1. Resolutions:

Public Financing Authority

- a) A Resolution of the Vallejo Public Financing Authority (“Authority”) authorizing the issuance and sale of Taxable Revenue Anticipation Notes (RANs), and authorizing and directing execution and delivery of certain agreements and authorizing certain actions related thereto.

Marine World JPA

- b) A Resolution of the Marine World Joint Powers Authority (“Marine World JPA”) authorizing actions in connection with the issuance and sale of Taxable Revenue Anticipation Notes, and authorizing and directing execution and delivery of certain agreements and authorizing certain actions related thereto.

Redevelopment Agency

- c) A Resolution of the Vallejo Redevelopment Agency (“Agency”) directing the execution and delivery of a Fourteenth Supplement to the Cash Flow Management Agreement and authorizing certain actions related thereto.



2. Indenture of Trust
3. Loan Agreement
4. Fourteenth Supplement to Cash Flow Management Agreement
5. Purchase Contract

PREPARED BY:

Jon R. Oiler, Auditor Controller (707) 648-4593

CONTACT:

Robert V. Stout, Finance Director (707) 648-4592

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEJO PUBLIC FINANCING AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF TAXABLE REVENUE ANTICIPATION NOTES, AND AUTHORIZING AND DIRECTING EXECUTION AND DELIVERY OF CERTAIN AGREEMENTS AND AUTHORIZING CERTAIN ACTIONS RELATED THERETO

WHEREAS, the City of Vallejo (the "City") and the Redevelopment Agency of the City of Vallejo (the "Agency") have entered into a Joint Exercise of Powers Agreement establishing the Vallejo Public Financing Authority (the "Authority"); and

WHEREAS, the Authority proposes at this time to issue its Vallejo Public Financing Authority Taxable Revenue Anticipation Notes, 2007 Series A (the "Notes") for the purpose of loaning the proceeds thereof to the Marine World Joint Powers Authority (the "Marine World JPA"), which loan will provide working capital to the Marine World JPA needed to operate Marine World (the "Facility") and pay certain lease obligations of the Marine World JPA with respect to the Facility; and

WHEREAS, the Notes are to be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (the "Act"), constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, and pursuant to an indenture of trust (the "Indenture"), between the Authority and The Bank of New York Trust Company, N.A., as trustee; and

WHEREAS, the proceeds of the Notes will be loaned to the Marine World JPA pursuant to a loan agreement (the "Loan Agreement"), between the Authority and the Marine World JPA; and

WHEREAS, the Authority has granted associate membership status to the Marine World JPA pursuant to an associate membership agreement between the Authority and the Marine World JPA; and

WHEREAS, the Notes will be sold to Six Flags, Inc. ("Six Flags") pursuant to a purchase contract (the "Purchase Contract"), among the Authority, the Marine World JPA and Six Flags; and

WHEREAS, this Board has duly considered such transactions and wishes at this time to approve said transactions as in the public interests of the Authority.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED, by the Board of Directors (the "Board") of the Vallejo Public Financing Authority as follows:

Section 1. Issuance of the Notes; Approval of Indenture. The Board hereby authorizes the issuance of the Notes under and pursuant to the Act and the Indenture in the aggregate principal amount of not to exceed \$14,000,000. The Board hereby approves the Indenture in the form on file with the Secretary. The Executive Director and the Treasurer, each acting alone (the "Designated Officers"), are hereby authorized and directed to execute the Indenture in such form together with any additions thereto or changes therein deemed necessary or advisable by the Designated Officer executing such document upon consultation with Bond Counsel, and the Designated Officer's execution thereof shall be conclusive evidence of approval of any such additions and changes. The Board hereby authorizes the delivery and performance by the Authority of the Indenture.

Section 2. Approval of Loan Agreement. The Authority hereby approves the Loan Agreement in the form on file with the Secretary. The Designated Officers, each acting alone, are hereby authorized and directed to execute the Loan Agreement in such form together with any additions thereto or changes therein deemed necessary or advisable by the Designated Officer executing such document upon consultation with Bond Counsel, and the Designated Officer's execution thereof shall be conclusive evidence of approval of any such additions and changes. The Board hereby authorizes the delivery and performance by the Authority of the Loan Agreement.

Section 3. Sale of the Notes. The Board hereby approves the sale of the Notes at par to Six Flags; provided that the interest rate on the Notes shall not exceed 9.50% per annum, and the principal amount of the Notes shall not be greater than \$14,000,000. The Designated Officers, each acting alone, are hereby authorized and directed to execute a Purchase Contract with Six Flags and the Marine World JPA setting forth the terms and conditions of such sale, in the form on file with the Secretary, together with any additions thereto or changes therein deemed necessary or advisable by the Designated Officer executing such document upon consultation with Bond Counsel and the Authority's Financing Consultant, and provided that the terms thereof are consistent with the limitations described in the preceding sentence. The Designated Officer's execution thereof shall be conclusive evidence of approval of such additions and changes. The Board hereby authorizes the delivery and performance by the Authority of the Purchase Contract.

Section 4. Execution of Notes. The Notes shall be executed by the manual or facsimile signature of the Chairman or Vice Chairman and attested by the manual or facsimile signature of the Secretary or any assistant, in the form set forth in and otherwise in accordance with said Indenture.

Section 5. Authentication of Notes. The Notes, when so executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Notes by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Notes, when duly executed and authenticated, to the purchasers thereof in accordance with written instructions executed on behalf of the Authority by a Designated Officer, which instructions said Designated Officer is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee. Said

instructions shall provide for the delivery of the Notes to the purchaser in accordance with the Purchase Contract upon payment of the purchase price thereof.

Section 6. Bond Counsel and Financing Consultant. The law firm of Orrick, Herrington & Sutcliffe LLP is hereby designated as Bond Counsel and the firm of Public Financial Management is hereby designated as Financing Consultant to the Authority with respect to the Notes. The Treasurer is hereby authorized to execute and deliver an agreement with Bond Counsel for its services related to the Notes, said agreement to be in a form acceptable to the City Attorney.

Section 7. Official Action. The Chairman, the Vice Chairman, the Executive Director, the Treasurer, the Secretary, the Authority Counsel and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Notes and the execution and delivery of the Indenture, the Loan Agreement and the Purchase Contract as described herein.

Section 8. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

Roll Call:

Ayes:

Noes:

Absent:

Abstentions:

This Resolution was adopted by those present and voting at a special meeting of the Vallejo Public Financing Authority on December 19, 2006.

SECRETARY

RESOLUTION NO. ____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MARINE WORLD
JOINT POWERS AUTHORITY AUTHORIZING ACTIONS IN CONNECTION WITH
THE ISSUANCE AND SALE OF
TAXABLE REVENUE ANTICIPATION NOTES, AND AUTHORIZING AND
DIRECTING
EXECUTION AND DELIVERY OF CERTAIN AGREEMENTS AND AUTHORIZING
CERTAIN ACTIONS RELATED THERETO**

WHEREAS, the City of Vallejo (the "City") and the Redevelopment Agency of the City of Vallejo (the "Agency") have entered into a Joint Exercise of Powers Agreement establishing the Marine World Joint Powers Authority (the "Marine World JPA") for the purpose of leasing certain real and personal property generally known as Marine World (the "Facility"); and

WHEREAS, the Marine World JPA has requested the Vallejo Public Financing Authority (the "Authority") to issue its Vallejo Public Financing Authority Taxable Revenue Anticipation Notes, 2007 Series A (the "Notes") for the purpose of loaning the proceeds thereof to the Marine World JPA, which loan will provide working capital to the Marine World JPA needed to operate the Facility and pay certain lease obligations of the Marine World JPA with respect to the Facility; and

WHEREAS, the Notes are to be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (the "Act"), constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, and pursuant to an indenture of trust (the "Indenture"), between the Authority and The Bank of New York Trust Company, N.A., as trustee; and

WHEREAS, the proceeds of the Notes will be loaned to the Marine World JPA pursuant to a loan agreement (the "Loan Agreement"), between the Marine World JPA and the Authority; and

WHEREAS, the Marine World JPA is an associate member of the Authority pursuant to an associate membership agreement between the Marine World JPA and the Authority; and

WHEREAS, the proceeds of the Notes will be deposited in accordance with a Fourteenth Supplement to Cash Flow Management Agreement, dated as of January 1, 2007 (the "Fourteenth Supplement"), among the Agency, The Bank of New York Trust Company, N.A., as successor trustee, and the Marine World JPA (such cash flow management agreement, as supplemented by the first through thirteenth supplements thereto and by the Fourteenth Supplement, is herein called the "Cash Flow Agreement"); and

WHEREAS, the Notes will be sold to Six Flags, Inc. (“Six Flags”) pursuant to a purchase contract (the “Purchase Contract”), among Six Flags, the Authority and the Marine World JPA; and

WHEREAS, this Board has duly considered such transactions and wishes at this time to approve said transactions as in the public interests of the Marine World JPA.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED, by the Board of Directors (the “Board”) of the Marine World Joint Powers Authority as follows:

Section 1. Approval of Notes and Indenture. The Board hereby approves of the issuance of the Notes under and pursuant to the Act and the Indenture in the aggregate principal amount of not to exceed \$14,000,000.

Section 2. Approval of Loan Agreement. The Marine World JPA hereby approves the Loan Agreement in the form on file with the Secretary. The Executive Director and the Treasurer, each acting alone (the “Designated Officers”), are hereby authorized and directed to execute the Loan Agreement in such form together with any additions thereto or changes therein deemed necessary or advisable by the Designated Officer executing such document upon consultation with Bond Counsel, and the Designated Officer’s execution thereof shall be conclusive evidence of approval of any such additions and changes. The Board hereby authorizes the delivery and performance by the Marine World JPA of the Loan Agreement.

Section 3. Approval of Fourteenth Supplement. The Marine World JPA hereby approves the Fourteenth Supplement in the form on file with the Secretary. The Designated Officers, each acting alone, are hereby authorized and directed to execute the Fourteenth Supplement in such form together with any additions thereto or changes therein deemed necessary or advisable by the Designated Officer executing such document upon consultation with Bond Counsel, and the Designated Officer’s execution thereof shall be conclusive evidence of approval of any such additions and changes. The Marine World JPA hereby authorizes the delivery and performance by the Marine World JPA of the Cash Flow Agreement.

Section 4. Sale of the Notes. The Board hereby approves the sale of the Notes at par to Six Flags; provided that the interest rate on the Notes shall not exceed 9.50% per annum, and the principal amount of the Notes shall not be greater than \$14,000,000. The Designated Officers, each acting alone, are hereby authorized and directed to execute a Purchase Contract with Six Flags and the Authority setting forth the terms and conditions of such sale, in the form on file with the Secretary, together with any additions thereto or changes therein deemed necessary or advisable by the Designated Officer executing such document upon consultation with Bond Counsel and the Marine World JPA’s Financing Consultant, and provided that the terms thereof are consistent with the limitations described in the preceding sentence. The Designated Officer’s execution thereof shall be conclusive evidence of approval of such additions and changes. The Board hereby authorizes the delivery and performance by the Marine World JPA of the Purchase Contract.

Section 5. Official Action. The Chairman, the Vice Chairman, the Executive Director, the Treasurer, the Secretary, the Marine World JPA Counsel and any and all other officers of the Marine World JPA are hereby authorized and directed, for and in the name and on behalf of the Marine World JPA, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Notes and the execution and delivery of the Indenture, the Loan Agreement, the Purchase Contract and the Fourteenth Supplement as described herein.

Section 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

Roll Call:

Ayes:

Noes:

Absent:

Abstentions:

This Resolution was adopted by those present and voting at a special meeting of the Marine World Joint Powers Authority on December 19, 2006.

SECRETARY

RESOLUTION NO. _____

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO AUTHORIZING AND DIRECTING EXECUTION AND DELIVERY OF A FOURTEENTH SUPPLEMENT TO CASH FLOW MANAGEMENT AGREEMENT AND AUTHORIZING CERTAIN ACTIONS RELATED THERETO

WHEREAS, the City of Vallejo and the Redevelopment Agency of the City of Vallejo (the "Agency") have entered into a Joint Exercise of Powers Agreement establishing the Marine World Joint Powers Authority (the "Marine World JPA") for the purpose of leasing certain real and personal property generally known as Marine World (the "Facility"); and

WHEREAS, the Marine World JPA has requested the Vallejo Public Financing Authority (the "Authority") to issue its Vallejo Public Financing Authority Taxable Revenue Anticipation Notes, 2007 Series A (the "Notes") for the purpose of loaning the proceeds thereof to the Marine World JPA, which loan will provide working capital to the Marine World JPA needed to operate the Facility and pay certain lease obligations of the Marine World JPA with respect to the Facility; and

WHEREAS, the proceeds of the Notes will be used to make deposits under the Cash Flow Agreement (as defined below); and

WHEREAS, in order to provide for the disposition of the proceeds and repayment of the Notes, there has been presented to the Agency a Fourteenth Supplement to Cash Flow Management Agreement, dated as of January 1, 2007 (the "Fourteenth Supplement"), among The Bank of New York Trust Company, N.A., as successor trustee, the Agency and the Marine World JPA (such cash flow management agreement, as supplemented by the first through thirteenth supplements thereto, and by the Fourteenth Supplement, is herein called the "Cash Flow Agreement"); and

WHEREAS, the Agency has duly considered the Fourteenth Supplement and wishes at this time to approve said Fourteenth Supplement as in the public interests of the Agency.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Redevelopment Agency of the City of Vallejo as follows:

Section 1. Approval of Fourteenth Supplement; Advances. The Agency hereby approves the Fourteenth Supplement in the form on file with the Secretary. The Executive Director and the Treasurer each acting alone (the "Designated Officers"), are hereby authorized and directed to execute the Fourteenth Supplement in such form together with any additions thereto or changes therein deemed necessary or advisable by the Designated Officer executing such document upon consultation with counsel to the Agency, and the Designated Officer's execution thereof shall be conclusive evidence of approval of any such additions and changes. The Agency hereby authorizes the delivery and performance by the Agency of the Cash Flow Agreement.

The Agency hereby authorizes and approves the advances to be made to the Marine World JPA from the proceeds of the Notes under the terms and conditions stated in the Cash Flow Agreement. All advances shall be made pursuant to and in accordance with the Cash Flow Agreement.

Section 2. Official Action. The Chairman, the Vice Chairman, the Executive Director, the Treasurer, the Secretary, the Agency Counsel and any and all other officers of the Agency are hereby authorized and directed, for and in the name and on behalf of the Agency, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the execution and delivery and performance by the Agency of its obligations under the Cash Flow Agreement.

Section 3. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

Roll Call:

Ayes:

Noes:

Absent:

Abstentions:

This Resolution was adopted by those present and voting at a regular meeting of the Redevelopment Agency on December 19, 2006.

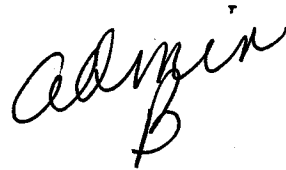
SECRETARY

ATTACHMENT 2

INDENTURE OF TRUST

by and between the

VALLEJO PUBLIC FINANCING AUTHORITY



and

**THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as trustee**

Dated as of January 1, 2007

**Relating to:
up to \$14,000,000
Vallejo Public Financing Authority
Taxable Revenue Anticipation Notes, 2007 Series A**

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INDENTURE OF TRUST

This INDENTURE OF TRUST, dated as of January 1, 2007 (this "Indenture"), is between the VALLEJO PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), and THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America with a corporate trust office in San Francisco, California, and being qualified to accept and administer the trusts hereby created (the "Trustee").

RECITALS:

WHEREAS, the Authority is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, by and between the City of Vallejo (the "City") and the Redevelopment Agency of the City of Vallejo (the "Agency"), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to issue bonds (including notes) for the purpose of financing working capital by making loans to local agencies to finance their working capital needs; and

WHEREAS, the Marine World Joint Powers Authority (the "Marine World JPA") is a local agency as that term is defined in the Bond Law and an associate member of the Authority with working capital needs; and

WHEREAS, for the purpose of providing financing for the working capital needs of the Marine World JPA, the Authority has determined to issue its not to exceed \$14,000,000 principal amount of Vallejo Public Financing Authority Taxable Revenue Anticipation Notes, 2007 Series A (the "Notes"), all pursuant to and secured by this Indenture in the manner provided herein; and

WHEREAS, the proceeds of the Notes will be loaned to the Marine World JPA pursuant to a loan agreement (the "Loan Agreement"), between the Marine World JPA and the Authority, under which the Marine World JPA is required to make loan payments sufficient to pay when due the principal of and interest on, the Notes and related expenses; and

WHEREAS, in order to provide for the authentication and delivery of the Notes, to establish and declare the terms and conditions upon which the Notes are to be issued and to secure the payment of the principal thereof and interest thereon, the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Notes, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized.

A G R E E M E N T :

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest on all Notes at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Notes are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Notes by the Owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Notes, as follows:

ARTICLE I

DEFINITIONS; AUTHORIZATION AND PURPOSE OF NOTES; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any Supplemental Indenture and of the Notes and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified.

“Additional Payments” means the payments so designated and required to be made by the Marine World JPA pursuant to Section 3.2 of the Loan Agreement.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State.

“Advances Fund” means the fund by that name established and held by the Trustee under Section 3.01 of the Cash Flow Agreement.

“Agency” means the Redevelopment Agency of the City of Vallejo, a public body corporate and politic organized under the laws of the State, and any successor thereto.

“Agreement” means that certain Joint Exercise of Powers Agreement, dated July 24, 1990, by and between the City and the Agency, between the City and the Agency, together with any additional amendments thereof and supplements thereto.

“Authority” means the Vallejo Public Financing Authority, a joint powers authority duly organized and existing under the Agreement and under and by virtue of the laws of the State.

“Board” means the Board of Directors of the Authority.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as it may hereafter be amended from time to time.

“Business Day” means a day of the year other than a Saturday, a Sunday or a day on which banks in Los Angeles, California, are not required or authorized to remain closed and on which The New York Stock Exchange is not closed.

“Cash Flow Agreement” means the Cash Flow Management Agreement, dated as of January 1, 1993, among the Agency, Meridian Trust Company of California, as trustee, and the Foundation, as supplemented by (i) the First Supplement to Cash Flow Management Agreement, dated as of November 1, 1993, among the Agency, Meridian Trust Company of California, as trustee, and the Foundation, (ii) the Second Supplement to Cash Flow Management Agreement, dated as of November 1, 1994, among the Agency, Meridian Trust Company of California, as trustee, and the Foundation, (iii) the Third Supplement to Cash Flow Management Agreement, dated as of November 1, 1995 among the Agency, the Trustee and the Foundation, (iv) the Fourth Supplement to Cash Flow Management Agreement, dated as of November 1, 1996, among the Agency, the Trustee and the Marine World JPA, (v) the Fifth Supplement to Cash Flow Management Agreement, dated as of November 1, 1997, among the Agency, the Trustee and the Marine World JPA, (vi) the Sixth Supplement to Cash Flow Management Agreement, dated as of December 1, 1998, among the Agency, the Trustee and the Marine World JPA, (vii) the Seventh Supplement to Cash Flow Management Agreement, dated as of December 1, 1999, among the Agency, the Trustee and the Marine World JPA, (viii) the Eighth Supplement to Cash Flow Management Agreement, dated as of December 1, 2000, among the Agency, the Trustee and the Marine World JPA, (ix) the Ninth Supplement to Cash Flow Management Agreement, dated as of December 1, 2001, among the Agency, the Trustee and the Marine World JPA, (x) the Tenth Supplement to Cash Flow Management Agreement, dated as of January 1, 2003, among the Agency, the Trustee and the Marine World JPA, (xi) the Eleventh Supplement to Cash Flow Management Agreement, dated as of January 1, 2004, among the Agency, the Trustee and the Marine World JPA, (xii) the Twelfth Supplement to Cash Flow Management Agreement, dated as of January 1, 2005, among the Agency, the Trustee and the Marine World JPA, (xiii) the Thirteenth Supplement to Cash Flow Management Agreement dated as of January 1, 2006, among the Agency, the Trustee and the Marine World JPA, and (xiv) the Fourteenth Supplement to Cash Flow Management Agreement dated as of January 1, 2007, among the Agency, the Trustee and the Marine World JPA.

“Cash Flow Fund” means the fund by that name established and held by or on behalf of the Treasurer of the Authority pursuant to Section 4.01 of the Cash Flow Agreement.

“Certificate of the Authority” means a certificate in writing signed by the Executive Director or the Treasurer of the Authority, or by any other officer of the Authority duly authorized by the Board or appointed by the Executive Director or the Treasurer for that purpose.

“City” means the City of Vallejo, California.

“Closing Date” means January __, 2007, being the date upon which there is a physical delivery of the Notes in exchange for the amount representing the Initial Advance.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Notes, including but not limited to compensation, fees and expenses of the Authority, the Marine World JPA, the Agency, the Trustee and their respective

counsel, compensation to any financial consultants or underwriters, legal fees and expenses, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.04.

“Debt Service” means the scheduled amount of interest and principal payable on the Notes during the period of computation.

“Debt Service Fund” means the fund by that name established and held by the Trustee under Section 4.03 of the Cash Flow Agreement.

“Debt Service Year” means the period commencing on the Closing Date and ending on [November 1, 2007].

“Event of Default” means any of the events described in Section 8.01.

“Federal Securities” means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the payment of principal of and interest on which are directly guaranteed by the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

“Foundation” means the Marine World Foundation.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

“Independent Accountant” means any accountant or firm of such accountants appointed and paid by the Authority, and who, or each of whom: (a) is in fact independent and not under domination of the Authority, the Marine World JPA, the City or the Agency; (b) does not have any substantial interest, direct or indirect, in the Authority, the Marine World JPA, the City or the Agency; and (c) is not connected with the Authority as an officer or employee of the Authority, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority, the Marine World JPA, the City or the Agency.

“Initial Advance” means an amount equal to \$[5,000,000], representing the initial advance by the Original Purchaser on the Closing Date of the purchase price of the Notes.

“Loan Agreement” means that certain loan agreement by and between the Authority and the Marine World JPA dated as of January 1, 2007, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of this Indenture.

“Loan Default Event” means any of the events specified in Section 5.1 of the Loan Agreement.

“Loan Repayments” means the payments so designated and required to be made by the Marine World JPA pursuant to Section 3.1 of the Loan Agreement.

“Marine World JPA” means the Marine World Joint Powers Authority, a joint powers authority duly organized and existing under its joint powers agreement and by virtue of the laws of the State.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“1997 Certificates of Participation” means the 1997 Refunding Certificates of Participation (Marine World Project).

“Notes” means the Vallejo Public Financing Authority Taxable Revenue Anticipation Notes, 2007 Series A, authorized by and at any time Outstanding pursuant to the Bond Law and this Indenture.

“Original Purchaser” means Six Flags, Inc., the first purchaser of the Notes from the Authority upon their delivery by the Trustee on the Closing Date.

“Outstanding”, when used as of any particular time with reference to Notes, means (subject to the provisions of Section 9.07) all Notes theretofore executed, issued and delivered by the Authority under this Indenture except: (a) Notes theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Notes paid or otherwise provided for under Section 9.03; and (c) Notes in lieu of or in substitution for which other Notes shall have been executed, issued and delivered pursuant to this Indenture or any Supplemental Indenture.

“Owner” or **“Note Owner”**, when used with respect to any Note, means the person in whose name the ownership of such Note shall be registered on the Registration Books.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) Federal Securities;

(b) any of the following direct or indirect obligations of the following agencies of the United States of America: (i) direct obligations of the Export Import Bank; (ii) certificates of beneficial ownership issued by the Farmers Home Administration; (iii) participation certificates issued by the General Services Administration; (iv) mortgage-backed Notes or pass-through obligations issued and guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration; (v) project notes issued by the United States Department of Housing and Urban Development; and (vi) public housing notes and Notes guaranteed by the United States of America;

(c) interest-bearing demand or time deposits (including certificates of deposit) in federal or state chartered savings and loan association or in national or state banks (including the Trustee and its affiliates), provided either that (i) in the case of a savings and loan association, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such savings and loan association shall be rated in one of the three highest rating categories by S&P; and (ii) in the case of a bank, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such bank (or the unsecured obligations of the parent bank holding company of which such bank is the lead bank) shall be rated in one of the three highest rating categories by S&P;

(d) commercial paper rated at the time of purchase in the highest rating category by S&P at the time the investment is made;

(e) obligations, the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated in one of the three highest rating categories by S&P or Moody's at the time the investment is made or (b) fully secured as to the payment of principal and interest by Federal Securities;

(f) money market funds, including those of the Trustee and any affiliate of the Trustee, which are rated in the highest rating category by S&P or Moody's, or units of a taxable money market portfolio entirely composed of Federal Securities, or repurchase agreements collateralized by Federal Securities;

(g) any investment agreement with a financial institution the long-term unsecured obligations or claims-paying ability of which are rated, as of the date of any such agreement, in one of the two highest rating categories by S&P or Moody's, and which agreement shall provide that it will be collateralized or terminated upon the event of a downgraded rating below one of the two highest rating categories by S&P or Moody's;

(h) repurchase agreements with financial institutions fully insured by the Federal Deposit Insurance Corporation, or any broker-dealer with "retail customers" which falls under Securities Investors Protection Corporation jurisdiction, which repurchase agreements are secured by Federal Securities provided (i) the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral securing such repurchase agreement, (ii) such repurchase agreement provides that the Trustee has a perfected first security interest in the collateral securing such repurchase agreement, and (iii) such repurchase agreement provides that the collateral securing such repurchase agreement is free and clear of third party liens; and

(i) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code.

"Program Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.03.

“Project” means the acquisition, construction, improvement, equipping and operation of facilities owned by the Marine World JPA, all as more particularly provided for in the Cash Flow Agreement.

“Purchase Contract” means the Purchase Contract dated January __, 2007, among the Authority, the Marine World JPA and the Original Purchaser.

“Record Date” means the fifteenth (15th) calendar day of the month preceding the month in which the Notes mature.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.07 for the registration and transfer of ownership of the Notes.

“Request of the Authority” means a request in writing signed by the Executive Director or Treasurer of the Authority, or by any other officer of the Authority duly authorized by the Board or appointed by the Executive Director or the Treasurer for that purpose.

“Revenue Fund” means the fund by that name established pursuant to Section 4.02.

“Revenues” means all amounts payable to the Trustee pursuant to Sections 3.01(d) and 4.02 of the Cash Flow Agreement, and Section 1.3(c) of the Revenue Sharing Agreement, which amounts constitute “Loan Repayments” under the Loan Agreement.

“Revenue Sharing Agreement” means the Revenue Sharing Agreement dated as of November 7, 1997, among the Agency, Park Management Corp. and the Marine World JPA, as it may be amended from time to time by the parties thereto.

“S&P” means Standard & Poor’s Ratings Group, a division of McGraw-Hill, and its successors.

“State” means the State of California.

“Supplemental Indenture” means any indenture, agreement or other instrument hereafter duly executed by the Authority and the Trustee in accordance with the provisions of this Indenture.

“Trust Office” means the office of the Trustee in Los Angeles, California, at which at any particular time corporate trust business shall be administered, or such other office as it shall designate in writing to the Authority and the Agency, except that with respect to presentation of Notes for payment, transfer or exchange, such term means the office or agency of the Trustee at which its corporate agency business shall then be conducted.

“Trustee” means The Bank of New York Trust Company, N.A., and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in Article VI.

Section 1.02. Rules of Construction. All references in this Indenture to “Articles”, “Sections”, and other subdivisions are to the corresponding Articles, Sections or subdivisions of

this Indenture; and the words “herein”, “hereof”, “hereunder”, and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03. Authorization and Purpose of Notes. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Notes and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the Notes do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized under the Agreement and the Bond Law and each and every requirement of law, to issue the Notes in the manner and form provided in this Indenture. Accordingly, the Authority hereby authorizes the issuance of the Notes pursuant to the Bond Law and this Indenture for the purpose of providing funds to loan to the Marine World JPA for working capital for the Project.

Section 1.04. Equal Security. In consideration of the acceptance of the Notes by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Notes; and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal and proportionate benefit, security and protection of all Owners of the Notes without preference, priority or distinction as to security or otherwise of any of the Notes over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

ARTICLE II

ISSUANCE OF NOTES

Section 2.01. Terms of Notes. The Notes authorized to be issued by the Authority under and subject to the Bond Law and the terms of this Indenture shall be designated the “Vallejo Public Financing Authority Taxable Revenue Anticipation Notes, 2007 Series A” and shall be issued in the maximum aggregate principal amount of Fourteen Million Dollars (\$14,000,000). The outstanding principal amount of the Notes: (a) as of the Closing Date shall be an amount equal to the amount of the Initial Advance, and (b) thereafter shall be, as of any given date (i) the total amount advanced by the Original Purchaser to the Trustee and deposited in the Program Fund under Section 3.02(a) (in the case of the Initial Advance) or the Advances Fund under Section 3.02(b) (in the case of all additional advances) as the principal amount of the Notes thereby advanced or constructively advanced to the Authority, less (ii) any repayments of principal of the Notes previously received by the Note Owner.

The Trustee shall maintain at all times a Note register indicating the principal amount of the Notes Outstanding from time to time. The Original Purchaser has agreed in the Purchase Contract, upon written request of the Trustee, to confirm the amounts it has advanced in respect of the purchase price of the Notes.

The Notes shall be issued in fully registered form without coupons in denominations of \$50,000 or any integral multiple of \$1.00 in excess thereof. The Notes shall mature on [November 1], 2007, and shall bear interest (calculated on the basis of a 360-day year of twelve

30-day months) at the rate of [7.0]% per annum, from the date of the respective advance by the Original Purchaser of the respective purchase price of such portion of the principal of the Notes to the date of repayment (by optional redemption or at maturity) of such portion of such principal. The Notes shall be dated the Closing Date, and shall bear interest from such date.

Principal of and interest on the Notes, unless earlier redeemed pursuant to Section 2.02, shall be payable on [November 1], 2007 to the persons whose names appear on the Registration Books as the Owners thereof as of the close of business on the Record Date, such principal and interest to be paid upon presentation and surrender of the Notes at the Trust Office of the Trustee, or by wire transfer to an account in the United States of America made on such date upon instructions of the Owner provided to the Trustee on or before the Record Date. The principal of and interest on the Notes shall be payable in lawful money of the United States of America.

Section 2.02. Redemption of Notes. The Notes shall be subject to optional redemption prior to maturity at the written direction of the Authority, on any date and from any source of available funds, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption. The Treasurer has agreed in Section 14 of the Purchase Contract to direct notice of redemption upon receipt of the written request of the Original Purchaser and confirmation of amounts in the Revenue Fund available for such purpose.

Any optional redemption shall be in principal amounts of at least \$1,000, and no notice of any optional redemption need be given to the Owners of the Notes. Any optional redemption of a portion of the Notes shall be credited in respect of the principal of the Notes first advanced by the Original Purchaser (i.e. first against the Initial Advance, then against the amount advanced most recently after the Closing Date, etc.).

Section 2.03. Form of Notes. The Notes and the form of Trustee's certificate of authentication to appear thereon, shall be substantially in the respective forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.04. Execution of Notes. The Notes shall be signed in the name and on behalf of the Authority with the manual or facsimile signatures of its Chairman or Vice Chairman and attested with the manual or facsimile signature of its Secretary or any assistant duly appointed by the Board, and shall be delivered to the Trustee for authentication by it. In case any officer of the Authority who shall have signed any of the Notes shall cease to be such officer before the Notes so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such Notes may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the individual who signed the same had continued to be such officer of the Authority. Also, any Note may be signed on behalf of the Authority by any individual who on the actual date of the execution of such Note shall be the proper officer although on the nominal date of such Note such individual shall not have been such officer.

Only such of the Notes as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Notes so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Transfer of Notes. The Notes may not be transferred.

Section 2.06. Exchange of Notes. Notes may be presented for exchange at the Trust Office of the Trustee for Notes of other authorized denominations. No Note may be exchanged after the date which is fifteen days prior to the Record Date.

Section 2.07. Registration Books. The Trustee will keep or cause to be kept sufficient records for the registration of the Notes, which shall at all times during regular business hours be open to inspection by the Authority with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may register or cause to be registered, on said records, Notes as hereinbefore provided.

Section 2.08. Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated, the Authority, at the expense of the Owner of said Note, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Note of like series, tenor and authorized denomination in exchange and substitution for the Note so mutilated, but only upon surrender to the Trustee of the Note so mutilated. Every mutilated Note so surrendered to the Trustee shall be canceled by it. If any Note issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to it and indemnity for the Trustee and the Authority satisfactory to the Trustee shall be given, the Authority, at the expense of the Note Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Note of like series and tenor in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or shall have been called for redemption, instead of issuing a substitute Note the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Authority may require payment of a reasonable fee for each new Note issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Note issued under the provisions of this Section in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the Authority whether or not the Note alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Notes secured by this Indenture.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS

Section 3.01. Issuance of Notes. Following the execution and delivery of this Indenture, and upon the Request of the Authority, the Authority shall execute the Notes and shall deliver the Notes to the Trustee for authentication and delivery to the Original Purchaser.

Section 3.02. Application of Proceeds of Sale of Notes. (a) Upon the receipt of payment of the Initial Advance on the Closing Date, the Trustee shall deposit such amount in the Program Fund.

(b) Upon the receipt by the Trustee of any additional advances of the purchase price of the Notes by the Original Purchaser following the Closing Date, the Trustee shall deposit such amount in the Advances Fund to be used for the purposes of such fund.

Section 3.03. Program Fund. The Trustee shall establish and maintain a separate fund to be known as the "Program Fund" into which shall be deposited the proceeds of the Initial Advance pursuant to Section 3.02(a). The Trustee shall disburse all amounts in the Program Fund on the Closing Date as follows: (a) \$_____ shall be deposited to the Costs of Issuance Fund, (b) \$_____ shall be deposited to the Advances Fund and retained therein to be used for the purposes thereof, and (c) \$_____ shall be deposited to the Advances Fund and immediately transferred to the Current Refunding Subaccount of the Note Proceeds Account established within the Debt Service Fund under the Cash Flow Agreement. Amounts deposited to the Program Fund shall not be invested.

Section 3.04. Costs of Issuance Fund. There is hereby established a fund to be held by the Trustee known as the "Costs of Issuance Fund" into which shall be deposited a portion of the proceeds of the Notes in the amount set forth in Section 3.03(a) hereof. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of a Request of the Authority.

On the date which is one month following the Closing Date, or upon the earlier receipt by the Trustee of a Request of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Treasurer for deposit by the Treasurer in the Cash Flow Fund, to be used for the purposes of the Cash Flow Fund. The Authority may at any time file a Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Treasurer for deposit by the Treasurer in the Cash Flow Fund all remaining amounts, and the Trustee shall comply with such request.

All interest or gain derived from the investment of amounts in the Costs of Issuance Fund shall be credited to the Costs of Issuance Fund.

Section 3.05. Validity of Notes. The validity of the authorization and issuance of the Notes shall not be affected in any way by any proceedings taken by the Authority with respect to the application of the proceeds of the Notes or with respect to the Loan Agreement, and the recital contained in the Notes that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

ARTICLE IV

REVENUES; FLOW OF FUNDS

Section 4.01. Pledge of Revenues: Assignment of Rights. Subject to the provisions of Section 6.03, the Notes shall be secured by a pledge, charge and first lien on (which shall be

effected in the manner and to the extent hereinafter provided) all of the Revenues and a pledge of all of the moneys in the Revenue Fund, including all amounts derived from the investment of such moneys without priority of any one Note over any other Note; and the payment of the interest on and principal of the Notes shall be and are secured by an exclusive pledge, charge and lien upon the Revenues and such moneys. Amounts in the Costs of Issuance Fund, the Debt Service Fund (including any account or subaccount therein) and the Advances Fund are not pledged to the payment of the Notes. So long as any of the Notes are Outstanding, the Revenues and moneys in the Revenue Fund shall not be used for any other purpose; except that out of the Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by Section 4.02.

The Authority hereby transfers in trust, pledges and assigns to the Trustee, for the benefit of the Owners from time to time of the Notes, all of the Revenues and all of the right, title and interest of the Authority in the Loan Agreement (except for the right to receive any Additional Payments to the extent payable to the Authority or the Trustee, any rights of the Authority or the Trustee to indemnification and any rights of consent).

The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority that have been assigned to the Trustee and all of the obligations of the Marine World JPA under the Loan Agreement (other than for those items excepted in the parenthetical contained in the first sentence of the previous paragraph). All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

Section 4.02. Receipt, Deposit and Application of Revenues. All Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee shall establish, maintain and hold in trust hereunder.

On the date of maturity or earlier redemption of the Notes, the Trustee shall pay, from amounts on deposit in the Revenue Fund (including any amounts transferred thereto from the Advances Fund, the principal and interest due and payable at maturity or such earlier date of redemption on all Outstanding Notes, or the Notes to be redeemed, as applicable. Except as otherwise provided in the following sentence, all moneys in the Revenue Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest on the Notes as it shall become due and payable or upon the earlier redemption thereof. All amounts on deposit in the Revenue Fund on the earlier of the date of redemption of all of the Notes then Outstanding or [November 2], 2007, to the extent not required to pay the principal, redemption price and interest due and payable on the Outstanding Notes, shall be withdrawn therefrom by the Trustee and transferred to the Treasurer for deposit by the Treasurer in the Cash Flow Fund.

All interest or gain derived from the investment of amounts in the Revenue Fund shall be credited to the Revenue Fund until such time as the amounts on deposit in the Revenue Fund equal the principal and interest due on the Outstanding Notes at their maturity; thereafter, all

such interest or gain shall be transferred by the Trustee to the Treasurer for deposit by the Treasurer in the Cash Flow Fund.

Section 4.03. Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments, pursuant to a Request of the Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such Request of the Authority, the Trustee shall invest any such moneys in Permitted Investments described in clause (f) of the definition thereof. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee may act as principal or agent in the acquisition or disposition of any investment. The Trustee shall incur no liability for losses arising from any investments or sale of such investments made pursuant to this Indenture.

The Authority acknowledges that to the extent regulations of the comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

ARTICLE V

COVENANTS OF THE AUTHORITY

Section 5.01. Punctual Payment. The Authority shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Notes, in strict conformity with the terms of the Notes and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

Section 5.02. Extension of Payment of Notes. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Notes or the time of payment of any claims for interest by the purchase of such Notes or by any other arrangement, and in case the maturity of any of the Notes or the time of payment of any such claims for interest shall be extended, such Notes or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Notes then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Notes for the purpose of refunding any Outstanding Notes, and such issuance shall not be deemed to constitute an extension of maturity of the Notes.

Section 5.03. Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Notes are Outstanding, except the

pledge, lien, charge or encumbrance created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Section 5.04. Power to Issue Notes and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Notes and to enter into this Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Notes and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Note Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 5.05. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Notes, the Loan Agreement, the Revenues and all funds and accounts held by the Trustee that are established pursuant to this Indenture, the Loan Agreement or the Cash Flow Agreement. Such books of record and account shall be available for inspection by the Authority during regular business hours and under reasonable circumstances and with reasonable prior notice.

Section 5.06. No Additional Obligations. Other than Notes representing additional advances of the purchase price of the Notes as described in Section 3.02(b), the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part.

Section 5.07. Protection of Security and Rights of Note Owners. The Authority will preserve and protect the security of the Notes and the rights of the Note Owners. From and after the sale and delivery of any of the Notes by the Authority, the Notes shall be incontestable by the Authority.

Section 5.08. Maintenance of Revenues. The Authority will cause the Marine World JPA to comply with all requirements of the Cash Flow Agreement to insure the payment to the Trustee of the Revenues. The Authority will prohibit the Marine World JPA from entering into any agreement with the Agency or any amendment or supplement to the Cash Flow Agreement or modify the Cash Flow Agreement in any manner which would have the effect of reducing the amount of Revenues available to the Trustee for payment of the Notes.

Section 5.09. Payment of Expenses; Indemnification. The Authority shall pay to the Trustee from time to time, upon written demand therefor, all compensation for all services rendered by the Trustee under this Indenture, including but not limited to all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties hereunder and thereunder. Notwithstanding Section 4.01, upon the occurrence of an Event of

Default, the Trustee shall have a first lien on the Revenues to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article VIII hereof.

The Authority further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties (including legal fees and expenses) under this Indenture, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees.

The obligations of the Authority under this Section shall survive the resignation or removal of the Trustee under this Indenture and payment of the Notes and the discharge of this Indenture.

Section 5.10. Further Assurances. The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Notes the rights and benefits provided in this Indenture.

Section 5.11. Other Covenants; Amendment of Loan Agreement. The The Trustee shall promptly collect all amounts due from the Marine World JPA pursuant to the Loan Agreement, shall perform all duties imposed upon it pursuant to the Loan Agreement and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority assigned to it hereunder and all of the obligations of the Marine World JPA relating thereto.

The Authority may amend, modify or terminate any of the terms of the Loan Agreement, or consent to any such amendment, modification or termination, when the written consent of the Owner has been filed with the Trustee.

ARTICLE VI

THE TRUSTEE

Section 6.01. Appointment of Trustee. The Bank of New York Trust Company, N.A., in San Francisco, California, a national banking association organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority agrees that it will maintain a Trustee having a corporate trust office in the State, and with respect to any successor Trustee appointed pursuant to Section 6.08 of this Indenture, a trustee having (or in the case of a corporation, association or trust company included in a bank holding company system, the related bank holding company having) a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or state authority, so

long as any Notes are Outstanding. If such bank, corporation, association or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 6.01 the combined capital and surplus of such bank, association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the principal of and interest on the Notes when duly presented for payment at maturity or upon earlier redemption, and to cancel all Notes upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Notes paid and discharged.

In performing the trust hereby created, the Trustee shall act solely as trustee for the Owners, and not in its individual capacity, and all persons, including, without limitation, the Owners, the Authority and the Agency, having any claim against the Trustee arising from this Indenture shall look only to the funds and accounts held by the Trustee hereunder for payment, except as expressly provided in this Indenture with respect to the willful misconduct, negligence or breach of contractual duty. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Notes, it being the sole obligation of the Trustee to administer, for the benefit of the Owners and the Authority, the various funds and accounts established hereunder.

Section 6.02. Acceptance of Trusts and Duties. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts and duties, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an Event of Default hereunder has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill and diligence in such exercise, as a prudent person would use in the conduct of his own business. The Trustee shall not be liable for any error of judgment made in good faith by an officer, employee or agent of the Trustee, unless the Trustee was negligent in ascertaining the pertinent facts.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder. The Trustee shall be fully protected in relying upon, and acting in accordance with, such advice.

(c) The Trustee shall not be responsible for any recital herein or in the Notes, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency or validity of the Indenture or the Loan Agreement or of the sufficiency, validity or priority of any security for the Notes issued hereunder or intended to be

secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority hereunder.

(d) The Trustee shall not be accountable for the use of any proceeds of sale of the Notes delivered hereunder. The Trustee may acquire and dispose of other evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Notes, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Notes then Outstanding.

(e) The Trustee shall be protected in acting, in good faith and without negligence, upon any notice, request, consent, certificate, order, affidavit, letter, telegram, facsimile transmission or other paper or document believed by it to be genuine and correct and purported to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith and without negligence pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Note, shall be conclusive and binding upon all future Owners of the same Note and upon Notes issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Note or to take any action at his request unless the ownership of such Note by such person shall be reflected on the Registration Books, and specifically the Trustee shall not be bound to recognize any person as the Owner of a Note unless and until such Note is submitted to the Trustee for inspection, if so required by the Trustee, and title thereto satisfactorily established, if disputed.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the Authority as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 6.02(h) hereof, shall also be at liberty to accept a Certificate of the Authority to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. Specifically the Trustee shall be under no duty to investigate the underlying facts of any information provided to it in any such Certificate.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default or a Loan Default Event, or of any event or occurrence which with the passage of time or the giving of notice would constitute an Event of Default or a Loan Event Default, hereunder or under the Loan Agreement except failure

by the Authority to make any of the payments to the Trustee required to be made by the Authority or the Marine World JPA pursuant hereto or failure by the Authority or the Marine World JPA to file with the Trustee any document required by this Indenture or under the Loan Agreement to be so filed subsequent to the issuance of the Notes, unless the Trustee shall be specifically notified in writing of such default by the Authority or the Marine World JPA or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Notes then Outstanding and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default or a Loan Event Default hereunder except as aforesaid. All notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office of the Trustee.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right (but not the duty or obligation) fully to inspect all books, papers and records of the Authority pertaining to the Notes, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises hereof.

(k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any Notes, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of the Authority to the execution of any Notes, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking any remedial action under this Indenture, the Trustee may require that a satisfactory indemnity be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(n) All moneys held by or on behalf of the Trustee for the payment of principal of or interest on the Notes, whether at redemption or maturity, shall be held in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners or the Authority any interest on, or be liable to holders or any other person for any interest earned on, moneys so held.

(o) Whether or not therein expressly provided, every provision of this Indenture and any other agreement relating to the transactions contemplated hereby

relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VI.

(p) The Trustee shall have no responsibility, opinion or liability with respect to any information, statement or recital contained in any offering memorandum or other disclosure document prepared or distributed with respect to the execution and delivery of the Notes.

(q) The Trustee may rely upon a facsimile transmission with regard to any requisition or instruction for any transfer, disbursement or investment of funds held by the Trustee. The Authority shall confirm such transmission promptly in writing by mail.

(r) The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

(s) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Project, malicious mischief, condemnation, and unusually severe weather or delays or suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(t) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

Section 6.03. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses and disbursements) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services, which amounts shall be paid by the Authority pursuant to Section 5.09. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Note upon the amounts (i) then held hereunder or (ii) afterwards received pursuant to any right given or action taken by the Trustee under this Indenture, for the foregoing fees, charges, expenses and disbursements incurred by it.

Section 6.04. Notice to Note Owners of Default. If an Event of Default hereunder occurs with respect to any Notes of which the Trustee has been given or is deemed to have notice, as provided in Section 6.02(h) hereof, then the Trustee shall promptly give written notice thereof by first-class mail to the Owner of each such Note, unless such Event of Default shall

have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by the Authority to make any payment when due, the Trustee may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Note Owners not to give such notice.

Section 6.05. Intervention by Trustee. In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Notes, the Trustee may intervene on behalf of such Note Owners, and subject to Section 6.02(1) hereof, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) in aggregate principal amount of such Notes then Outstanding.

Section 6.06. Removal of Trustee. The Owners of a majority in aggregate principal amount of the Outstanding Notes and/or the Authority may at any time remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee ten (10) days prior to the date of removal, whereupon the Authority or such Owners, as the case may be, shall appoint a successor or successors thereto; provided that any such successor shall be (i) a bank, association or trust company meeting the requirements set forth in Section 6.01, (ii) the entity acting as Trustee under the Cash Flow Agreement, and (iii) acceptable to the Authority in its discretion.

Section 6.07. Resignation by Trustee. The Trustee and any successor Trustee may at any time give sixty (60) days' written notice of its intention to resign as Trustee hereunder, such notice to be given to the Authority by registered or certified mail. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority shall cause notice thereof to be given by first class mail, postage prepaid, to the Note Owners at their respective addresses set forth on the Registration Books.

Section 6.08. Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 6.06 or 6.07, respectively, the Authority shall promptly appoint a successor Trustee. In the event the Authority shall for any reason whatsoever fail to appoint a successor Trustee within sixty (60) days following the delivery to the Trustee of the instrument described in Section 6.06 or within sixty (60) days following the receipt of notice by the Authority pursuant to Section 6.07, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Sections 6.01 and 6.06 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding that the consent of the Authority has not been obtained and notwithstanding the lack of any action by the Authority purporting to appoint a successor Trustee following the expiration of such sixty-day period.

Section 6.09. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 6.01, shall be the successor to the

Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, -- privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 6.10. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the Authority, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder and under the Loan Agreement to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

Section 6.11. Appointment of Co-Trustee. It is a purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee or the Authority deems that by reason of any present or future law of any jurisdiction the Trustee may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee or the Authority appoint an additional individual or institution as a separate co-trustee. The following provisions of this Section 6.11 are adopted to these ends. In the event that the Trustee or the Authority appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee or the Authority for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 6.12. Limited Liability of Trustee. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if it shall have reasonable grounds for believing repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of Owners of at least twenty-five (25%) aggregate principal amount of Notes Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture.

Section 6.13. Trustee Reports to Authority. Each month that the Notes are outstanding, the Trustee shall prepare and file with the Authority a report setting forth: (i) amounts withdrawn from and deposited into each fund and account maintained by the Trustee under this Indenture; (ii) the balance on deposit in each fund and account as of the date for which such report is prepared; and (iii) a brief description of all obligations held as investments in each fund and account. Copies of such reports may be mailed to any Owner upon the Owner's written request at a cost not to exceed the Trustee's actual costs of duplication and mailing.

ARTICLE VII

MODIFICATION AND AMENDMENT OF THE INDENTURE

Section 7.01. Amendment Hereof. This Indenture and the rights and obligations of the Authority and of the Owners of the Notes may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Notes then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Note or otherwise alter or impair the obligation of the Authority to pay the principal, and interest at the time and place and at the rate and in the currency provided therein of any Note without the express written consent of the Owner of such Note, (b) reduce the percentage of Notes required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

This Indenture and the rights and obligations of the Authority and of the Owners of the Notes may also be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of any Note Owners, to the extent permitted by law but only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the Authority so long as such limitation or surrender of such rights or powers shall not adversely affect the Owners of the Notes; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not adversely affect the interests of the Owners of the Notes.

Section 7.02. Effect of Supplemental Agreement. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Notes, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.03. Endorsement or Replacement of Notes After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Notes shall bear a notation, by endorsement in form approved by the Authority, as to such action, and in that case upon demand of the Owner of any Note Outstanding at such effective date and presentation of his Note for that purpose at the Trust Office of the Trustee, a suitable notation as to such action shall be made on such Note. If the Authority shall so determine, new Notes so modified as, in the opinion of the Authority, shall be necessary to conform to such Note Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Note Outstanding at such effective date such new Notes shall be exchanged at the Trust Office of the Trustee, without cost to each Note Owner, for Notes then Outstanding, upon surrender of such Outstanding Notes.

Section 7.04. Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Note Owner from accepting any amendment as to the particular Note held by him, provided that due notation thereof is made on such Note.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF NOTE OWNERS

Section 8.01. Events of Default. The following events shall be Events of Default hereunder:

- (a) Default in the due and punctual payment of the principal of or interest on any Note when and as the same shall become due and payable, whether at maturity as therein expressed, upon redemption, by declaration or otherwise; or
- (b) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Notes contained, if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Notes at the time Outstanding; provided that such default shall not constitute an Event of Default hereunder if the Authority shall commence to cure such default within said sixty (60) day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time; or

(c) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; or

(d) A Loan Default Event.

Section 8.02. Remedies. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, and interest on the Outstanding Notes, and to enforce any rights of the Trustee under or with respect to this Indenture and the Loan Agreement.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Notes and indemnified as provided in Section 6.02(1), the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Note Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Note Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Note Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

Section 8.03. Application of Revenues and Other Funds After Default. All amounts then held or thereafter received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture shall be applied by the Trustee in the following order upon presentation of the several Notes, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of all fees, claims, costs and expenses owing to or incurred by the Trustee, including those incurred in declaring such Event of Default and in carrying out the provisions of this Article VIII, including reasonable compensation to its agents and attorneys; and

Second, to the payment of the whole amount of interest on and principal of the Notes then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the interest rate on the Notes; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first, to the payment of all installments of interest on the Notes then due and unpaid,

(b) second, to the payment of principal of all installments of the Notes then due and unpaid on a pro rata basis in the event that the available amounts are insufficient to pay all such principal, and

(c) third, to the payment of interest on overdue installments of principal and interest.

Section 8.04. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Notes then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Notes, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Notes hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Notes shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Notes similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Notes issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Notes for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Notes as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Section 8.05. Appointment of Receivers. Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Note Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.06. Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture, or in the Notes, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Notes to the respective Owners of the Notes at the respective dates of maturity, as herein provided, out of the Revenues and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Note Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any

Owner of any of the Notes to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or Note Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Note Owners, as the case may be.

Section 8.07. Rights of Note Owners. No Owner of any Note issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Notes then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Notes of any remedy hereunder; it being understood and intended that no one or more Owners of Notes shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Notes.

The right of any Owner of any Note to receive payment of the principal of and interest on such Note as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner.

Section 8.08. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority, the Trustee and the Note Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Limited Liability of Authority. Notwithstanding anything in this Indenture contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Notes or for the performance of any covenants herein contained. The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a

source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Notes shall be revenue Notes, payable exclusively from the Revenues as in this Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and principal of the Notes. The Owners of the Notes shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Notes shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as in this Indenture provided.

Section 9.02. Benefits of Indenture Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Authority, the Trustee and the Owners of the Notes any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee and the Owners of the Notes.

Section 9.03. Discharge of Indenture. If the Authority shall pay and discharge any or all of the Outstanding Notes in any one or more of the following ways:

- (a) by well and truly paying or causing to be paid the principal of and interest on such Notes, as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the Revenue Fund, is fully sufficient, in the opinion of an Independent Accountant expressed in a written certificate or letter delivered to the Trustee, to pay such Notes, including all principal and interest; or
- (c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Federal Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the Revenue Fund, be fully sufficient, in the opinion of an Independent Accountant expressed in writing to the Trustee, to pay and discharge the indebtedness on such Notes (including all principal and interest) at or before the maturity date of the Notes;

then, at the Request of the Authority, and notwithstanding that any of such Notes shall not have been surrendered for payment, the pledge of the Revenues and other funds provided for in this Indenture with respect to such Notes, and all other pecuniary obligations of the Authority under this Indenture with respect to all such Notes, shall cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners of such Notes not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, all expenses and costs of the Trustee, and any amounts then or thereafter due to the Trustee under Sections 6.03 and 6.12, shall continue in any event. Any funds thereafter held by the Trustee,

which are not required for said purposes, shall be paid over to the Treasurer of the Authority, for deposit by the Treasurer of the Authority in the Cash Flow Fund.

Section 9.04. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Authority is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Authority, that are presently vested in the Authority, and all the covenants, agreements and provisions contained in this Indenture by or on behalf of the Authority shall bind and inure to the benefit of its successors whether so expressed or not.

Section 9.05. Certificates. Any certificate made or given by an officer of the Authority hereunder may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the Authority, or upon the certificate or opinion of or representations by an officer or officers of the Authority, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, in the exercise of reasonable care should have known that the same were erroneous.

Section 9.06. Execution of Documents by Note Owners. Any request, consent or other instrument required by this Indenture to be signed and executed by Note Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Note Owners in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section 9.06.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

The ownership of Notes shall be proved by the Registration Books. Any request, consent or vote of the Owner of any Note shall bind every future Owner of the same Note and the Owner of any Note issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote. In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Note Owners upon such notice and in accordance with such rules and obligations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

Section 9.07. Disqualified Notes. In determining whether the Owners of the requisite aggregate principal amount of Notes have concurred in any demand, request, direction, consent or waiver under this Indenture, Notes which are owned or held by or for the account of the Agency or the City (but excluding Notes held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Notes which the Trustee knows to be so owned or held shall be disregarded. Upon request, the Authority shall specify to the Trustee the identity of any Notes owned, or held by or for the account of the City or the Agency and the Trustee may conclusively rely upon such certificate.

Section 9.08. Waiver of Personal Liability. No officer, agent or employee of the Authority shall be individually or personally liable for the payment of the interest on or principal of the Notes; but nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

Section 9.09. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the Authority (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Notes; but the Note Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. The Authority hereby declares that it would have entered into this Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Notes pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 9.10. Canceled Notes. Whenever in this Indenture provision is made for the surrender to the Authority of any Notes which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall cancel such Notes and return them to the Authority.

Section 9.11. Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the accounting records of the Authority or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with corporate trust industry practices.

Section 9.12. Notices. All written notices to be given under this Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth

below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective 48 hours after deposit in the United States mail, registered or certified mail, postage prepaid or, in the case of any notice to the Trustee or in the case of personal delivery to any person, upon actual receipt at the address set forth below:

If to the Authority: Vallejo Public Financing Authority
555 Santa Clara Street
Vallejo, California 94590
Attention: Treasurer

If to the Trustee: The Bank of New York Trust Company, N.A.
550 Kearny Street, Suite 600
San Francisco, CA 94108
Attention: Corporate Trust Department

Without limitation to the provisions of Section 6.02(h), any notice sent to the Trustee shall be deemed effective when actually received. The Authority and the Trustee may designate by notice given pursuant to this Section any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 9.13. Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Notes which remain unclaimed for two (2) years after the date when such Notes have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after said date when such Notes become due and payable, shall be repaid by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Note Owners shall look only to the Authority for the payment of such Notes; provided, however, that before being required to make any such payment to the Authority, the Trustee shall, at the expense of the Authority, cause to be mailed to the Owners of all such Notes, at their respective addresses appearing on the Registration Books, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned to the Authority.

IN WITNESS WHEREOF, the VALLEJO PUBLIC FINANCING AUTHORITY has caused this Indenture to be signed in its name by its Executive Director and THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

VALLEJO PUBLIC FINANCING
AUTHORITY

By _____
Executive Director

THE BANK OF NEW YORK TRUST
COMPANY, N.A.,
as Trustee

By _____
Authorized Officer

EXHIBIT A

FORM OF NOTE

No. R-1

\$14,000,000

**VALLEJO PUBLIC FINANCING AUTHORITY
TAXABLE REVENUE ANTICIPATION NOTE, 2006 SERIES A**

INTEREST RATE:
%

MATURITY DATE:
[November 1], 2007

DATED DATE:
January __, 2007

REGISTERED OWNER: SIX FLAGS, INC.

FACE AMOUNT: FOURTEEN MILLION DOLLARS

The VALLEJO PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the Revenues hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above (or date of earlier redemption hereof), the outstanding principal amount hereof (as described in the fifth succeeding paragraph), not to exceed the Face Amount specified above in lawful money of the United States of America; and to pay (but only out of the Revenues hereinafter referred to) interest thereon at the Interest Rate identified above in like lawful money from the Dated Date identified above on the Maturity Date stated above. The outstanding principal amount hereof and interest hereon is payable to the Registered Owner hereof as it appears on the registration books of The Bank of New York Trust Company, N.A., as trustee (the "Trustee") as of the close of business on the fifteenth calendar day of the calendar month preceding the month in which the Maturity Date occurs (the "Record Date"), by wire transfer to an account in the United States of America made on such Maturity Date upon instructions of the Registered Owner provided to the Trustee on or before the Record Date for such Maturity Date, or otherwise by check of the Trustee upon surrender of the Notes.

This Note is one of a duly authorized issue of Notes of the Authority designated the "Vallejo Public Financing Authority Taxable Revenue Anticipation Notes, 2007 Series A" (the "Notes"), limited in maximum principal amount to Fourteen Million Dollars (\$14,000,000), secured by an Indenture of Trust, dated as of January 1, 2007 (the "Indenture"), by and between the Authority and the Trustee. The Notes are issued for the purpose of making a loan to the Marine World Joint Powers Authority (the "Marine World JPA"), pursuant to a loan agreement, dated as of January 1, 2007, between the Authority and the Marine World JPA (the "Loan Agreement"), for the purposes and on the terms and conditions set forth therein.

Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Notes, of the nature and extent of the Revenues (as that term is defined in the Indenture), of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder; and all of the terms of the

Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Notes are authorized to be issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the "Act"). The Notes are limited obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from and secured by a first lien and pledge of the Revenues held by the Trustee as provided in the Indenture. The Notes are further secured by an assignment of the right, title and interest of the Authority in the Loan Agreement (to the extent and as more particularly described in the Indenture). All of the Notes are equally secured by a pledge of, and charge and lien upon, the Revenues, and the Revenues constitute a trust fund for the security and payment of the principal of and interest on the Notes. The full faith and credit of the Authority is not pledged to the payment of the principal of or interest on the Notes. The Notes are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues as provided in the Indenture.

The Notes have been issued to provide funds to the Marine World JPA for its working capital needs.

The outstanding principal amount of the Notes (a) as of the Closing Date shall be an amount equal to the amount of the Initial Advance, and (b) thereafter shall be, as of any given date (i) the total amount advanced by the Original Purchaser to the Trustee and deposited in the Program Fund under Section 3.02(a) of the Indenture (in the case of the Initial Advance) or the Advances Fund under Section 3.02(b) of the Indenture (in the case of all additional advances) as the principal amount of the Notes thereby advanced or constructively advanced to the Authority, less (ii) any repayments of principal of the Notes previously received by the Registered Owner. Upon request, until the full face amount of the Notes has been so advanced, the Original Purchaser (as defined in the Indenture), by acceptance of this Note, agrees to advise the Trustee and the Authority of the outstanding principal amount of the Notes.

The Notes are subject to optional redemption prior to their maturity at the written direction of the Authority, on any date and from any source of available funds, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption. Any optional redemption shall be in principal amounts of at least \$1,000, and no notice of any optional redemption need be given to the Registered Owners. The Registered Owner, by its purchase of this Note, hereby expressly waives any requirement for notice of any such optional redemption.

The Notes are issuable as fully registered Notes. The Notes may be exchanged at the Trust Office (as such term is defined in the Indenture) of the Trustee for a like aggregate principal amount of fully registered Notes of other authorized denominations.

This Note is not transferable by the Registered Owner hereof.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary. The Indenture and the rights and obligations of the Authority and of the owners of the Notes and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Note or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Note without the express written consent of the owner of such Note, (b) reduce the percentage of Notes required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

This Note is a special obligation of the Authority, payable solely from the revenues pledged under the Indenture. This Note is not a debt of the City of Vallejo, the Redevelopment Agency of the City of Vallejo or the State of California or any of its political subdivisions (except the Authority and only to the extent set forth in the Indenture), and none of said City, said Agency or said State or any of its political subdivisions is liable hereon. The Authority has no taxing power.

It is hereby certified that all things, conditions and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and by the Act, and that the amount of this Note, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or statutes of the State of California or by the Act.

This Note shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Authority has caused this Note to be executed in its name and on its behalf by the manual or facsimile signature of its [Vice] Chairman and attested to by the manual or facsimile signature of its [Assistant] Secretary all as of the Dated Date identified above.

VALLEJO PUBLIC FINANCING AUTHORITY

By: _____
[Vice] Chairman

ATTEST:

By: _____
[Assistant] Secretary

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within-mentioned Indenture.

Date: January __, 2007

THE BANK OF NEW YORK TRUST
COMPANY, N.A.,
as Trustee

By _____
Authorized Officer

LOAN AGREEMENT

by and between the

VALLEJO PUBLIC FINANCING AUTHORITY

and

MARINE WORLD JOINT POWERS AUTHORITY

Dated as of January 1, 2007

**Relating to:
up to \$14,000,000
Vallejo Public Financing Authority
Taxable Revenue Anticipation Notes, 2007 Series A**

LOAN AGREEMENT

This LOAN AGREEMENT (this "Loan Agreement"), dated as of January 1, 2007, is by and between VALLEJO PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), and MARINE WORLD JOINT POWERS AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Marine World JPA").

RECITALS:

WHEREAS, the Authority is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, by and between the City of Vallejo (the "City") and the Redevelopment Agency of the City of Vallejo (the "Agency"), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to issue bonds (including notes) for the purpose of financing working capital by making loans to local agencies to finance their working capital needs; and

WHEREAS, the Marine World JPA is a local agency as that term is defined in the Bond Law and an associate member of the Authority with working capital needs; and

WHEREAS, for the purpose of providing financing for the working capital needs of the Marine World JPA, the Authority has determined to issue its not to exceed \$14,000,000 principal amount of Vallejo Public Financing Authority Taxable Revenue Anticipation Notes, 2007 Series A (the "Notes"), all pursuant to and secured by an Indenture of Trust (the "Indenture"), between the Authority and The Bank of New York Trust Company, N.A. (the "Trustee") in the manner provided therein; and

WHEREAS, the proceeds of the Notes will be loaned to the Marine World JPA pursuant to this Loan Agreement, between the Marine World JPA and the Authority, under which the Marine World JPA is required to make loan payments sufficient to pay when due the principal of and interest on, the Notes and related expenses; and

WHEREAS, the Authority and the Marine World JPA have each duly authorized the execution, delivery and performance of this Loan Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.1. Definitions. Unless otherwise required by the context, all terms used herein shall have the meanings assigned to such terms in Section 1.01 of the Indenture of Trust, between the Authority and The Bank of New York Trust Company, N.A., dated as of January 1, 2007, either as originally executed or as amended or supplemented from time to time.

Section 1.2. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY AND THE MARINE WORLD JPA

Section 2.1. Representations and Warranties of the Authority. The Authority represents and warrants to the Marine World JPA that, as of the date of execution of this Loan Agreement and as of the date of delivery of the Notes to the initial purchaser thereof (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Notes or any investigations by or on behalf of the Marine World JPA or the results thereof):

(a) The Authority is a joint powers authority duly organized and existing under the laws of the State of California, has full legal right, power and authority to enter into this Loan Agreement and to carry out and consummate all transactions contemplated hereby, and by proper governmental action has duly authorized the execution, delivery and performance of this Loan Agreement.

(b) The officer of the Authority executing this Loan Agreement is duly and properly in office and fully authorized to execute the same.

(c) This Loan Agreement has been duly authorized, executed and delivered by the Authority.

(d) This Loan Agreement constitutes the legal, valid and binding agreement of the Authority enforceable against the Authority in accordance with its terms; except as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(e) The execution and delivery of this Loan Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the joint powers agreement of the Authority, its bylaws or any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Authority is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Authority, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement or the financial condition, assets, properties or operations of the Authority.

(f) No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of this Loan Agreement or the consummation of any transaction herein contemplated, or the fulfillment of or compliance with the terms and conditions hereof, except as have been obtained or made and as are in full force and effect.

Section 2.2. Representations and Warranties of the Marine World JPA. The Marine World JPA represents and warrants to the Authority that, as of the date of execution of this Loan Agreement and as of the date of delivery of the Notes to the initial purchaser thereof (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Notes or any investigations by or on behalf of the Authority or the results thereof):

(a) The Marine World JPA is a joint powers authority duly organized and existing under the laws of the State of California, has full legal right, power and authority to enter into this Loan Agreement and to carry out and consummate all transactions contemplated hereby, and by proper governmental action has duly authorized the execution, delivery and performance of this Loan Agreement.

(b) The officer of the Marine World JPA executing this Loan Agreement is duly and properly in office and fully authorized to execute the same.

(c) This Loan Agreement has been duly authorized, executed and delivered by the Marine World JPA.

(d) This Loan Agreement, when assigned to the Trustee pursuant to the Indenture, will constitute the legal, valid and binding agreement of the Marine World JPA with the Trustee enforceable against the Marine World JPA in accordance with its terms for the benefit of the Holders of the Notes, and any rights of the Authority and obligations of the Marine World JPA not so assigned to the Trustee constitute the legal, valid, and binding agreement of the Marine World JPA with the Authority enforceable against the Marine World JPA in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(e) The execution and delivery of this Loan Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the joint powers agreement of the Marine World JPA, its bylaws or any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Marine World JPA is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Marine World JPA, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement or the financial condition, assets, properties or operations of the Marine World JPA.

(f) No consent or approval of any trustee or holder of any indebtedness of the Marine World JPA, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of this Loan Agreement or the consummation of any transaction herein contemplated, or the fulfillment of or compliance with the terms and conditions hereof, except as have been obtained or made and as are in full force and effect.

ARTICLE III

PAYMENTS

Section 3.1. Loan of Proceeds; Payments of Principal, Premium and Interest. The Authority hereby lends and advances to the Marine World JPA, and the Marine World JPA hereby borrows and accepts from the Authority, the net proceeds received from the sale of the Notes, such proceeds to be applied under the terms and conditions of this Loan Agreement and the Indenture.

In consideration of the loan of such proceeds to the Marine World JPA, the Marine World JPA agrees to pay, or cause to be paid, "Loan Repayments" at the times and in the amounts required to pay principal and interest due and payable at maturity or earlier redemption of the Notes in accordance with the provisions of Section 4.02 of the Indenture.

Section 3.2. Additional Payments. In addition to Loan Repayments, the Marine World JPA shall also pay to the Authority or the Trustee, as the case may be, "Additional Payments," as follows:

(a) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Marine World JPA shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the Marine World JPA's expense, to protest and contest any such taxes or assessments levied upon them and that the Marine World JPA shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(b) All reasonable fees, charges, expenses and indemnities of the Trustee hereunder and under the Indenture, as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Loan Agreement or the Indenture; and

(d) The reasonable fees and expenses of the Authority in connection with this Loan Agreement, the Notes or the Indenture, including any and all expenses incurred in connection with the authorization, issuance, sale and delivery of any such Notes or in connection with any litigation which may at any time be instituted involving this Loan Agreement, the Notes or the Indenture or any of the other documents contemplated thereby, or in connection with the supervision or inspection of the Marine World JPA, its properties, assets or operations or otherwise in connection with the administration of this Loan Agreement.

Such Additional Payments shall be billed to the Marine World JPA by the Authority or the Trustee from time to time and shall be paid by the Marine World JPA within thirty (30) days after receipt of the bill by the Marine World JPA.

Section 3.3. Reserved.

Section 3.4. Prepayment. The Marine World JPA shall have the right, so long as all amounts which have become due hereunder have been paid, at any time or from time to time upon not less than 5 days prior written notice to the Trustee to prepay all or any part of the Loan Repayments and the Authority agrees that the Trustee shall accept such prepayments when the same are tendered. Prepayments may be made by payments of cash, deposit of Federal Securities or surrender of Notes. All such prepayments shall be deposited upon receipt by the Trustee in the Revenue Fund and, at the request of and as determined by the Marine World JPA, credited against payments due hereunder or used for the redemption or purchase of Outstanding Notes in the manner and subject to the terms and conditions set forth in the Indenture. Notwithstanding any such prepayment or surrender of Notes, as long as any Notes remain Outstanding or any Additional Payments required to be made hereunder remain unpaid, the Marine World JPA shall not be relieved of its obligations hereunder.

Section 3.5. Obligations Unconditional. The obligations of the Marine World JPA hereunder are absolute and unconditional, notwithstanding any other provision of this Loan Agreement or the Indenture. Until this Loan Agreement is terminated and all payments hereunder are made, the Marine World JPA:

- (a) Will pay all amounts required hereunder without abatement, deduction or set-off except as otherwise expressly provided in this Loan Agreement;
- (b) Will not suspend or discontinue any payments due hereunder for any reason whatsoever, including, without limitation, any right of set-off or counterclaim;
- (c) Will perform and observe all its other agreements contained in this Loan Agreement; and
- (d) Except as provided herein, will not terminate this Loan Agreement for any cause including, without limiting the generality of the foregoing, damage, destruction or condemnation of the Facilities or any part thereof, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California, or any political subdivision of either thereof or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement. Nothing contained in this Section 3.5 shall be construed to release the Authority from the performance of any of the Loan Agreements on its part herein contained; and in the event the Authority should fail to perform any such agreement on its part, the Marine World JPA may institute such action against the Authority as the Marine World JPA may deem necessary to compel performance.

The rights of the Trustee or any party or parties on behalf of whom the Trustee is acting shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever, whether arising out of any breach of any duty or obligation of the Authority or the Trustee owing to the Marine World JPA, or by reason of any other indebtedness or liability at any time owing by the Authority or the Trustee to the Marine World JPA.

Section 3.6. Condition Precedent. The obligation of the Authority to make the loan as herein provided shall be subject to the receipt by it of the proceeds of the issuance and sale of the Notes.

ARTICLE IV

COVENANTS

Section 4.1. Non-liability of the Authority. The Authority shall not be obligated to pay the principal of and interest on the Notes, except from Revenues and other moneys and assets received by the Trustee on behalf of the Authority pursuant to this Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Authority or any member is pledged to the payment of the principal or interest on the Notes. The Authority shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Notes or the Indenture, except only to the extent amounts are received for the payment thereof from the Marine World JPA under this Loan Agreement.

The Marine World JPA hereby acknowledges that the Authority's sole source of moneys to repay the Notes will be provided by the payments made by the Marine World JPA pursuant to this Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal and interest on the Notes as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Marine World JPA shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Marine World JPA, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefor.

Section 4.2. Expenses. The Marine World JPA shall pay and indemnify the Authority and the Trustee against all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence) and arising out of or in connection with this Loan Agreement, the Notes or the Indenture.

Section 4.3. Indemnification. (a) To the fullest extent permitted by law, the Marine World JPA agrees to indemnify, hold harmless and defend the Authority, the Trustee, and each of their respective officers, governing members, directors, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in

settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Notes, the Indenture, this Loan Agreement, or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Notes;

(ii) any act or omission of the Marine World JPA or any of its agents, contractors, servants, employees or licensees in connection with the Project or the Facilities, the operation of the Project or the Facilities, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or the Facilities or any part thereof;

(iii) any lien or charge upon payments by the Marine World JPA to the Authority and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Trustee in respect of any portion of the Project or the Facilities;

(iv) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or the Facilities or any part thereof;

(v) the defeasance and/or redemption, in whole or in part, of the Notes;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure or continuing disclosure document for the Notes or any of the documents relating to the Notes, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Notes of any material fact necessary to be stated therein in order to make the statements made therein by the Marine World JPA, in the light of the circumstances under which they were made, not misleading;

(vii) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Notes to which it is a party;

except in the case of the foregoing indemnification of the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Authority or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought

against any Indemnified Party with respect to which indemnity may be sought hereunder, the Marine World JPA, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party and reasonably acceptable to the Marine World JPA, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Marine World JPA shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Marine World JPA if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section 3.2, Section 4.2 and Section 4.3 shall survive the final payment or defeasance of the Notes and in the case of the Trustee any resignation or removal. The provisions of this Section shall survive the termination of this Loan Agreement.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.1. Events of Default. Each of the following events shall constitute and be referred to herein as a "Loan Default Event":

(a) Failure by the Marine World JPA to pay in full any payment required hereunder when due, whether at maturity, upon a date fixed for prepayment, by declaration or otherwise pursuant to the terms hereof;

(b) If any material representation or warranty made by the Marine World JPA herein or made by the Marine World JPA in any document, instrument or certificate furnished to the Trustee or the Authority in connection with the issuance of the Notes shall at any time prove to have been incorrect in any respect as of the time made;

(c) If the Marine World JPA shall fail to observe or perform any covenant, condition, agreement or provision in this Loan Agreement on its part to be observed or performed, other than as referred to in subsection (a) or (b) of this Section, or shall breach any warranty by the Marine World JPA herein contained, for a period of sixty (60) days after written notice, specifying such failure or breach and requesting that it be remedied, has been given to the Marine World JPA by the Authority or the Trustee; except that, if such failure or breach can be remedied but not within such sixty (60) day period and if the Marine World JPA has taken all action reasonably possible to remedy such failure or breach within such sixty (60) day period, such failure or breach shall not

become a Loan Default Event for so long as the Marine World JPA shall diligently proceed to remedy such failure or breach in accordance with and subject to any directions or limitations of time established by the Trustee;

(d) If the Marine World JPA files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the Marine World JPA's facilities;

(e) If a court of competent jurisdiction shall enter an order, judgment or decree declaring the Marine World JPA an insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the Marine World JPA or of the whole or any substantial part of the Marine World JPA's facilities, or approving a petition filed against the Marine World JPA seeking reorganization of the Marine World JPA under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof;

(f) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Marine World JPA's facilities, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control; and

(g) Any Event of Default as defined in and under the Indenture.

Section 5.2. Remedies on Default. If a Loan Default Event shall occur, then, and in each and every such case during the continuance of such Loan Default Event, the Trustee on behalf of the Authority, but subject to the limitations in the Indenture as to the enforcement of remedies, may take such action as it deems necessary or appropriate to collect amounts due hereunder, to enforce performance and observance of any obligation or agreement of the Marine World JPA hereunder or to protect the interests securing the same, and may, without limiting the generality of the foregoing:

(a) Exercise any or all rights and remedies given hereby or available hereunder or given by or available under any other instrument of any kind securing the Marine World JPA's performance hereunder;

(b) By written notice to the Marine World JPA declare an amount equal to all amounts then due and payable on the Notes, whether by acceleration of maturity or otherwise, to be immediately due and payable under this Loan Agreement, whereupon the same shall become immediately due and payable; and

(c) Take any action at law or in equity to collect the payment required hereunder then due, whether on the stated due date or by declaration of acceleration or otherwise, for

damages or for specific performance or otherwise to enforce performance and observance of any obligation, agreement or covenant of the Marine World JPA hereunder.

Section 5.3. Discontinuance or Abandonment of Default Proceedings. If any proceeding taken by the Trustee on account of any Loan Default Event shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every case the Authority, the Trustee and the Marine World JPA shall be restored to their former position and rights hereunder, respectively, and all rights, remedies and powers of the Authority and the Trustee shall continue as though no such proceeding had taken place.

Section 5.4. Remedies Cumulative. No remedy conferred upon or reserved to the Authority or the Trustee hereby or now or hereafter existing at law or in equity or by statute, shall be exclusive but shall be cumulative with all others. Such remedies are not mutually exclusive and no election need be made among them, but any such remedy or any combination of such remedies may be pursued at the same time or from time to time so long as all amounts realized are properly applied and credited as provided herein. No delay or omission to exercise any right or power accruing upon any Loan Default Event shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient by the Authority or the Trustee. In the event of any waiver of a Loan Default Event hereunder, the parties shall be restored to their former positions and rights hereunder, but no such waiver shall extend to any other or subsequent Loan Default Event or impair any right arising as a result thereof. In order to entitle the Trustee to exercise any remedy reserved to it, it shall not be necessary to give notice other than as expressly required herein.

Section 5.5. Application of Moneys Collected. Any amounts collected pursuant to action taken under this Article shall be applied in accordance with the provisions of Article VII of the Indenture.

Section 5.6. Attorneys' Fees and Other Expenses. If, as a result of the occurrence of a Loan Default Event, the Authority, or the Trustee employs attorneys or incurs other expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Marine World JPA, the Marine World JPA will, on demand, reimburse the Authority, or the Trustee, as the case may be, for the reasonable fees of such attorneys and such other reasonable expenses so incurred.

Section 5.7. Notice of Default. The Marine World JPA agrees that, as soon as is practicable, and in any event within five (5) days, the Marine World JPA will furnish the Trustee, notice of any event which is a Loan Default Event pursuant to Section 5.1 which has occurred and is continuing on the date of such notice, which notice shall set forth the nature of such event and the action which the Marine World JPA proposes to take with respect thereto.

ARTICLE VI

MISCELLANEOUS

Section 6.1. Amendments and Supplements. This Loan Agreement may be amended, changed or modified only as provided in Section 5.11 of the Indenture.

Section 6.2. Time of the Essence; Non-Business Days. Time shall be of the essence for purposes of this Loan Agreement. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing business day with the same effect as though performed on the appointed day or within the specified period.

Section 6.3. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the Authority and the Marine World JPA and their respective successors and assigns, subject to the limitations contained herein; provided, however, that the Trustee shall have only such duties and obligations as are expressly given to it hereunder. To the extent that this Loan Agreement confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of this Loan Agreement, the Trustee is hereby expressly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 6.4. Entire Agreement. This Loan Agreement, together with all agreements and documents incorporated by reference herein, constitutes the entire agreement of the parties and is not subject to modification, amendment, qualification or limitation except as expressly provided herein.

Section 6.5. Severability. If any covenant, agreement or provision, or any portion thereof contained in this Loan Agreement, where the application thereof to any person or circumstance is held to be unconstitutional, invalid or unenforceable, the remainder of this Loan Agreement and the application of such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Loan Agreement shall remain valid, and the Bondholders shall retain all valid rights and benefits accorded to them under this Loan Agreement and the Constitution and laws of the State of California.

Section 6.6. Notices.

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first-class mail, postage prepaid and addressed as follows:

(i) to the Authority at:

Vallejo Public Financing Authority
555 Santa Clara Street
Vallejo, California 94590
Attention: Treasurer

(ii) to the Marine World JPA at:

Marine World Joint Powers Authority
555 Santa Clara Street
Vallejo, California 94590
Attention: Treasurer

(iii) If to the Trustee:

The Bank of New York Trust Company, N.A.
550 Kearny St., Suite 600
San Francisco, California 94108
Attention: Corporate Trust Department

(b) The Marine World JPA, the Authority and the Trustee may at any time and from time to time by notice in writing to the other Persons listed in Section 6.6(a) designate a different address or addresses for notice under this Loan Agreement.

Section 6.7. Waiver of Personal Liability. No member, officer, agent or employee of the Marine World JPA shall be individually or personally liable for the payment of Loan Repayments, Additional Payments or any other amounts payable hereunder or be subject to personal liability or accountability by reason of the execution and delivery of this Loan Agreement or the issuance of the Notes; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

Section 6.8. Term. Except as otherwise provided herein this Loan Agreement shall remain in full force and effect from the date of execution hereof until no Notes remain Outstanding under the Indenture and all payments required hereunder have been made.

Section 6.9. Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 6.10. Governing Law. This Loan Agreement shall be construed in accordance with and governed by the Constitution and laws of the State of California applicable to contracts made and performed in the State of California.

IN WITNESS WHEREOF, the Authority and the Marine World JPA have caused this Loan Agreement to be executed in their respective names as of the date first written above.

VALLEJO PUBLIC FINANCING AUTHORITY

By _____
Executive Director

MARINE WORLD JOINT POWERS AUTHORITY

By _____
Executive Director

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ATTACHMENT 4

FOURTEENTH SUPPLEMENT TO CASH FLOW MANAGEMENT AGREEMENT

This Fourteenth Supplement to Cash Flow Management Agreement (the "Supplement"), dated as of January 1, 2007, is by and among the Redevelopment Agency of the City of Vallejo (the "Agency"), the Marine World Joint Powers Authority (the "Marine World JPA") and The Bank of New York Trust Company, N.A., as successor trustee (the "Trustee").

RECITALS:

WHEREAS, the Agency, Marine World Foundation (the "Foundation") and Meridian Trust Company of California, as trustee (the "First Prior Trustee") have entered into a Cash Flow Management Agreement, dated as of January 1, 1993 (said agreement, as supplemented by the First Supplement to Cash Flow Management Agreement, entered into as of November 1, 1993, the Second Supplement to Cash Flow Management Agreement, entered into as of November 1, 1994, the Third Supplement to Cash Flow Management Agreement, entered into as of November 1, 1995, the Fourth Supplement to Cash Flow Management Agreement, entered into as of November 1, 1996, the Fifth Supplement to Cash Flow Management Agreement, entered into as of November 1, 1997, the Sixth Supplement to Cash Flow Management Agreement, dated as of December 1, 1998, the Seventh Supplement to Cash Flow Management Agreement, dated as of December 1, 1999, the Eighth Supplement to Cash Flow Management Agreement, dated as of December 1, 2000, the Ninth Supplement to Cash Flow Management Agreement, dated as of December 1, 2001, the Tenth Supplement to Cash Flow Management Agreement, dated as of January 1, 2003, the Eleventh Supplement to Cash Flow Management Agreement, dated as of January 1, 2004, the Twelfth Supplement to Cash Flow Management Agreement, dated as of January 1, 2005, the Thirteenth Supplement to Cash Flow Management Agreement, dated as of January 1, 2006 and by this Supplement, is herein called the "Agreement"), providing for (i) certain advances to the Marine World Foundation (or, in the case of the Fourth Supplement, the Fifth Supplement, the Sixth Supplement, the Seventh Supplement, the Eighth Supplement, the Ninth Supplement, the Tenth Supplement, the Eleventh Supplement, the Twelfth Supplement, the Thirteenth Supplement and this Supplement, to the Marine World JPA) from the proceeds of loans (the "Loans") by the Vallejo Public Financing Authority (the "Authority") to the Agency or, in the case of the Sixth Supplement, the Seventh Supplement, the Eighth Supplement, the Ninth Supplement, the Tenth Supplement and the Eleventh Supplement, the proceeds of notes issued by the Marine World JPA, and (ii) the disposition of revenues derived by the Marine World Foundation from (or, in the case of the Fourth Supplement, the Fifth Supplement, the Sixth Supplement, the Seventh Supplement, the Eighth Supplement, the Ninth Supplement, the Tenth Supplement, the Eleventh Supplement, the Twelfth Supplement, the Thirteenth Supplement and this Supplement, from the Marine World JPA) the operation of Marine World (as defined in the Agreement); and

WHEREAS, BNY Western Trust Company was a successor in interest to the First Prior Trustee (the "Second Prior Trustee") under the Agreement; and

WHEREAS, the Trustee is the successor in interest to the First Prior Trustee and the Second Prior Trustee under the Agreement; and

WHEREAS, Marine World JPA is the successor in interest to the Marine World Foundation under the Agreement; and

WHEREAS, in order to provide moneys to make advances in respect of the Loans or otherwise finance operating deficits, the Authority issued its Revenue Anticipation Notes, 1993 Series A, 1993 Series C, 1994 Series A, 1995 Series A, 1996 Series A, 2005 Series A and 2006 Series A, and the Marine World JPA issued its Revenue Anticipation Notes, 1997 Series A, 1998 Series A, 1999 Series A, 2000 Series A, 2001 Series A, 2003 Series A and 2004 Series A (collectively, the "Prior Series A Notes"); and

WHEREAS, all of the Prior Series A Notes have been paid in full; and

WHEREAS, in order to provide moneys to fund various reserve funds for certain of the Prior Series A Notes, the Authority issued its Revenue Anticipation Notes, 1993 Series B, 1993 Series D, 1994 Series B, 1995 Series B, 1996 Series B and 1997 Series B (collectively, the "Prior Series B Notes"); and

WHEREAS, all of the Prior Series B Notes have been paid in full; and

WHEREAS, the Authority will be issuing its Taxable Revenue Anticipation Notes, 2007 Series A, which notes are to be considered additional Series A Notes under the Agreement, in furtherance of the purposes of the Agreement, and the parties hereto now desire to again supplement the Agreement, as provided herein, in order to properly reflect the intentions of the parties with respect to such additional series of notes.

NOW, THEREFORE, in consideration of the premises and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

Section 1. Revised Definitions. Except as otherwise modified or supplemented herein, capitalized terms used in this Supplement shall have the meanings specified in Section 1.01 of the Agreement. The following terms used in the Agreement shall be modified and/or supplemented, or added to the Agreement, as applicable, as follows:

(a) Agreement. The term "Agreement" means the Cash Flow Management Agreement, as originally executed and as supplemented by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, the Sixth Supplement, the Seventh Supplement, the Eighth Supplement, the Ninth Supplement, the Tenth Supplement, the Eleventh Supplement, the Twelfth Supplement and the Thirteenth Supplement, each as identified in the first recital hereto, and by this Supplement, and as it may hereafter be further amended or supplemented.

(b) Cash Flow. The term "Cash Flow" means, for the period of computation, Receipts less Operating Expenses; provided that the first \$ _____ of Receipts collected during the period from January __, 2007 through [November 1], 2007, shall not

be considered Cash Flow, such amount to be paid by the Marine World JPA directly to the Trustee for deposit in the Debt Service Fund.

(c) Series A Notes. The term "Series A Notes" means the Authority's Taxable Revenue Anticipation Notes, 2007 Series A.

(d) Series A Notes Indenture. The term "Series A Notes Indenture" means the Indenture of Trust, dated as of January 1, 2007, between the Authority and the Trustee, securing the Series A Notes.

Section 2. Revised Exhibits. All references in the Agreement to Exhibits A, E and F to the Agreement shall hereafter refer to the revised Exhibits A, E and F attached to this Supplement and by this reference incorporated herein.

Section 3. Ratification. Except as modified or supplemented pursuant to this Supplement, the terms and provisions of the Agreement are hereby ratified and confirmed.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF the parties hereto have executed this Supplement as of the date first above written.

REDEVELOPMENT AGENCY OF THE
CITY OF VALLEJO

By: _____
Executive Director

MARINE WORLD JOINT POWERS
AUTHORITY

By: _____
Executive Director

THE BANK OF NEW YORK TRUST
COMPANY, N.A., as successor Trustee

By: _____
Authorized Officer

EXHIBIT A

SCHEDULE OF WITHDRAWALS FROM ADVANCES FUND

<u>Date</u>	<u>Cumulative Amount That May be Advanced under Section 3.01(b) of the Agreement</u>
Closing Date	
February 28, 2007	
March 31, 2007	
April 30, 2007	
May 1, 2007 and thereafter	Any remaining amount on deposit in the Advances Fund.

EXHIBIT E

TRANSFERS FROM THE CASH FLOW FUND TO THE DEBT SERVICE FUND

Date

Amount to be Transferred

In accordance with the definition of Cash Flow herein, the first Receipts in excess of Operating Expenses, in the amount set forth under "Amount to be Transferred," are to be deposited directly to the Debt Service Fund, said deposit to be made no later than two Business Days prior to July 15, 2007.

\$ _____

EXHIBIT F

TRANSFERS FROM THE NOTE PROCEEDS ACCOUNT

<u>Date</u>	<u>Amount to be transferred</u>	<u>Entity to whom Transfer is to be made</u>
February 1, 2007	All amounts remaining in the Current Refunding Subaccount of the Debt Service Fund	The Bank of New York Trust Company, N.A., as successor trustee for the 1997 Certificates

ATTACHMENT 5

**VALLEJO PUBLIC FINANCING AUTHORITY
TAXABLE REVENUE ANTICIPATION NOTES,
2007 SERIES A**

PURCHASE CONTRACT

January __, 2007

Vallejo Public Financing Authority
555 Santa Clara Street
Vallejo, California 94590

Marine World Joint Powers Authority
555 Santa Clara Street
Vallejo, California 94590

Ladies and Gentlemen:

Six Flags, Inc. ("Six Flags") offers to enter into this Purchase Contract with the Vallejo Public Financing Authority (the "Authority") and the Marine World Joint Powers Authority (the "Marine World JPA") subject to your acceptance hereof.

1. **Introduction.** The Authority is authorized to issue up to \$14,000,000 principal amount of its Vallejo Public Financing Authority Taxable Revenue Anticipation Notes, 2007 Series A (the "Notes"). The Notes will be issued and secured under an Indenture of Trust, dated as of January 1, 2007 (the "Indenture"), between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The proceeds of the Notes will be loaned to the Marine World JPA pursuant to a Loan Agreement, dated as of January 1, 2007 (the "Loan Agreement"), between the Authority and the Marine World JPA. The Notes will mature on November 1, 2007, will be dated January __, 2007, bear interest at the rate of [7.0]% per annum and be in the maximum principal amount of \$14,000,000.

2. **Purchase, Sale and Delivery of Notes.** On the basis of the representations, warranties and agreements contained herein, but subject to the terms and conditions herein set forth, Six Flags hereby agrees to purchase from the Authority, and the Authority hereby agrees to sell to Six Flags, up to \$14,000,000 principal amount of the Notes at a purchase price of par. Six Flags shall advance to the Trustee \$[5,000,000] on the Closing Date (referenced below) representing payment in full of the purchase price of Notes in the principal amount of such advance (the "Initial Advance"), and Six Flags shall advance additional amounts (in amounts of \$50,000.00 or any integral multiple of \$1.00 in excess thereof) from time to time to the Trustee

representing the payment in full of the purchase price of Notes in the principal amount of each such additional advance upon written request of Park Management Corp. (in its capacity as the manager under the 1997 Management Agreement Relating to Marine World dated as of February 1, 1997, as amended, between the Authority and Park Management Corp.) or the Authority (with a copy of any such request delivered to the Trustee), with the total of all such advances not to exceed \$14,000,000.

Six Flags agrees to confirm, upon written request of the Trustee or the Authority, the total amount it has advanced from time to time in respect of the purchase price of the Notes hereunder.

The Authority will deliver the Notes to Six Flags against payment of the Initial Advance by wire transfer payable in federal funds to the Trustee, by 10:00 a.m., California time, on January __, 2007 (such time being hereinafter referred to as the "Closing Date").

The Notes will be delivered at the offices of Six Flags in New York, New York, in definitive fully registered form, in the form of one typewritten Note registered in the name of Six Flags.

3. No Resale. Six Flags is purchasing the Notes for its own account, acknowledges that the Notes are not transferable, and hereby agrees not to sell any of the Notes or any interest therein.

4. Financing Consultant. In connection with the issuance of the Notes, the Marine World JPA has engaged Public Financial Management to serve as its financing consultant (the "Financing Consultant") to assist the Marine World JPA in developing the financial feasibility of the Marine World JPA's cash flow program and the financial structure of the Notes.

5. Additional Documents. On or prior to the Closing Date, Six Flags shall have received, in addition to copies of the Indenture, the Loan Agreement and the Notes, a copy of the Fourteenth Supplement to Cash Flow Management Agreement, dated as of January 1, 2007, by and among the Marine World JPA, the Trustee and the Redevelopment Agency of the City of Vallejo (the "Fourteenth Supplement"). The Fourteenth Supplement, together with the Composite Cash Flow Management Agreement, dated as of January 1, 1993 (the "Composite Agreement"), among the Agency, the Marine World JPA and the Trustee (being the Cash Flow Agreement, dated as of January 1, 1993, as amended and supplemented to and including the sixth supplement thereto), the Seventh Supplement to Cash Flow Management Agreement, dated as of December 1, 1999, among the Marine World JPA, the Agency and the Trustee, the Eighth Supplement to Cash Flow Management Agreement, dated as of December 1, 2000, among the Marine World JPA, the Agency and the Trustee, the Ninth Supplement to Cash Flow Management Agreement, dated as of December 1, 2001, among the Marine World JPA, the Agency and the Trustee, the Tenth Supplement to Cash Flow Management Agreement, dated as of January 1, 2003, among the Marine World JPA, the Agency and the Trustee, the Eleventh Supplement to Cash Flow Management Agreement, dated as of January 1, 2004, among the Marine World JPA, the Agency and the Trustee, the Twelfth Supplement to Cash Flow Management Agreement, dated as of January 1, 2005, among the Agency, the Trustee and the Marine World JPA, the Thirteenth Supplement to Cash Flow Management Agreement, dated as

of January 1, 2006, among the Agency, the Trustee and the Marine World JPA, the Revenue Sharing Agreement referenced in the Composite Agreement and the Associate Membership Agreement, dated as of January 1, 2005 (the "Associate Membership Agreement"), between the Authority and the Marine World JPA, are referred to herein as the "Additional Documents."

6. Representations and Warranties of the Authority. The Authority represents and warrants to Six Flags, as of the date hereof and as of the date of each additional advance of the purchase price of the Notes described in Section 2 above, that:

(a) The Authority is a public body corporate and politic of the State of California (the "State") and has full legal right, power and authority (i) to enter into this Purchase Contract, (ii) to issue, sell and deliver the Notes as provided herein, and (iii) to execute and deliver and carry out the transactions on its part contemplated by this Purchase Contract, the Indenture, the Loan Agreement and the Associate Membership Agreement, as they may be amended or supplemented from time to time by the Authority;

(b) By official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Indenture, the Loan Agreement, the Associate Membership Agreement, the Notes and this Purchase Contract;

(c) The Authority is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would have a material adverse effect on the transactions on its part contemplated by this Purchase Contract; and the execution and delivery of the Notes, the Indenture, the Loan Agreement, the Associate Membership Agreement and this Purchase Contract, and compliance by the Authority with the provisions of each thereof, will not conflict with or constitute a breach of default under any law, administrative regulation, judgment, decree, loan agreement, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject;

(d) All approvals, consents and orders of any governmental authority, board or commission having jurisdiction which would constitute a condition precedent to the performance by the Authority of its obligations hereunder and under the Indenture, the Loan Agreement, the Associate Membership Agreement and the Notes, have been obtained;

(e) There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, public board or body pending with respect to which the Authority has been served with process or, to the knowledge of the Authority, threatened against the Authority affecting the existence of the Authority or the titles of its officials to their respective offices, or the pledge of revenues to pay the principal of and interest on the Notes, or in any way contesting or affecting the validity or enforceability of the

Notes, the Indenture, the Loan Agreement, the Associate Membership Agreement or this Purchase Contract, or contesting the powers of the Authority or its authority for the issuance of the Notes, or the execution and delivery of this Purchase Contract, the Indenture, the Loan Agreement or the Associate Membership Agreement, nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of the Notes, the Indenture, the Loan Agreement, the Associate Membership Agreement, or this Purchase Contract; and

(f) The Notes, when issued, authenticated and delivered in accordance with the Indenture and sold to Six Flags as provided herein, will be validly issued and outstanding limited obligations of the Authority entitled to the benefits of the Indenture.

Any certificate signed by an authorized official of the Authority and delivered to Six Flags in connection with the Notes shall be deemed a representation and warranty by the Authority to Six Flags as to the statements made therein.

7. Representations and Warranties of the Marine World JPA. The Marine World JPA represents and warrants to Six Flags, as of the date hereof and as of the date of each additional advance of the purchase price of the Notes described in Section 2 above, that:

(a) The Marine World JPA is a public body corporate and politic of the State and has full legal right, power and authority (i) to enter into this Purchase Contract, and (ii) to execute and deliver and carry out the transactions on its part contemplated by this Purchase Contract, the Loan Agreement and the Additional Documents, as they may be amended or supplemented from time to time by the Marine World JPA;

(b) By official action of the Marine World JPA prior to or concurrently with the acceptance hereof, the Marine World JPA has duly authorized and approved the execution and delivery of, and the performance by the Marine World JPA of the obligations on its part contained in, the Loan Agreement, the Additional Documents and this Purchase Contract;

(c) The Marine World JPA is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, note, resolution, agreement or other instrument to which the Marine World JPA is a party or is otherwise subject, which breach or default would have a material adverse effect on the transactions on its part contemplated by this Purchase Contract; and the execution and delivery of the Loan Agreement, the Additional Documents and this Purchase Contract, and compliance by the Marine World JPA with the provisions of each thereof, will not conflict with or constitute a breach of default under any law, administrative regulation, judgment, decree, loan agreement, note, resolution, agreement or other instrument to which the Marine World JPA is a party or is otherwise subject;

(d) All approvals, consents and orders of any governmental authority, board or commission having jurisdiction which would constitute a condition precedent to the performance by the Marine World JPA of its obligations hereunder and under the Loan

Agreement and the Additional Documents, have been obtained; and

(e) There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, public board or body pending with respect to which the Marine World JPA has been served with process or, to the knowledge of the Marine World JPA, threatened against the Marine World JPA affecting the existence of the Marine World JPA or the titles of its officials to their respective offices, or the pledge of revenues to pay the principal of and interest on the Notes, or in any way contesting or affecting the validity or enforceability of the Notes, the Indenture, the Loan Agreement, the Additional Documents or this Purchase Contract, or contesting the powers of the Marine World JPA or its authority for the execution and delivery of this Purchase Contract, the Loan Agreement or the Additional Documents nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of the Loan Agreement, the Additional Documents or this Purchase Contract.

Any certificate signed by an authorized official of the Marine World JPA and delivered to Six Flags in connection with the Notes shall be deemed a representation and warranty by the Marine World JPA to Six Flags as to the statements made therein.

8. Conditions to the Obligations of Six Flags. Six Flags hereby enters into this Purchase Contract in reliance upon the representations and warranties of the Authority and the Marine World JPA contained herein and the representations and warranties to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the Authority and the Marine World JPA of its obligations under this Purchase Contract on and as of the Closing Date and, to the extent applicable, as of the date of each additional advance of the purchase price of the Notes described in Section 2 above. Accordingly, the obligation of Six Flags to purchase and pay for the Notes will be subject to the accuracy of the representations and warranties of the Authority and the Marine World JPA herein, to the accuracy of statements to be made on behalf of the Authority and the Marine World JPA hereunder, to the performance by the Authority and the Marine World JPA of its obligations hereunder and to the following additional conditions precedent:

(a) At the Closing Date, the Indenture, the Loan Agreement, the Additional Documents and all other official action of the Authority, the Marine World JPA and the Agency relating thereto shall be in full force and effect and shall not have been amended, modified or supplemented.

(b) At the Closing Date (i) the Authority shall have received an approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, in substantially the form attached hereto as Exhibit A, and (ii) Six Flags shall have received a reliance letter of Bond Counsel dated the Closing Date and addressed to Six Flags to the effect that Six Flags may rely upon the foregoing opinion as if such opinion was addressed to it.

(c) Six Flags shall have received an opinion, dated the Closing Date and addressed to Six Flags, of the City Attorney acting as Counsel to the Authority and the

Marine World JPA, in substantially the forms attached hereto as Exhibit B and Exhibit C.

(d) Six Flags shall have received a certificate, dated the Closing Date and signed by an authorized officer of the Trustee, to the effect that: (i) he is an authorized officer of the Trustee; (ii) the duties and obligations of the Trustee under the Indenture and the Composite Cash Flow Agreement have been duly accepted by the Trustee; (iii) the Trustee has all necessary corporate and trust powers required to carry out the Indenture; and (iv) to the best of his knowledge, the acceptance by the Trustee of the duties and obligations of the Trustee under the Indenture and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any law, administrative regulation, consent decree or any agreement or other instrument to which the Trustee is subject.

(e) Six Flags shall have received the opinion of the City Attorney, acting as counsel to the Agency, dated the Closing Date, to the effect that:

(i) the Agency is duly organized and validly existing under the laws of the State of California;

(ii) the resolution of the Agency approving and authorizing the execution and delivery of the Fourteenth Supplement was duly adopted at a meeting of the governing body of the Agency which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(iii) the execution and delivery of the Additional Documents to which it is a party and the compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Agency is subject;

(iv) the Additional Documents to which the Agency is a party are legal, valid and binding obligations of the Agency enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, moratorium and other laws affecting creditors' rights and subject to the exercise of judicial discretion in accordance with general principles of equity; and

(v) to the best knowledge of such counsel, there is no action, suit or proceeding or investigation at law or in equity before or by any court, public body known to be pending or threatened against or affecting the Agency to restrain or enjoin the Agency's participation in, or in any way contesting the existence or powers of the Agency with respect to its consummation of, the transactions on its part contemplated by the Additional Documents to which it is a party.

(f) Six Flags shall have received (or shall receive) a certificate of the Authority, dated the Closing Date and the date of each additional advance of the purchase

price of the Notes described in Section 2 above, in each case signed by an authorized official of the Authority, to the effect that:

(i) the representations and agreements of the Authority contained in the Indenture, the Loan Agreement, the Associate Membership Agreement and this Purchase Contract are true and correct in all material respects as of the date of such certificate; and

(ii) to the best of such official's knowledge, no litigation is pending or threatened (either in state or federal courts) (x) to restrain or enjoin the issuance, sale or delivery of any of the Notes; (y) in any way contesting or affecting the authority for the issuance, sale or delivery of the Notes or the validity of the Notes, the Indenture, the Loan Agreement, the Associate Membership Agreement or this Purchase Contract; or (z) in any way contesting the existence or powers of the Authority.

(g) Six Flags shall have received (or shall receive) a certificate of the Marine World JPA, dated the Closing Date and the date of each additional advance of the purchase price of the Notes described in Section 2 above, in each case signed by an authorized official of the Marine World JPA, to the effect that:

(i) the representations and agreements of the Marine World JPA contained in the Loan Agreement, the Additional Documents and this Purchase Contract are true and correct in all material respects as of the date of such certificate; and

(ii) to the best of such official's knowledge, no litigation is pending or threatened (either in state or federal courts) (y) in any way contesting or affecting the Marine World JPA for the validity of the Loan Agreement, the Additional Documents or this Purchase Contract; or (z) in any way contesting the existence or powers of the Marine World JPA.

(h) Six Flags shall have received a certificate of the Agency, dated the Closing Date, signed by an authorized official of the Agency to the effect that:

(i) the representations and agreements of the Agency contained in the Additional Documents to which it is a party are true and correct in all material respects as of the Closing Date; and

(ii) to the best of such official's knowledge, no litigation is pending or threatened (either in state or federal courts) in any way contesting the existence or powers of the Agency.

(i) The Authority, the Marine World JPA and Six Flags shall have received a certificate of Park Management Corp. (the "Corporation") to the effect that (i) the Corporation is not in default in any material respect under the 1997 Management Agreement Relating to Marine World, dated as of February 1, 1997, as amended, with the Authority, and (ii) the Corporation has consented to the execution and delivery by the

Authority of the Fourteenth Supplement.

9. Conditions to the Obligations of the Authority. The obligations of the Authority to sell the Notes shall be subject to, at the option of the Authority, the following conditions:

(a) No order, decree, injunction, ruling or regulation of any court shall have been issued, nor shall any legislation have been enacted, with the purpose or effect of prohibiting the issuance, offering or sale of the Notes as contemplated hereby.

(b) The documents contemplated by Section 8(b), 8(d), 8(i) and 8(j) of this Purchase Contract shall have been delivered, except as may be waived in writing by the Authority and the Marine World JPA.

10. Termination. Six Flags may terminate its obligations hereunder by written notice to the Authority and the Marine World JPA if, at any time subsequent to the date hereof and on or prior to the Closing Date (in the case of the Initial Advance), or the date of any additional advance of the purchase price of the Notes described in Section 2 above (with regard to the respective additional advance):

(a) Legislation shall have been enacted or any action taken by the Securities and Exchange Commission which has the effect of requiring the offer or sale of the Notes to be registered under the Securities Act of 1933 or the Indenture to be qualified as an indenture under the Trust Indenture Act of 1939.

(b) There shall have occurred any change or any development in, or affecting particularly, the economy of the City generally which, in Six Flags's reasonable judgment with the concurrence of the Financing Consultant, materially impairs the investment quality of the Notes; or any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Notes or in any way contesting or affecting any authority for or the validity of the Notes, or the existence or powers of the Authority.

11. Expenses.

(a) Whether or not a closing shall take place hereunder, Six Flags shall be under no obligation to pay, and the Authority shall pay or cause to be paid but only out of Note proceeds, any expenses incident to the performance of the Authority's obligations hereunder, including, but not limited to, the cost of duplicating the Notes, the fees and expenses of Bond Counsel, the Financing Consultant, the Trustee, accountants or other experts retained by the Authority in connection with the issuance and sale of the Notes, subject to the terms of any agreement among such parties. Six Flags shall have no obligation to pay any expenses incidental to the performance of the Authority hereunder.

(b) Six Flags shall pay its own expenses in connection with its purchase of the Notes.

12. Notices. Any notice or other communication to be given to the Authority under this Purchase Contract may be given by delivering the same in writing to the Authority at its address set forth above, Attention: Treasurer. Any notice or other communication to be given to

the Marine World JPA under this Purchase Contract may be given by delivering the same in writing to the Marine World JPA at its address set forth above, Attention: Treasurer. Any notice or other communication to be given to Six Flags under this Purchase Contract may be given by delivering the same in writing to the address of Six Flags specified below, and any notice or other written communication to be given to the Financing Consultant under this Purchase Contract may be given by delivering notice to Public Financial Management, 50 California Street, San Francisco, California 94111, Attention: Peter W. Miller.

13. Successors. This Purchase Contract is made solely for the benefit of the Authority, the Marine World JPA and Six Flags and no other person shall acquire or have any right hereunder or by virtue hereof except as expressly provided herein with respect to the Financing Consultant. The representations, warranties, and agreements contained herein shall remain operative and in full force and effect and shall survive delivery of and payment for the Notes hereunder, regardless of any investigation made by or on behalf of Six Flags.

14. Repayment of Notes. Upon written request of Six Flags delivered to the Treasurer of the Authority, the Treasurer shall promptly (a) confirm with the Trustee that the Trustee holds moneys in the Revenue Fund (as defined in the Indenture) available to pay all or a portion of the redemption price of the Notes under Section 2.02 of the Indenture, and (b) deliver notice of redemption of the Notes to the Trustee under Section 2.02 of the Indenture, said redemption to be in an amount, rounded down to the nearest \$1,000 in respect of the principal of the Notes to be redeemed, equal to the amount then available for such purpose in the Revenue Fund.

15. Governing Law. This Purchase Contract shall be governed by the laws of the State of California.

16. Effectiveness and Counterparts. This Purchase Contract shall become effective upon the execution of the acceptance hereof by the Authority and may be executed in counterparts.

Very truly yours,

SIX FLAGS, INC.

By: _____
Authorized Representative

Six Flags's Address for Notices:

Six Flags, Inc.
122 East 42nd Street, 49th Floor
New York, NY 10168
Attention: Chief Financial Officer
Fax: (212) 949-6203

Accepted:

VALLEJO PUBLIC FINANCING
AUTHORITY

By: _____
Title: Executive Director

Accepted:

MARINE WORLD JOINT POWERS
AUTHORITY

By: _____
Title: Executive Director

EXHIBIT A

FORM OF OPINION OF BOND COUNSEL

January __, 2007

Vallejo Public Financing Authority
Vallejo, California

Re: Vallejo Public Financing Authority Taxable Revenue Anticipation Notes, 2007 Series A

(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Vallejo Public Financing Authority (the "Issuer") in connection with issuance by the Issuer of not to exceed \$14,000,000 aggregate principal amount of Vallejo Public Financing Authority Taxable Revenue Anticipation Notes, 2007 Series A (the "Notes"), issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code, and an indenture of trust, dated as of January 1, 2007 (the "Indenture"), between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The Indenture provides that the Notes are issued for the purpose of making a loan of the proceeds thereof to the Marine World Joint Powers Authority (the "Marine World JPA") pursuant to a loan agreement, dated as of January 1, 2007 (the "Loan Agreement"), between the Issuer and Marine World JPA. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture; the Loan Agreement; opinions of counsel to the Issuer and the Marine World JPA; certificates of the Authority, the Marine World JPA, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Indenture, the Loan Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Note if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Notes has concluded with their issuance, and we

disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer and the Marine World JPA. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Loan Agreement. We call attention to the fact that the rights and obligations under the Notes, the Indenture and the Loan Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against authorities of the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. We also express no opinion regarding the 1997 Certificates of Participation or the interest with respect thereto or any other agreements to which the Issuer, the Marine World JPA and/or the purchaser of the Notes are parties or the effect of the issuance and purchase of the Notes on any such agreements.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes constitute the valid and binding limited obligations of the Issuer.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Notes, of the Revenues, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
3. The Loan Agreement has been duly executed and delivered and constitutes a valid and binding agreement of the parties thereto.
4. Interest on the Notes is exempt from State of California personal income taxes.

Faithfully yours,
ORRICK, HERRINGTON & SUTCLIFFE LLP

per

EXHIBIT B

LETTERHEAD OF COUNSEL TO THE AUTHORITY

January __, 2007

Six Flags Inc.
122 East 42nd Street, 49th Floor
New York, NY 10168

**VALLEJO PUBLIC FINANCING AUTHORITY
TAXABLE REVENUE ANTICIPATION NOTES
2007 SERIES A**

Dear Sirs:

I have acted as counsel to the Vallejo Public Financing Authority (the "Authority"), in connection with its sale to Six Flags, Inc. ("Six Flags") of the abovementioned Notes (the "Notes") pursuant to a Purchase Contract, dated January __, 2007, among the Authority, the Marine World Joint Powers Authority (the "Marine World JPA") and Six Flags (the "Purchase Contract"). The Notes are being issued pursuant to an Indenture of Trust, dated as of January 1, 2007 (the "Indenture"), between the Authority and The Bank of New York Trust Company, N.A. The proceeds of the Notes are being loaned by the Authority to the Marine World JPA pursuant to a Loan Agreement, dated as of January 1, 2007 (the "Loan Agreement"), between the Authority and the Marine World JPA. In connection with the issuance of the Notes, the Authority and the Marine World JPA have entered into an Associate Membership Agreement, dated as of January 1, 2007 (the "Associate Membership Agreement").

In that connection, I have examined originals or copies certified or otherwise identified to my satisfaction of the Notes, the Indenture, the Loan Agreement, the Purchase Contract and such other papers as I have deemed necessary to render this opinion.

Based on the foregoing, in my opinion:

(i) The Authority is a duly created and lawfully existing public body, corporate and politic.

(ii) All proceedings required by law to provide for issuance by the Authority of the Notes and the execution and delivery of the Indenture, the Loan Agreement and the Purchase Contract have been duly and properly taken in accordance with the laws of the State of California.

(iii) The Indenture, the Loan Agreement and the Purchase Contract have been duly authorized, executed and delivered by the Authority and constitute valid, legal and binding agreements of the Authority enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and subject to the exercise of judicial discretion in appropriate cases.

(iv) The execution and delivery by the Authority of the Indenture, the Loan Agreement and the Purchase Contract and the performance by the Authority of its obligations thereunder do not violate or constitute a default under any agreement or other instrument to which the Authority is a party or by which it is bound.

(v) To the best of my knowledge there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency against the Authority affecting its existence or the titles of its officers to office or seeking to restrain or to enjoin the issuance, sale or delivery of the Notes, the application of the proceeds thereof in accordance with the Indenture, or in any way questioning or affecting the validity or enforceability of the Notes, the Indenture, the Loan Agreement and the Purchase Contract or any action of the Authority contemplated by any of said documents, or in any way contesting the powers of the Authority or other authority with respect to the Notes or any action of the Authority contemplated by any of said documents.

Very truly yours,

EXHIBIT C

LETTERHEAD OF COUNSEL TO THE MARINE WORLD JPA

January __, 2007

Six Flags Inc.
122 East 42nd Street, 49th Floor
New York, NY 10168

**VALLEJO PUBLIC FINANCING AUTHORITY
TAXABLE REVENUE ANTICIPATION NOTES
2007 SERIES A**

Dear Sirs:

I have acted as counsel to the Marine World Joint Powers Authority (the "Marine World JPA"), in connection with the sale to Six Flags, Inc. ("Six Flags") of the abovementioned Notes (the "Notes") pursuant to a Purchase Contract, dated January __, 2007, among the Vallejo Public Financing Authority (the "Authority"), the Marine World JPA and Six Flags (the "Purchase Contract"). The Notes are being issued pursuant to an Indenture of Trust, dated as of January 1, 2007 (the "Indenture"), between the Authority and The Bank of New York Trust Company, N.A.. The proceeds of the Notes are being loaned by the Authority to the Marine World JPA pursuant to a Loan Agreement, dated as of January 1, 2007 (the "Loan Agreement"), between the Authority and the Marine World JPA.

In that connection, I have examined originals or copies certified or otherwise identified to my satisfaction of the Notes, the Indenture, the Loan Agreement, the Purchase Contract, the Additional Documents (as defined in the Purchase Contract) and such other papers as I have deemed necessary to render this opinion.

Based on the foregoing, in my opinion:

(i) The Marine World JPA is a duly created and lawfully existing public body, corporate and politic.

(ii) All proceedings required by law to provide for execution and delivery of the Loan Agreement, the Purchase Contract and the Additional Documents have been duly and properly taken in accordance with the laws of the State of California.

(iii) The Loan Agreement, the Purchase Contract and the Additional Documents have been duly authorized, executed and delivered by the Marine World JPA and constitute valid, legal and binding agreements of the Authority enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and subject to the exercise of judicial discretion in appropriate cases.

(iv) The execution and delivery by the Marine World JPA of the Loan Agreement, the Purchase Contract and the Additional Documents and the performance by the Marine World JPA of its obligations thereunder do not violate or constitute a default under any agreement or other instrument to which the Marine World JPA is a party or by which it is bound.

(v) To the best of my knowledge there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency against the Marine World JPA affecting its existence or the titles of its officers to office or seeking to restrain or to enjoin the issuance, sale or delivery of the Notes, the application of the proceeds thereof in accordance with the Indenture, or in any way questioning or affecting the validity or enforceability of the Notes, the Indenture, the Loan Agreement, the Additional Documents and the Purchase Contract or any action of the Marine World JPA contemplated by any of said documents, or in any way contesting the powers of the Marine World JPA or other authority with respect to the Notes or any action of the Marine World JPA contemplated by any of said documents.

Very truly yours,



ADMIN D

Agenda Item No.

COUNCIL COMMUNICATION

Date: December 19, 2006

TO: Honorable Mayor and Members of the City Council

FROM: John P. Thompson, City Manager *JK*
Craig Whittom, Assistant City Manager/Community Development *AW*
Brian Dolan, Development Services Director *BD*
John Bunch, Project Planner *JB*

SUBJECT: CONSIDERATION OF A RESOLUTION AND ORDINANCE TO AMEND THE VALLEJO MUNICIPAL CODE TO ADD CHAPTER 2.39 TO CREATE A DESIGN REVIEW BOARD TO REVIEW DEVELOPMENT PROJECTS IN THE DOWNTOWN AND WATERFRONT PLANNING AREAS

BACKGROUND AND DISCUSSION

In September and October 2005, the City Council adopted the Downtown Vallejo Specific Plan and the Vallejo Waterfront Master Plan, respectively. Each of these Plans includes design guidelines to be used during the review and development of projects within the boundaries of each planning area.

Both Plans also call for the establishment of a design review board which is to be empowered to review and act on development projects within each planning area. The Downtown Specific Plan is explicit that the new board, which would be created by the City Council, should review major unit plans and related exceptions. It was intended that the approval of such plans by the Design Review Board (DRB) would take the place of approvals currently assigned to Planning staff.

Prior to preparation of a draft ordinance creating a design review board, staff conducted substantial research of similar bodies within the Bay Area, spoke with members of the public and other staff, and sponsored a public meeting to solicit comments and issues related to this matter. Minutes of that meeting are attached.

It is estimated that at least 52 cities in the Bay area, about half of all cities in the area, have created a design review board to consider development projects. The role of such boards is to review the site design, architecture and landscaping of projects proposed within all or part of each city. During its research into other cities' practices, staff focused on the boards of the 18 cities most similar in size to Vallejo. A list of these cities is attached, along with pertinent information about each.

A draft Ordinance was subsequently prepared, considering the information and input received as well as staffs' experience with design review boards in other jurisdictions. Following preparation of the draft Ordinance, this matter was placed on the agenda for the Planning Commission meeting of May 1, 2006. Staff reviewed the draft Ordinance for the Commissioners and public and requested comments and questions. A verbatim transcript of the Planning Commission minutes is attached.

The balance of this section of the City Council report will focus on the substantive issues covered by the proposed Ordinance, including comments made by the Planning Commission and members of the public during the last few weeks. This discussion will follow in the same order these issues appear in the draft ordinance, which is attached.

Powers and duties:

This section of the Ordinance addresses the authority and responsibilities of the new DRB. It identifies their jurisdiction within the Downtown and Waterfront areas. In response to comments made by members of the public, the draft Ordinance specifies that the DRB will use the adopted Design Guidelines in each area and must find that approved projects are consistent with the Guidelines. The DRB would also make direct recommendations to the City Council in the future to amend the Guidelines (as needed) and establish sign standards in these areas.

The draft Ordinance provides that the DRB will have the authority to approve or deny unit plans in the Downtown and Waterfront planning areas. A member of the Planning Commission expressed a preference for the Commission to stay involved in design review in order to maximize oversight over development projects in these areas. As the body with the most expertise in design, staff recommends that the DRB have final approval authority (subject to appeal to the City Council). Staff does not recommend that the DRB be assigned an advisory role to the Planning Commission in the two planning areas. When advice or discussion is needed, the two bodies can conduct a joint meeting or refer items for discussion. Such arrangements do not need to be covered in the proposed Ordinance.

Membership:

This section assigns the number and status of members to be appointed to the DRB. During discussions with the public, some expressed an interest in having more rather than fewer members in order to maximize representation of the community, to limit problems achieving a quorum, and to eliminate the potential for majority votes by only two members (out of a quorum of three in a five-member board). During our research,

it was found that 15 of the 18 cities have boards of five members. The other 3 cities have boards of seven members. Of the 15 cities, 6 may also appoint one or two

alternate members. The fact that the great majority of design review boards are five members in size is consistent with staff's experience. Due to the nature of their work, reviewing plans in great detail in a relatively informal manner, a smaller number of members can operate more efficiently and with greater focus. In staff's view, five voting members represents an optimal number for the ongoing operation of a DRB; the primary consideration in our recommendation.

In an attempt to provide for a greater number of members while insuring their effectiveness, staff recommends the approach used by the 6 cities with alternate members. Thus, it is suggested that the DRB be comprised of 5 board members and 2 alternate members. The draft covers the duties of alternate members. A later Ordinance section covers quorum issues.

Following the Planning Commission meeting, staff received two letters (attached) which raise questions regarding the appointment of alternate members, among other issues. The writers question whether alternates will be adequately motivated to stay engaged in the process and the potential for problems when an alternate becomes a voting member only after a project is continued to a subsequent meeting. With regard to the first issue, this points out the need to appoint highly motivated individuals and for the DRB and staff to continually engage alternates. With regard to the second issue, this is not a matter which is unique to alternate members. Regular members of a commission or board often deal with agenda items when they were absent from a prior meeting. Members can participate in the subsequent discussion and decisions as long as they are adequately prepared.

It should be noted that during the public outreach meetings for the creation of the DRB ordinance, there has been significant support for a seven-member board. Planning Commissioners Turley and Mc Connel both specifically expressed support for a seven-member board at the May 1, 2006 Planning Commission meeting as did a majority of the speakers who addressed the issue that evening. The Waterfront Coalition also supports a seven-member board. If council prefers a seven-member board to a five member board, there would not be a need for alternate members and staff recommends that the ordinance be adopted without the provisions for alternate members.

Qualifications:

One of the main reasons that cities create design review boards is to focus the experience and interest of well qualified citizens on the evaluation of project design. Sixteen of eighteen cities' ordinances include provisions requiring some or all board members to have some background in development design. At least 14 of the ordinances establish that most or all board members have demonstrated ability in the development design field.

Comments received from the public have included a concern that not all members of the DRB should be professionals in the field. It was emphasized that it is important to have lay members of the public on the DRB in order to better represent the community, to help balance expert opinions, and to directly participate in voting. Staff agrees with these comments. It is our experience that design review boards typically include and benefit from lay person membership. This is also confirmed by our review of the other cities' ordinances. While many allocate certain numbers of seats to architects, landscape architects, etc., none of the ordinances we received required all members to be professionals.

Staff does believe that it is important for all DRB members and alternates to have some level of competence and interest in urban design, architecture or landscape design. We believe that it is essential that all members understand basic design principles and are able to read and analyze plans. This is to insure that they can interact effectively with design professionals and their fellow board members and will make informed decisions. Further, while it is not recommended that all DRB members have professional design experience, it is recommended that the City attempt to include a majority with such experience.

During discussions with the Planning Commission, it was suggested that artists be included because of their knowledge of design elements such as color, composition and scale. Certainly, artists are able to discuss and apply design principals. If they are also able to read and analyze development plans, they would be qualified to be considered for the DRB under the criteria proposed in the draft Ordinance.

On another matter, it is interesting to find that only 3 of the 18 cities explicitly require all board members to be residents. It can be difficult to recruit enough design professionals, in particular. In order to help address this potential problem, staff recommends that the DRB ordinance require all DRB members to reside or be employed within the City limits. Some commenters have disagreed with this suggestion, arguing that only residents should be considered. A member of the Planning Commission recommended that staff's suggestion be modified to allow only those who reside or work full-time in Vallejo. In response, the draft Ordinance before the City Council has been modified to specify that all DRB members must have their primary residence or place of employment within the City limits.

Another Commissioner suggested that the City should give preference to residents over those employed if their other qualifications are equal. Beyond observing that two applicants will rarely have equal qualifications, staff has no position on this suggestion. If the Council wishes to include such a provision, the draft Ordinance will need to be revised.

During discussions with the public, it was suggested that representatives and employees of Callahan/DeSilva and Triad Communities be specifically disqualified from DRB membership due to potential conflicts. Staff does not believe that it is necessary or appropriate to name specific development firms in a City ordinance. We agree that such persons would have too many conflicts of interest and feel that, as such, the City Council would not make such an appointment.

Along this line, a couple of Planning Commissioners suggested that the Ordinance should exclude anyone who lives or works in the Downtown or Waterfront planning areas, or within 500 feet of the boundaries, due to potential conflicts of interest. While it is true that excluding such persons would tend to reduce the potential for conflicts of interest, it overlooks other ways people can have conflicts such as owning property, and having business or investment interests. Also, a conflict may occur very infrequently depending on the location of the applicants' residence, employment, etc. Staff believes that potential conflicts of interest are best assessed on an individual basis, so no change in the draft Ordinance is proposed.

Terms of office:

The duration of appointments to boards in all of the other cities ranges from 2 to 4 years, normally with potential reappointments. In Vallejo, this matter is controlled by an existing section of the Municipal Code. Under most circumstances, Vallejo commission and board members are limited to two consecutive four-year terms.

Termination of membership:

This section specifies the conditions under which membership on the DRB is terminated before the end of a term. This includes a reference to another Code section addressing nonattendance at meetings.

Filling of vacancy:

These provisions cover the filling of vacancies, including the potential appointment of an alternate member as a full board member.

Officers:

This primarily covers the selection of the chair and vice-chair positions within the DRB.

Meeting and quorums:

As noted above, members of the public have expressed concern about achieving meeting quorums with a five-member DRB and the related issue of the potential for

official actions to be taken by a majority of just two members from a three-person quorum. The recommended appointment of two alternate members makes it much easier to resolve these issues. With the potential for alternate members to fill in for absent board members, staff recommends that four voting members constitute a quorum and that the affirmative vote of 3 or more be required to take official action.

One of the attached letters raises concerns about the proposed quorum of four voting members. Regarding the point that four members can result in split decisions, this is currently the case with the Planning Commission and other City boards and is not a significant problem. As with other commissions, a failure to receive approval constitutes a denial of a motion. Regarding the second point, a four-member quorum allows three DRB members to be absent at one time.

RELATED ISSUES

A review of the Planning Commission minutes and the attached letters shows that several other issues have been raised that are not addressed in the draft Ordinance. Although all the issues are related to the operation of the DRB, most are not recommended for inclusion in the subject Ordinance.

Alternate members:

A question has been raised regarding the status of alternate members when they are not filling the role of board members. It has been asked whether they would be allowed to participate as general members of the public at DRB meetings. In the absence of rules prohibiting such participation, the answer is yes. This is not likely to be problematic unless an alternate member participates first as a public member and subsequently as a voting DRB member on the same project at different meetings. If the City Council believes that this matter should be addressed in the subject Ordinance, a revised draft is required.

Commission Liaisons:

A Commissioner has suggested that the City Council should consider appointing a Planning Commission member as an ex officio, non-voting member of the DRB. If it wishes, the Council can direct that the Planning Commission appoint a liaison to the DRB. No change would be required in the subject Ordinance to establish a liaison. If the City Council prefers to formally establish a non-voting membership, the proposed Ordinance should be amended to create such a position.

A letter has been received from the Commission on Culture and Arts along the same line. In the letter, the Chairperson suggests that a member of that Commission be appointed to the DRB in recognition of the goal of establishing a downtown arts and entertainment district. While it is true that the Downtown Specific Plan expresses such a goal for the Downtown core, the DRB does not have a role in helping create such a district. Such a district would be established by the mix of arts and entertainment uses which could be drawn to the area. Thus, it would probably be more effective if the Commission on Culture and Arts were involved in City efforts to attract appropriate uses to the core area.

Appointment process:

During meetings and in the attached letters, questions have been raised regarding the process that will be used to appoint DRB members. In response, staff and Planning Commissioners have assured members of the public that the City Council has an established process which requires the submittal of applications and related information and conducts interviews with applicants before making appointments.

Some members of the public who are familiar with the process have suggested that the method of appointment should be changed. Specifically, it has been suggested that each member of the City Council should be able to appoint a member of the DRB. Staff has responded that there does not appear to be a basis for treating the appointment process for the DRB differently from other boards and commissions and raises an issue that appears to be broader than the matters addressed by the subject Ordinance.

Economic interest forms:

In one of the attached letters, it is stated that the economic interest forms currently used by the City of Vallejo do not address all potential conflicts of interest. The letter goes on to propose new language which would broaden the range of disclosures. Staff believes that, while the City Council may wish to address this issue at a future date, this particular matter is beyond the scope of the subject Ordinance.

Development application/review procedures:

In another attached letter, several questions are asked about the application and review process to be used by the City for projects being considered by the DRB. In its presentations to the public and the Planning Commission, staff has emphasized that no new types of applications are being created for review by the DRB. The proposed Ordinance specifies that the DRB is to review and take action on applications for unit plans and exceptions, subject to appeal to the City Council. Thus, all application and

review procedures are well-established and will only change as directed by the subject Ordinance and as experience warrants future improvements.

Design Review of Minor Projects:

Both Waterfront Planned Development Master Plan and the Downtown Specific Plan and the proposed ordinance include requirements that the Design Review Board review "major" projects. Determination of what constitutes a major project is assigned to the Development Services Director. Staff interprets "major projects" to include all new construction and significant exterior additions or alterations, particularly those which are visible from public rights of way or other public spaces. Staff envisions that that the interpretation of the Development Services Director on what constitutes a "major project" will be highly conservative in the early years of the process. Any decision by staff on minor unit plan applications will be appealable to the DRB.

RELATED ZONING ORDINANCE AMENDMENTS

At the recommendation of the City Attorney, several chapters of Title 16, the Zoning Ordinance, must also be amended to fully implement the DRB ordinance. These amendments address appeals from design review decision, actions on exception permits, and actions on unit plans. These are found in Sections 2, 3, 4, and 5 of the attached draft Ordinance. These amendments are proposed to insure clarity and consistency within the Municipal Code and with the adopted Waterfront and Downtown Plans. These specific sections of the ordinance are included in this report for reference but will not be acted on this evening.

Next steps:

The amendments to Chapter 16 described above will be scheduled for consideration by the City Council following a public hearing and recommendation by the Planning Commission as are required for all amendments to Chapter 16 of the VMC. It is anticipated that these hearings will occur in January 2007. Recruitment for the DRB is targeted for January 2007 with appointments made in February. The goal is to have the DRB fully operational by March 1, 2007.

RECOMMENDATION

It is recommended that the City Council implement provisions of both the Waterfront and Downtown Plans by creating a Design Review Board. The establishment of a new DRB is essential to fully realize the visions and policies of the two Plans.

ALTERNATIVES CONSIDERED

Since both Plans call for the creation and utilization of a new Design Review Board, no alternatives were considered to this basic concept. During the presentation and review of the subject Ordinance, various alternatives were considered to the form and makeup of

the DRB including its size and member qualifications. These alternatives are discussed earlier in this report.

ENVIRONMENTAL REVIEW

Pursuant to Section 15061 (B)(3) of Title 14 of the California Code of Regulations, the proposed Code Text Amendment is exempt from CEQA under the general rule that CEQA applies only to projects that have potential for causing a significant effect on the environment. As noted earlier in this report, the proposed Ordinance does not change the types of development projects which are subject to discretionary review or the basic application process to which they are subject. In addition, there is no change to the basic environmental review process to which development projects will be subject. The proposed Ordinance would sometimes result in the DRB reviewing and acting on environmental review documents.

PROPOSED ACTION

Introduce, and hold for first reading, the attached resolution and draft Ordinance adding Chapter 2.39 to the Vallejo Municipal Code to create a Design Review Board for the Downtown and Waterfront planning areas.

DOCUMENTS AVAILABLE FOR REVIEW

- a. Draft City Council resolution
- b. Draft Ordinance
- c. List of Bay Area cities with DRBs
- d. Public meeting minutes, March 23, 2006
- e. Planning Commission minutes, May 1, 2006
- f. E-mail letter from Marti Brown, May 8, 2006
- g. Letter from Leah Dreger, The DeSilva Group, May 8, 2006
- h. Letter from Phil Kohlmetz, Chairperson, Commission on Culture and Arts, May 9, 2006

**CITY OF VALLEJO
CITY COUNCIL COMMUNICATION**

**December 19, 2006
PAGE 10**

**PREPARED BY/CONTACT: John Bunch, Project Planner
(707) 648-4326**

DATE OF REPORT: December 19, 2006

J/Planning/John Bunch/Design Review Board Staff Report CC3.doc

RESOLUTION NO. _____ N.C.

**A RESOLUTION HOLDING ON FIRST READING AN ORDINANCE ADDING
CHAPTER 2.39 TO THE VALLEJO MUNICIPAL CODE TO CREATE THE DESIGN
REVIEW BOARD**

BE IT RESOLVED by the City Council of the City of Vallejo as follows:

WHEREAS, on September 20, 2005, the City Council adopted the Downtown Vallejo Specific Plan and Design Guidelines; and

WHEREAS, on October 25, 2005, the City Council adopted the Vallejo Waterfront Master Plan, including Design Guidelines; and

WHEREAS, the above Plans and Design Guidelines are intended to establish the nature, character, and intensity of development within each Plan's boundaries; and

WHEREAS, the above Plans and Design Guidelines provide the guiding principles, visions, policies, development standards, and design criteria in order to define the physical framework of these areas, give detailed design direction, and facilitate the evaluation of public improvements and private development; and

WHEREAS, both of the above Plans propose the creation of a Design Review Board to ensure a comprehensive review process for all projects in the Downtown and Waterfront areas; and

WHEREAS, City staff solicited and received comments from interested persons regarding the role and establishment of the Design Review Board, including a noticed public meeting on March 23, 2006; and

WHEREAS, City staff subsequently drafted an ordinance pursuant to the above adopted Plans, consistent with existing City ordinances and procedures, and in consideration of issues and comments offered by interested individuals; and

WHEREAS, the Planning Commission and members of the public reviewed and commented on the draft Ordinance at a noticed public meeting on May 1, 2006; and

WHEREAS, the City Council held a public hearing on the draft ordinance on December 19, 2006, in the City Council Chambers of Vallejo City Hall, 555 Santa Clara Street; and

WHEREAS, the City Council finds that the notice of the public hearing was given for the time and in the manner prescribed by law; and

WHEREAS, all interested persons filed written comments with the City Clerk at or before the hearing, all persons desiring to be heard were given an opportunity to be heard in this matter, and all such verbal and written testimony was considered by the City Council; and

WHEREAS, the City Council finds that the proposed Ordinance is consistent with intent of the Vallejo General Plan and the implementation of the Vallejo Waterfront Master Plan and the Downtown Vallejo Specific Plan; and

NOW, THEREFORE, IT IS FOUND AND THAT DETERMINED that:

- (1) the adoption of this proposed Ordinance is not a project under California Environmental Quality Act ("CEQA") pursuant to sections 15060 (c)(3) and 15378 (b)(5) of Title 14 of the California Code of Regulations as the action is considered an administrative or organization activity that will not result in direct or indirect physical changes to the environment.; and
- (2) if the adoption of this proposed Ordinance is found to be a project under CEQA, then in view of the fact that the Design Review Board is to review and act on existing types of discretionary planning applications the adoption of this proposed Ordinance is exempt from the CEQA based on the general rule stated in section 15061 (b)(3) of Title 14 of the California Code of Regulations that CEQA applies only to projects that have the potential for causing a significant effect on the environment and the adoption of this Ordinance will not cause a significant effect on the environment.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Vallejo hereby holds on first reading an Ordinance adding Chapter 2.39 to the Vallejo Municipal Code to create the Design Review Board.

ORDINANCE NO. _____ N.C. (2d)

AN ORDINANCE OF THE CITY OF VALLEJO ADDING CHAPTER 2.39 TO THE VALLEJO MUNICIPAL CODE TO CREATE THE DESIGN REVIEW BOARD

THE COUNCIL OF THE CITY OF VALLEJO DOES ORDAIN AS FOLLOWS:

SECTION 1. The Vallejo Municipal Code is hereby amended by enacting, adopting and adding thereto a new chapter to Title 2, said new chapter to be numbered and to read as follows:

**“Chapter 2.39
DESIGN REVIEW BOARD**

- 2.39.010 Creation.**
- 2.39.020 Purpose.**
- 2.39.030 Powers and Duties.**
- 2.39.040 Membership.**
- 2.39.050 Qualifications.**
- 2.39.060 Term of Office.**
- 2.39.070 Termination of Membership.**
- 2.39.080 Filing of Vacancy.**
- 2.39.090 Officers.**
- 2.39.100 Compensation.**
- 2.39.110 Meetings and Quorum.**
- 2.39.120 Rules and Records.**

2.39.010 Creation.

There is hereby created a Design Review Board, hereinafter referred to as the “board.”

2.39.020 Purpose.

The City Council finds and declares that a disregard for the integration of design with the general appearance, scale, capacity, use and character of certain neighborhoods and districts within the city adversely affects the health, safety, welfare and economy of the citizens of the city. The purpose of the board is to promote orderly, harmonious and attractive development, to encourage the stability of land values and investments in those neighborhoods and districts designated by the city council and to promote the general health, safety and welfare of the citizens of the city.

2.39.030 Powers and Duties.

The board shall:

- A. Conduct design review and make decisions to approve or deny unit plans for development projects within the boundaries of the districts specified in the Downtown Vallejo Specific Plan and the districts specified in the Vallejo Waterfront Design Guidelines. This shall include all new projects, additions to existing building space, and major exterior improvements.
- B. Use the adopted design guidelines as the primary guiding document, in accord with the applicable specific plan or master plan. When approving unit plan applications, the board shall explicitly find that the project, as conditioned, is consistent with the adopted specific plan or master plan development standards and the adopted design guidelines.
- C. Review and make recommendations to the city council regarding proposals to amend the adopted design guidelines and to establish a design program for commercial signs in the downtown or waterfront districts.
- D. Review and comment on the design of other development projects which may be referred by the planning commission or city council.
- E. Exercise such other powers and duties as prescribed by city ordinance or conferred by the city council.

2.39.040 Membership.

The board shall consist of five regular board members and two alternate board members appointed by the city council. A maximum of five members are permitted to deliberate at any one time and vote on any individual project or other matter before the board. Alternate board members may be called upon to fill an absence created when regular board members are unable to attend a meeting or abstain from participation. An alternate board member shall fill a vacancy created when a regular board member has left office. When an alternate board member participates in place of an absent or abstaining member, the alternate board member shall assume all rights and privileges of a regular board member including the authority to vote on matters before the board.

2.39.050 Qualifications.

- A. All regular and alternate board members shall be at least 18 years old and shall reside or be employed within the city limits.
- B. All regular and alternate board members shall have a demonstrated competence and interest in architecture, landscape architecture or urban design through

education, training or experience. This includes, but is not limited to, an understanding of design principles and the ability to read, analyze and interpret architectural and site plans.

- C. It is the intent that a majority of the regular and alternate board members have experience as professional architects, landscape architects, or urban planners with a substantial background in urban design.

2.39.060 Term of Office.

- A. The term of office for each regular board member and alternate board member shall be four years.
- B. The initial terms of regular board members first appointed shall be staggered as follows: two for the term of four years; one for the term of three years; one for the term of two years; and one for the term of one year. The initial terms of alternate board members first appointed shall be as follows: one for the term of three years; and one for the term of one year. To arrange this result, the city council shall specify terms of members first appointed.
- C. If an alternate board member is subsequently appointed as a regular board member, their time as an alternate board member shall be counted for the limitation on term of office provisions of chapter 2.27 of this code.

2.36.070 Termination of Membership.

Membership shall terminate prior to the end of a term of office in the event of:

- A. Death;
- B. Resignation;
- C. Forfeiture of office in accordance with chapter 2.26 of this code; and
- D. Removal shall be governed by section 407 of the city charter.

2.39.080 Filling of Vacancy.

- A. A vacancy shall be filled in the same manner as the original appointment. If an appointment is made due to an expired term, it shall be made for a new full term. Otherwise, the appointment shall be for the unexpired portion of the term.
- B. An alternate board member may be appointed to fill the term of a regular board member, subject to the provisions of section 2.39.070 C of this chapter.

2.39.090 Officers.

- A. The board members shall elect a chairperson and a vice-chairperson from among its members. Each shall serve a term of one year and until a successor is appointed and takes office. The planning manager or the manager's designee shall serve as non-voting secretary to the board.
- B. The chairperson or, in the chairperson's absence, the vice-chairperson, shall preside at all meetings of the board. If both the chairperson and vice-chairperson are absent from a meeting or abstain from participation, the remaining voting members shall elect a temporary chairperson. They shall perform the duties necessary or incidental to their offices.
- C. The secretary shall keep minutes of each meeting and shall record the official actions taken. The secretary shall certify each official document and shall perform other such duties as the board assigns.

2.39.100 Compensation.

Each regular and alternative board member shall serve without compensation, unless otherwise provided by ordinance or resolution adopted by the city council. Reimbursement of expenses shall be as authorized by the planning manager.

2.39.110 Meetings and Quorum.

- A. The board shall fix the time and place of its regular meetings and may hold special meetings in the manner prescribed by state law.
- B. Four voting members of the board constitute a quorum for the transaction of business. An affirmative vote of at least three members is required to take official action. A tie vote shall have the same effect as a denial.

2.39.120 Rules and Records.

The board may adopt rules and procedures for the transaction of its business. The board secretary shall keep a record of all determinations, findings and actions of the board."

SECTION 2. Severability

If any section, subsection, sentence, clause, phrase or word of this Ordinance is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed and adopted this Ordinance, and each and all provisions hereof, irrespective of the fact that one or more portions may be declared invalid.

SECTION 3. Effective Date

This Ordinance shall take effect and be in full force and effect from and after thirty (30) days after its final passage.

LARGEST BAY AREA CITIES WITH DESIGN REVIEW BOARDS

City/Population	Number of Board Members	Qualifications
Antioch 101,000	5	<ul style="list-style-type: none"> • At least 3 members with demonstrated talent in design principles by experience, training, education or occupation • All required to be residents
Berkeley 105,000	7	<ul style="list-style-type: none"> • 2 representatives of the Zoning Adjustments Board, 1 of the Landmarks Preservation Commission, 1 of the Civic Arts Commission, 3 members of the public • The above to include at least 2 licensed architects, 1 licensed landscaped architect, and 2 lay persons
Concord 124,000	5	<ul style="list-style-type: none"> • 3 design professionals – may be non-residents • 1 public member – shall be resident with design experience or training • 1 member of the Planning Commission
Danville 43,000	5 + 1 alternate	<ul style="list-style-type: none"> • 2 -3 members of the Planning Commission • Remaining at-large members, whenever possible, to be architects, landscape architects or others with special training or experience in architecture or design • All members to be residents
Livermore 81,000	5	<ul style="list-style-type: none"> • All to have demonstrated ability in design by avocation, vocation, talent and interest in architecture, landscape architecture or related field • Priority given to professionals with training or experience
Martinez 37,000	5	<ul style="list-style-type: none"> • 2 licensed architects or similar expert • 2 licensed landscape architect or persons with landscaping degree or certificate • 1 member of the public or Planning Commission
Morgan Hill 37,000	5 + 1 alternate	<ul style="list-style-type: none"> • 1 registered architect or professional in related field, 1 landscape architect or horticulturist, 1 licensed general contractor or similarly qualified individual • 2 others with experience in city planning, landscaping, building design or similar profession associated with the development process <p>4 required to reside in City – 1 may reside within City Sphere of Influence (S.O.I.)</p>
Novato 51,000	5 + 2 alternates	<ul style="list-style-type: none"> • All members to be residents, own a business or be employed within the City • No members can hold other office or position for the City
Palo Alto	5	At least 3 architects, landscape architects, building

Attachment C

62,000		designers or other design professionals
City/Population	Number of Board Members	Qualifications
Petaluma 57,000	5	<ul style="list-style-type: none"> • 4 members at large • 1 member of the Planning Commission
Pleasant Hill 34,000	5	<ul style="list-style-type: none"> • Demonstrated talent and interest in aesthetics and architectural design by experience, training, education or occupation
Redwood City 76,000	5 + 2 alternates	<ul style="list-style-type: none"> • At least 3 licensed architects or landscape architects residing or working in the City or S.O.I. • Remaining members to be residents
Richmond 103,000	7	<ul style="list-style-type: none"> • 1 architect, 1 landscape architect or expert in design/construction, 1 businessperson, 2 persons qualified to analyze and interpret architectural and design plans, 2 lay persons • At least 5 members must reside in City; others must work in City
San Rafael 57,000	5 + 1 alternate	<ul style="list-style-type: none"> • 2 licensed architects or building designers, 1 licensed landscape architect, 1 with experience in urban design • All to reside in the City
San Ramon 53,000	5 + 1 alternate	<ul style="list-style-type: none"> • 1 licensed architect, 1 licensed landscape architect • 3 other members either licensed architects, engineers or persons with competent knowledge and ability
Santa Rosa 157,000	7	<ul style="list-style-type: none"> • Up to 4 licensed architects, up to 2 licensed or experienced landscape architects or contractors, 1 licensed engineer • 1 at large member preferably with design interest or in construction industry
So. San Francisco 62,000	5	<ul style="list-style-type: none"> • 2 licensed architects • 2 landscape architects, designer, contractor, horticulturist, or persons with equivalent landscaping experience or background • 1 more of the above or a building or engineering contractor
Walnut Creek 66,000	5	<ul style="list-style-type: none"> • 3 registered architects or landscape architects who may be non-residents • 2 residents at large

Summary Minutes of Design Review Board Meeting-Joseph Room-Thursday March 23rd, 2006

Presentation by John Bunch

Staff present: Brian Dolan, Bonnie Robinson Lipscomb

Public comments

- favors larger board
- smaller board could result in Quorum problems. Majority of 2 too small
- should operate in public meetings
- How frequently should they meet?
- there is a possible need for joint meetings with the Planning Commission on matters they both have jurisdiction over
- lay people (non-professionals) should be allowed to participate
- mission and duties should be clear
- how does it relate to Main Street Design Review Committee
- supports lay people on board
- residency is a must
- need to avoid conflicts of interest-no developers
- only Vallejo residents
- would like to see an early copy of ordinance
- 3 people not enough for a quorum
- how would absences be counted in voting?
- what is the application process?
- would like to have another meeting prior to City Council Review

None.

K. PUBLIC HEARINGS

None.

L. OTHER ITEMS.

1. Discussion of the formation of a Design Review Board

Commissioner Legalos: Are we going to have a presentation by staff or are we going to jump right into questions?

Brian Dolan: I would recommend that we have a brief presentation by staff and then invite the public to come and make comments, and if they would like to ask questions of staff or our consultant, Mr. Bunch, that we be allowed to answer them while they are at the podium so we can have some back and forth. I would not recommend that you allow them to ask questions from their seat. That could get a little unorganized.

Commissioner Legalos: Can the Commission ask questions before the public?

Brian Dolan: Yes. We are trying to run this as informally as we can while still maintaining order to get some back and forth. This is, as described in your memo, is not something that you will be asked to take formal action on tonight or any evening. We are interested in your thoughts on it and we are also interested in hearing additional comments from the public. Some of them have participated in a previous meeting that was held in the Joseph Room on March 23, 2006. I know that Commissioner McConnell was able to attend that meeting. That was before there was an ordinance to comment on. It was a report by Mr. Bunch as to some of the research that he had done to date and a request for comments by those who were able to attend on the various topics. Now he has been able to develop those ideas and comments, based on his research, and his experience into a first draft ordinance. That is what has been distributed for your review prior to this evening.

Chairperson Turley: These different items will be presented. The Commissioners will have the opportunity to ask questions, then the public will have an opportunity to ask questions and make comments, and then maybe the Commissioners might have thought of some more from the public responses. Is that OK?

Brian Dolan: I think that sounds like a good way to handle it.

John Bunch: I am the former Development Services Director for the City of Vallejo. I have worked with most of you on the Commission before now. I retired about four months ago but the City asked me to come back and work on this particular project because of my background on the Downtown Plan and the department and my experience in terms of design review.

Last fall, as you all know, the City Council adopted the Downtown Specific Plan and the Waterfront Master Plan. Those particular plans cover almost 200 acres within those particular areas. Both of those Plans included Design Guidelines to be used by the City in reviewing future projects in those areas. Both of those Plans called for the creation of a Design Review Board (DRB). As envisioned at

the time the DRB would review major unit plans because they are in a planned development district. Both of them are each in a district. The DRB would also review related major exceptions. They would do so just within the Downtown and Waterfront planning areas. Appeals would go directly to the City Council. It should be noted that this process does not create a new type of process. You will still have the same types of applications it is a change in who is going to be reviewing those applications.

Prior to drafting the Ordinance I conducted a bit of research in the Bay Area about what other communities' practices have been. I talked to a number of members of the public about the issue and also conducted a public meeting where a number of members came and expressed their opinions and heard a presentation on what we were considering. The purpose of this meeting is basically to inform the public and the Commission about what is specifically being proposed in the Ordinance and to solicit any comments that the Commission or the public might have.

After this particular meeting the next step is for the Ordinance to go to the City Council as a part of a public hearing. When they adopt the Ordinance then they would be able to appoint members to this new Board. Once they appoint the members to the new Board then staff would initiate the first meeting, help the new Board get organized and ready for action on individual projects.

There are a number of sections proposed in the Ordinance. I am going to go through what I think are the major sections, not every single one, to basically give people an idea of what is being proposed. Under the Powers and Duties section the DRB would basically conduct design review of new projects. Another words the physical design of the projects being proposed in the Downtown and Waterfront areas. They would include, as envisioned by the Ordinance, all new projects, additions to existing building space and major exterior improvements. They would use the adopted Design Guidelines and each of the Plans when reviewing those particular projects. The Ordinance says explicitly that the Board would have to find that the proposed project is not only consistent with the Specific Plan or the Master Plan but also consistent with the Design Guidelines which have been adopted. They would also review and make recommendation to the City Council on any proposals to amend the Design Guidelines and any future new sign regulations or guidelines for either of those areas. They would review and comment on other projects as referred to them by either the Planning Commission or the City Council outside of the boundaries of the Specific Plan and Master Plan areas.

With regard to appeals, they would go directly to the City Council. The Ordinance specifies, as provided by the approvals for the Waterfront Plan, that any project approvals for projects in the Waterfront Plan Area would be automatically appealed to the City Council. Those projects will go through a two-step process.

With regards to membership, this is an area required quite a bit of discussion when I talked to members of the public and at the public meeting. As proposed by this Ordinance the DRB would consist of five members and two alternate members. A maximum of five members would be permitted at any one time to deliberate and act on individual projects. Alternate members might be called upon to fill an absence created by a regular member. An alternate member when they take the place of a regular member would have all the rights and responsibilities of the regular member. In my personal experience, and apparently in the experience of other cities, the size of the Board is a very

important consideration. My experience is that a DRB operates very differently than the City Council or the Planning Commission does. They use a much more informal way. They may not necessarily meet in this room at all. They may meet in a room where there are flat tables where they could spread out the plans, where the members could talk back and forth fairly informally, could discuss things back and forth with members of the public and with the applicant and the design professionals in a much more informal manner. The reason for that is that the DRB will typically get down to a much greater level of detail than is experienced by most Commission meetings or City Council meetings. They need this type of ability to go back and forth in order to be efficient and effective in their work. When you get to a larger number of members it makes that process more difficult and it takes a longer period of time. It makes it difficult to get down to a lot of the detailed issues that you might want to. That is why we are recommending a five member board. However, during our discussions with members of the public they expressed concern that they would rather have a larger board than a smaller board. One of the reasons for that is that they thought it would maximize representation in the community just as seven members on the Planning Commission does. Also there would be some difficulties meeting a quorum or having a relatively low number of people acting on projects. If you had a five member board and that was it, you could have a quorum of three. You could have two members of the three being a majority acting on a project. What I am recommending as part of this Ordinance is a way to address those issues while still having a small membership Board. I am recommending the two alternate members in addition to the five regular members of the Board. Quite a few of the other cities that I looked at had that provision where they could appoint alternate members. What that means then is that when some members are missing from attending meetings one or both of the alternate members could be appointed to fill their place at a meeting. Again they would have all the same rights and responsibilities of the regular member.

With regard to the issue of quorum, later on in the Ordinance I am proposing that the Ordinance specify that a quorum not be three members but four members just like the Planning Commission. A majority vote to take action for particular projects requires three members out of the four or five that are deliberating. That way you won't have a small number of people, smaller than the Commission might experience, taking action on individual projects. This way I think we achieve both ends. Both allowing for a relatively compact Board who can act very well on the projects coming before them and have good representation too.

With regard to term of office, the existing Ordinance already specifies that Board and Commission members are to be appointed to four year terms. Obviously the initial terms would be staggered so that you won't have everyone's terms expiring at the same time.

With regard to qualifications, this also created quite a bit of discussion with members of the public. There are a couple of areas where this was discussed. One was whether or not the Board should be kept strictly to residents of the community or whether they should include broadened somewhat. Most of the ordinances that I reviewed did not have restrictions limiting it just to residents. In fact I think the City should give some consideration to broadening that a little bit to enlarge the pool of people who would be qualified to be on this kind of Board. What I suggested is that they be allowed to be residents or people employed within the City. The other part of that had to do with the qualifications in design by people in the public. Information that I put together showed that almost all the ordinances that I reviewed do require some number of members to be professional design professionals. People who are typically involved in

architecture, landscape architecture, or urban design field. They also do not require that all the members be design professionals. In fact, in my experience, virtually every board that I am aware of had both professionals and lay community members on the board. This is something that the public emphasized that they did not necessarily want all professionals on the Board but lay community members. They felt that this would provide a better balance and a better representation of the community and such. I think that is a particularly good idea. What I have done with this is reflect that in the proposal in the Ordinance. What I suggested is that the majority of the members on the Board be professionals, although there is no guarantee that they would be able to have that. Every lay member should have some demonstrated competence and interest in the design field. The reason for this is that you certainly want people who are able to converse and discuss issues with professionals whether they be on the board or applicants coming in for projects. I have been on boards where people have come in that don't have a strong background in design and it is unfortunate what happens. They tend to become sidelined they do not get as involved in the discussion. I think it is not good for the City or for the people on the Board to have people who cannot discuss the issues which come before them. I think they should have some particular background. It could be just their experience or their study. There are plenty of people that are exposed to development design issues in one way or the other who are not professional designers.

That is the end of my presentation. What I propose to do is go to the table with the microphones over there and if any members of the public or the Commission wants to ask questions it will be a little bit easier to do that.

Commissioner Legalos: In the days leading up to the City Council's vote on the Waterfront I had discussions with several members of the Council and Mr. Dolan about the unit plan approval process and the DRB. The description in this document and what you just gave in your presentation differs in ways that I think are significant from what I understood. I understood that the impetus behind this was to provide information to the Planning Commission specifically on the issues of design since Commissioners are not professionally trained, or professionally qualified to make those decisions without some additional input and that the DRB would not operate independently of, or simply in parallel to the Planning Commission. That was one of the first differences. One of the things you said a few minutes ago was that the DRB would also make judgments as to the compatibility of new plans with the General Plan and with Specific Plans. To me that sounds like an issue and a responsibility of the Planning Commission.

Brian Dolan: I think one of the things that it is important to remember is that the primary dialogue about of the formation of the DRB occurred within the Downtown Specific Plan as opposed to the Waterfront Master Plan. In fact the introduction of the DRB to the Waterfront Master Plan was something that came in right at the end of the process. The requirement adopted by Council was essentially that you should have a DRB that would mimic the Board that was envisioned for Downtown. It was clear to everyone that it would be the same Board addressing both.

With that I will leave it to John to speak about what was envisioned in those conversations with the DAG and others involved with the formation of the Downtown Specific Plan.

Commissioner Legalos: The question still remains as to what are the limits to the purview of the DRB and does that overlap, or perhaps, supersede the Planning Commission in some ways.

John Bunch: Brian Dolan is correct that the idea of the DRB came directly out of the review of the Downtown Specific Plan. As a matter of fact it was one of the ideas that was discussed early on in putting together the Downtown Plan. We really felt that projects in the Downtown Area and certainly projects in the Waterfront Area were frankly going to be too important for staff to take on and approve. Staff does that in quite a bit of cases in the rest of the community. There is going to be such a focus on design issues that it would warrant having people directly involved in the field on an ongoing basis be involved in those kinds of decisions and discussions. It was envisioned from the very beginning on the Downtown Plan that this be a Board that would act on these types of unit plans instead of the Planning Commission. It was not intended to have a parallel process which would lengthen the process and confuse authority. In fact you can really only have one body approve the particular plans. It was envisioned that in order not to confuse the process that we have one particular body taking actions. The fact of my experience in another community, we had a situation where the DRB would take action first and then it would automatically go to the Planning Commission for action and then if there were appeals it would go to the City Council from there. In that situation the Planning Commission became so frustrated. They felt that they were just rubber stamping actions by the DRB because the DRB had more background in design. They were not going to try to second guess the DRB. The Planning Commission specifically asked the City Council to agree to eliminate that double process. In that community now the DRB takes action on those projects and the Planning Commission focuses on project in the balance of town, on tentative maps, on use permits, on rezonings, and those kinds of things. I do not recommend that you have a parallel process. I think that makes everyone's job more difficult and does not result in better projects.

With regard to consistency with plans and such, the DRB's focus is going to be on design. To the extent that there are design issues in the General Plan or the Specific Plan or Master Plan they need to find that that project design is consistent with those particular plans and with the Design Guidelines. The DRB is not going to be making decisions which would be the purview of the staff or the Planning Commission with regard to uses. If there are issues with regards to uses in these areas the staff and/or the Planning Commission will be making those decisions. You do not need to be making those decisions in the context of the unit plan.

Commissioner Legalos: How likely is it that there will be non design related issues to a unit plan? Questions that will not be related to design where in that case I would see the DRB handling the design issues and the other issues coming to the Planning Commission. That certainly sounds like a parallel process and an unnecessary process to me.

John Bunch: The DRB purview is strictly going to be related to design.

Brian Dolan: I think there are a couple of things that affect that answer. Definitely in the case of the Downtown Specific Plan use issues are addressed in a great deal of detail. Somewhat less so in the Waterfront Plan but they are also very parcel specific about what are allowed on those individual parcels. Use is going to be less of a discussion because they are in large part predetermined. There are some processes where the Planning Commission will have to continue

to have a parallel process. Those include the subdivision of land, whether it is lots or a condominium. You are required by State Law to be the body that reviews those. There are also some uses that are allowed in both Plans only by major use permit. As you know that is a permit you issue. While it is our intention to try and avoid duplication in some cases it will have to go to you. Any changes in the Plan would constitute a rezoning, which actually requires Council approval, but it has to come to you first for a recommendation. General Plan Amendment is the same thing.

Commissioner Legalos: There was discussion on the appeals process. I had discussed this with City Council members and in particular former Councilmember Shcively. What I understood and what she understood was not that there would be an automatic appeal of every plan but that the \$200.00 filing fee would be waived to anyone who wanted to appeal. I do not see anything about that in here.

Brian Dolan: That was not the motion that was made and added in. It did not end up in the Ordinance. It was a requirement that the developer automatically appeal. It was actually made a requirement of the Development Agreement. It is in an Ordinance but it is in that agreement as opposed to one of our Codes. If there was some sort of misunderstanding on the part of the Council it wasn't necessarily anything that staff recommended but it was something that the Council requested and was provided as a method to get the issues in front of Council for the final say. It is possible that that particular aspect of the final Waterfront Plan, this only applies to the Waterfront Plan and not the Downtown, might merit some reconsideration.

Commissioner Legalos: I understand that that applies specifically to the Waterfront. If you look at the Downtown Plan and the Waterfront Plan the amount of controversy surrounding the Waterfront Plan is much stronger and I think is going to result in more issues and more problems with a DRB. My feeling still is that it would be better to have that Board making recommendations to the Planning Commission and the Planning Commission giving approval on the unit plan. In this case passing it automatically on to the City Council. If that is what you mean by an appeal yes, I understand that. There is no appellant in fact it is simply an automatic process. Perhaps we could have a modified process for the Waterfront, same Board simply making recommendations to the Commission on the Waterfront unit plan approvals or the design aspects of them and on the less controversial Downtown operating more independently.

John Bunch: Did you want a response?

Commissioner Legalos: No. Would you like to give one?

John Bunch: No I think I have already stated what I think and would prefer.

Commissioner Salvadori: You and Brian have kind of answered the question, there will be opportunities to discuss zoning issues in the Downtown and Waterfront area and more frequently use permits. We see those a lot. Sometimes they do not have to be major uses it is just decreed by the ordinance that that kind of a use requires a major use permit. In cases like that, under your proposal, would you see that going to the DRB first to tidy up whatever design issues are and then coming to the Planning Commission for use permit approval.

John Bunch: That is a very good question. In fact, I have quite a bit of experience with those kinds of issues. It depends on what issues are controlling

factors. Another words, in a situation where you have a building that is going to have a large number of uses and there maybe one use that requires a use permit in there, you are going to want to resolve the design issues first, the larger issues first and then address the use permit for that one particular use. In a situation, however, where it is one or two major uses and those are the ones that require use permits you are going to want to resolve first whether or not the uses are even going to be allowed there. If the uses are not going to be allowed at that particular location the design issues are a moot point. You really have to be flexible in terms of how you deal with that process.

Commissioner Salvadori: So the Commission could take the position that approving a major use permit without seeing anything that would be proposed in terms of design?

John Bunch: You would typically see the design. In the practice we undertook we would make sure the Commission was well aware of what the project was that is being proposed. You would know the layout of the project, the look of the project. That way you could put the proposed use in context. The Commission would focus on the use aspects; some of those use aspects may, in fact, affect the design when it comes to consideration by the DRB at a later date.

Commissioner Salvadori: There is another commission that has some purview, especially in the Downtown Area, and that is the AHLC. Will they be taken out of the loop altogether in terms of historic structures in the Downtown with the existence of the DRB?

John Bunch: No they would not. Their process is a different process. An applicant would not apply to go before the AHLC and the DRB at the same time for design issues. They would file a different type application and go through that Commission. There would not be that kind of conflict. Of course if there was something, some request for advice they might be referred to the other for some review and recommendation. The final approval authority is always going to fall with one or the other.

Commissioner Salvadori: You have suggested a makeup of five members and two alternates. Would you perceive the two alternates being able to participate in the discussions, not as members or alternates but as members of the public?

John Bunch: I am not sure the Ordinance would get into that level of detail. The way the Ordinance reads they would not get into the discussion as Board members. The review and discussion would be restricted to five voting members. If an alternate member was put in the position of a regular Board member who was absent for some reason, yes, they would take on the role and responsibilities of that member, otherwise not. Whether or not they would be permitted to be involved in the discussion as a member of the public is not something that the Ordinance addresses at all. I have not had that kind of experience and am not sure if that is workable or not.

Commissioner Salvadori: I would suggest that it is. There have been issues that have come up in other commissions and boards. From my prospective, and this is probably a reversal on maybe some other opportunities I have had to talk on something like this, if there is a pool of knowledge there and there are only five that are going to make the decision the other two might be valuable resources for information during that process. You might not want to exclude them by ordinance. On the other hand it should be either one way or the other. They

should either be allowed to participate or it should be expected that they won't. I don't think you can just leave it floating.

John Bunch: The Ordinance, as written, would not restrict them from participating.

Commissioner Salvadori: I guess I am asking for stronger language, one way or the other, either say that they can or suggest that they don't.

John Bunch: The only potential area where there might be a problem that would come into play is if there were a meeting where they were a member of the public and had discussions as a member of the public and no decision was made at the meeting and then at a subsequent meeting they were appointed as a Board member, having already participated as a member of the public. I am not sure whether that is problematic or not but that is a situation that you could face on occasion.

Commissioner Salvadori: My final item is, and we have experienced this problem here at this Commission and the City Council has experienced it in spades, and that is the conflict of interest interpretation here. It sounds, from my perspective, anyone who lives or works within the project area or 500 feet of it would pretty much be excluded from participating on the Board because they are almost always going to have to recuse themselves. I would say for safety's sake that ought to be part of your Ordinance too. With that comment I would say that I do like your idea of five and two. I think that is a very good way of having a small group of people and yet getting a large population of responses and inputs. Those other two areas I feel pretty strongly you should consider.

Brian Dolan: I just wanted to expand on a few of the comments that John Bunch opened up with and maybe also throw in a few comments on Commissioner Salvadori's comments. One was the issue of the residency. We clearly would prefer to have Vallejo residents participate but it is simply an issue of are we going to have a big enough pool of people to provide that expertise with just residents. That is why we are thinking of opening it up beyond the City of Vallejo. On the Board size, John described several of the advantages of the five member Board. I agree with those. The only two sizes of boards that we have really talked about was five vs. seven. I think that his suggested compromise of the alternates is a good one. It also facilitates an idea that has also come up in the public discussion which we have chosen not to include in our recommendation, and that is the issues of the overall appointment procedures for this Board and others. The Commission should be aware that the public has raised the issue that is our appointment procedure for this board and any other board. It has been suggested that, shouldn't the Council consider a different model, whereby each Councilmember has the ability to appoint an individual Board member. That heads you down the path of requiring you to have a seven member Board. As we have mentioned earlier we do not think that is the ideal operating size for this. With the proposed alternates, if the Council does pursue that model of appointment, the issue will be raised when we get there; we already know it will be, this particular solution does not preclude that. I think that that is important to mention. The last thing I wanted to comment on was Commissioner Salvadori's question about whether or not the alternates can participate in the discussion. I have not worked in a jurisdiction that has done that but I have been at a meeting where they were allowed to. I do not have a lot of experience in observing but I did witness a couple of meetings. In one way I think it defeats the purpose of narrowing the number of people on the Board to five, particularly if they all showed up. What I observed in this community that did allow them to participate

was that not all the alternates actually came. There are pros and cons to allowing it. I think it is good for us to give that question some more thought.

Commissioner Engelman: I have a couple of questions. Will this Board be under the Brown Act? Will these Board Members have to file a conflict of interest, financial interest forms like we do and like other Commissioners who serve on certain commissions or boards have to fill out every year? I believe the conflict of interest is very important. Who is to say that someone who has the expertise has a consulting firm or work with some of the designers for these projects? I really would like to know if there is going to be a check and balance.

John Bunch: The answer to both of your questions is yes. They are required to conform to the conditions of the Brown Act, which is the open meeting law, just as the Commission does. Secondly, they will be required to submit conflict of interest statements for their tenure on the Board, just as the Commission does.

Commissioner Legalos: On the question of residents vs. nonresidents, could we say that nonresidents would be appointed only if there were no qualified residents available to fill the position?

Brian Dolan: You could, I would be interested in hearing Mr. Bunch's thoughts on this.

John Bunch: You could, whether you would want to, I am not sure. The impression that you give people may not be the best. It is really up to the Council to decide who is the most qualified to sit on this Board. The Council is going to be making the appointments. Whether you say so or not in the Ordinance they are going to be considering a number of factors when they make their appointments. To dictate to the Council, or have the Council dictated to itself, how it is going to prejudge these applications, I am not sure, is the best idea. I am not sure that there is such a thing in any other ordinance creating boards in the City.

Commissioner Legalos: I think it depends on what kind of protections or safeguards you are looking for. It seems to me to be a legitimate qualification if we believe that the Board and the public is going to be better represented and better served by people who have at least a visible commitment to the community by their residence. I see no problem with giving preference to residents as long as they are qualified. Equal qualifications and living in the community, in my mind, would tip the balance in favor of the resident.

Brian Dolan: I think that that is a little bit different than what you said the first time. If it was equal qualifications, I think it might be desirable. Say you are looking for your third architect any you can't get one but you have someone in the community who has a background that qualifies them in some way in urban design. They may have been a builder or studied architecture at some point in their life or just followed the process and was self educated but clearly qualified. The intent is to get the third architect if you can and I would think you would want to leave it open at least and not force the Council to pick the local person in lieu of the third architect. If you stated it in some way with a preference that when the qualifications were equal, that might be different.

Commissioner Legalos: That was my intent.

Commissioner Peterman: I serve on a Board that has five members and alternates as does Mr. Nagel, who is the legal advisor to the Board. What you

say is generally true, alternates do not show up and when they do they only speak as members of the public they do not speak with any kind of position on the Board except when sitting on the Board because someone is absent or has a conflict of interest. Mr. Bunch, you said that there are 52 cities in the Bay Area that have a DRB. Do you know what percentage send the projects on to the Planning Commission or the percentage of those that don't?

John Bunch: I did look at the ordinances for the 18 boards out of the 52. I don't recall that particular type of provision coming up in any of the 18 that I looked at. I looked at the 18 which were closest in population to Vallejo. I am sure that I would have noticed that in one of the ordinances if that had been in there. I can certainly review that again but I do not believe it is in any of them.

Commissioner McConnell: I want to thank you and Mr. Dolan very much for bringing forward this very desired and needed DRB Ordinance. I am looking forward to its implementation. I would like to share with you some of the thoughts and concerns that I had when I read through your Ordinance the first time. You had indicated that you had compared this to 18 other cities with a population of at least 30,000. I think it might be beneficial to a Councilmember to know the size of each city. Certainly a city of 30,000 would not have the resources available that a city of 125,000, such as Vallejo, might have. That might be an explanation as to why they were seeking to have outside members as well. In looking at the wording of one of your code sections, 2.39.050 which has to do with Membership, you are talking about alternates. Then you make the comment that an alternate member shall fill a vacancy when a Board member has left office. This raised some concern or confusion in my mind. If someone terms out does that mean that that individual is automatically entitled to go into the open position? Perhaps a little more specific drafting might be in order with regard to that one sentence. On the concern of qualifications in the following code section; one of the things that struck me when we were reviewing many of these design criteria that we have been so heavily criticized for in the past, was that we don't have the qualifications to judge some of these projects as much as we might like to have. When I read this particular section 2.39.060 it starts off, "All Board Members and alternate members shall be at least 18 years old and shall reside or be employed within the City limits." We might want to give some consideration to making that full time employment or a full time resident. Then it continues in B and says, "All members and alternates shall have a demonstrated competence and interest in architecture landscape architecture or urban design through education, training or experience. This includes, but is not limited to, an understanding of design principles and the ability to read, analyze and interpret architectural and site plans." My concern is that maybe we are going overly broad here to the extent of not opening up the opportunity to people who have a genuine interest but might not meet the strict definition we are setting forth in this code section. In particular, I am thinking of people with artistic training, an artist. Many of these people have a much greater knowledge of color, design, composition, scale than certainly we Commission members have or people who are architects or design people. That is not what they are trained on during their educational process. I can recall several debates when I worked at the State Personnel Board between the Fire Marshall and architects over these concepts. None of them ever got into the idea of color and scale because they were all speaking from their individual professional background. I would like to maybe broaden the role of eligibility when we consider this. On the question of whether we have five or seven I am probably somewhat natural on that point. My preference would be seven because with a larger number you have more of a cross section and better ability to have input than if you have five. In fact one of the concerns that I have and was expressed quite well by Commissioner

Legalos, was overlapping jurisdiction between the Planning Commission and the DRB. At one time we were talking about whether they should be dual tracking here or be dual meetings. I can envision a situation where it might be desired to have a dual meeting between the DRB and the Planning Commission for several reasons. First of all we are coming at it from different perspectives. From the viewpoint of the applicant, they pay advisors to come down here, which can get expensive. Rather than adding more bureaucratic procedure and increasing the cost of the application review process to the applicant I would like to see as many joint meetings as possible just for that very purpose. In fact it might even be desirable, and something that we might pass on to the City Council for their consideration as a policy issue, whether to make Planning Commission members and ex officio, nonvoting member of the DRB. Certainly there is an interest amongst the people who are on the Planning Commission and to that extent I believe that they should at least be able to be involved. This also leads us into the conflict of interest concern. When the DRB idea came up, it came up not only with respect to the Waterfront but the Downtown Specific Plan as well. I was conflicted out on the design review plan for the Downtown Plan because of such a vast area. We have seen that problem repeated on the City Council and almost a quorum has to leave. When we are talking about design review we are talking, really, about individual buildings not the entire district. Perhaps we should redefine our conflict of interest area as it relates to the individual projects under consideration. I had a corner of a lot that was barely in the area according to a satellite review that the City had to investigate. That part was disqualified me from the entire Downtown review process. If the DRB was considering a project down on Maine Street I can't possibly see where there should be a disqualification based on geographic considerations only. We may need to further define it as to geographic limitations rather than the entire district. There is also a drafting concern I have on membership in 2.39.090. It says, "the alternate members may be called upon to fill an absence created when Board Members are unable to attend or abstain from participation." It does not talk about disqualification. Perhaps those specific criteria should be added in a subsection as well. Then on some suggestions on assisting this DRB; one of the things that has struck me over the years is that when an applicant presents an application to us they normally give us renderings which are very nicely drafted by some graphic artist. They are usually not accurate as to colors, numbers of trees, or location of landscaping. We are talking about a signature piece in our City here, both the Downtown and the Waterfront. This project is important enough where I believe that for any new buildings or for when there is a substantial alteration, which is not defined either, I might add, we insist and demand that renderings and drawings be accurate as to color and placement. In fact I would like to go so far as to require a model of the building be presented for any new building that is under consideration. I think we all want to have a desirable place in which to live. It is going to be a long process. We are going to learn by this process and I would like to give this DRB a leg up on the game before they start out. So those are my thoughts and my concerns. I hope you will pass them on to the Council and we will see what happens.

John Bunch: We certainly will pass them on. Can I respond to some of the points that came up? I think the point that you raised early on in your discussion about the word shall, section 2.39.050, about an alternate member shall fill a vacancy. It really does not say how that happens. It really need to happen by the City Council. I need to make it clear in there that the City Council needs to appoint the alternate member in there. They need to make that decision. With regard to the issue of whether or not they should be full time residents vs. not, this is something I think I will need to discuss with Brian and the City Attorney's office to see how we can address that. With regard to the competence and

interest of people being appointed to the Board, my view of the way this Ordinance is written, provides for a very broad application by the City Council when making a decision as to who is to be appointed to the Board. I agree with you that there are lots of people there who are not architecture, landscape architecture, or urban design professionals who can and should be considered to appointment to this kind of Board, including artists. I believe that the way the Ordinance is written easily accommodates that. What I have suggested in the Ordinance is that they just have some demonstrated ability in this particular area. The intent is to try to make sure that they are able to fully participate in discussions and decisions by the Board. What I indicated here was that competence and interest might include an understanding of design principles and an ability to read and understand plans. I think there are a lot of people out there who have those qualifications and interests in doing this kind of work. It is not at all limited to people who are just involved in the plans. There are a lot of citizens out there who have been involved with looking at plans, reviewing projects and things like that. They have some demonstrated ability and competence. Ultimately it is up to the City Council to interpret how that is to be filled. They will decide who is the best qualified for this. My argument is that there are a lot of people, a lot of lay community members, who would be qualified to apply for these positions under these terms. With regards to several issues that you brought up that are not directly addressed by the Ordinance. One issue was whether or not dual meetings occur, another is whether or not a Planning Commission member is involved in one way or another, as an ex officio member or otherwise, another area is requiring development models to be presented to the DRB. My opinion is that this is not the ordinance to put those types of provisions in. Those are application process issues. Some of them would need to be addressed on a case by case basis and others could be put into submittal requirements for applications. This would not be the proper place to put it. Certainly we want to refer those types of issues to staff and have them address those before this Board becomes active so they can make some decisions about how those things operate. In fact I agree with you, I think that all of those ideas are important good ideas. Having the dual meetings I think is a good idea when it is called and you have some overlap of issues. Development models make a lot of sense, especially for these particular areas. I think a Planning Commission involvement is also a good idea. So, I think all those areas can be addressed by staff in a little bit different fashion than putting it in the Ordinance. To put those things in the Ordinance it would be very different from any other one that has created Commissions and Boards in the City. For instance, you do not have those issues addressed in your Planning Commission Ordinance or in the Economic Development Commission Ordinance. It would really be a departure from that. With regards to the conflict of interest, in fact, this particular Ordinance does not try to go beyond conflict of interest provisions which are already provided for. In fact, conflict of interest is already established by State law and we have to comply with those particular requirements. I am not sure why conflict of interest in this particular case would be any more serious than a conflict of interest with the Planning Commission or City Council because you are reviewing the same kinds of projects. That is why it is not addressed in here; it is left to the existing provisions that already apply to commissions and boards. Then one last thing is that you raised an issue with regard to, what if a member is disqualified because of a conflict of interest or other reason, section 2.39.050. I want to point out that this particular section says that an alternate member would go on in place of an alternate member if they were absent or abstaining. One reason for abstaining is a conflict of interest. You do not stay on the Board for discussions if you have a conflict. If you are disqualified for that reason, or any other reason, lets say you are the applicant, that you would need to address it specifically in

the Ordinance because they are already going to remove themselves from the discussions.

Commissioner McConnell: If I may just make one or two follow up comments. There is a distinction between abstention and disqualification. Abstention might mean that you were voting on something that you had not become sufficiently familiar with because of a continued meeting but you can still sit on the dais. Disqualification means you have to leave the room either back or out of the audience depending upon the basis of your disqualification. There is a provision for an abstention vote on our Commission and I think there should be a distinction made as to disqualification and abstention. Certainly your comments about this Ordinance is not the proper place for some of my desirous changes but in your presentation of this Ordinance to the City Council perhaps you could draw their attention to some of the other ordinances that might need to be changed to make this an even more desirable project in the final analysis.

Commissioner Legalos: I would like to say that I really like Commissioner McConnell's suggestions about a joint meeting and especially about giving some opportunity for Planning Commissioners to serve on or with the DRB. While we may not be professionally qualified in that area we do make decisions on design for all the other projects. Some of these projects are extensive and very significant: Mare Island, Hiddenbrooke, Belvedere Project in Northgate. I don't see us rubberstamping. I would not see us as a Commission that would rubberstamp but more as a Commission that would offer our own evaluations and judgments about the designs which I do not think are invalid given that we do that for every other area in the City. I think what is important here to me is that we have some input. Whether the process is one by which the DRB makes recommendations to the Planning Commission or the Commissioners are somehow given an opportunity to involve ourselves with the DRB and are hold joint meetings, I think we need some or all of those processes in place.

John Bunch: I would concur with that and I think that there should be opportunities for the Planning Commission to have a connection with what is going on with the DRB and I don't just mean through dual meetings but other ways. You could have a liaison appointed to the DRB which would take an active role. I do have to mention that in my review of other ordinances there are some other cities, at least one city, that I can recall that established that one of the Board Members would be a Planning Commissioner. There is nothing in this Ordinance which restricts that or prevents it from occurring but it does not call for it either. There is maybe an opportunity there that we would want to explore.

Chairperson Turley: Will these Board Members be paid?

John Bunch: There is nothing in this that provides for payment, no.

Chairperson Turley: Do you expect to have any kind of a problem in attracting one or more architects that would be willing to go to the necessary number of meetings and do it for free?

John Bunch: I expect that there could be an issue there, yes. A lot of communities, and it does not necessarily depend on their size, have experienced some difficulty in attracting architects, landscape architects, or urban designers onto commissions because there are not necessarily that many in the area, especially living in the area. They are busy too and they may not have a particular interest in being involved with design beyond their work every day. That is one reason why we tried to expand it a little bit to provide for that. Lots of

the ordinances that I reviewed were silent on that. In fact, Councils in these communities could appoint anyone that they felt was qualified. They did not even have to work in the community. I think part of the reason for that was that they were trying to broaden their area a little bit and trying to attract as many people who had professional design experience to come to the Board.

Chairperson Turley: I definitely would be interested in having people who do not have any kind of conflict of interest in these two Plans, such as living or working in the area. I too am in favor of having seven Board Members. I think that would be a good idea. Could any Planning Commissioner serve on this Board?

John Bunch: As it is currently written, yes.

Chairperson Turley: How many lay persons might serve on this Board?

John Bunch: Up to all of them. This Ordinance does not specify a certain number for architects, landscape architects, or urban designers. It expresses an intent to make them a majority but there is no way to enforce that if there are no qualified people. You could theoretically have all members be lay members.

Chairperson Turley: Suppose, hypothetically, that you did end up with all lay people on the DRB. What would the difference be between the DRB and the Planning Commission?

John Bunch: The Ordinance asks that all members who are appointed have some demonstrated competence in the design area. They would have to be able to, in their application, show how they have a background which lends them to have expertise in this area. Again it does not have to be professional experience. It can be study, or experience as citizens. I think the City Council would certainly want people on the Board who were able to interact as effectively as possible with design professionals on the other side of the table and the applicants so that they are able to make good judgments about what is being presented, as good as possible. That does not mean that there will not be a majority of lay persons on the DRB. There very well could be but hopefully all of them would have enough of a background so that they are able to participate in the discussions and decisions on an equal level.

Chairperson Turley: You would not consider an architect to be a lay person would you?

John Bunch: No under the terms of this Ordinance. They might be on another kind of board but not this Board.

Commissioner Turley: I would also be in favor of all Board members being Vallejo residents. I am also in favor of the Board, if we have one, to bring their findings to the Planning Commission for our information.

Katy Miessner, 135 Scenic Way, Vallejo: Commissioner McConnell said that these are signature projects. That is so completely true. These are very important projects. There has been a lot of contention over the last couple of years with the Waterfront in particular. I think it is really important that the DRB be created with the utmost of integrity or to assure the public that there is the utmost integrity. I think with that in mind it is important to make sure that they are residents of the community and not employees in the community. They just have a deeper interest in what happens. I think five members is definitely too low. A quorum of four, if you were to have a quorum of four that means three people are

voting on the project. If two of those people happen to be employed in the City and not residents you have one resident voting on a really important issue. Looking at it that way I think it is really important to have seven people on the Board. No alternates because as we have heard examples alternates just don't have the impetus to be as engaged as people who actually vote so it is important to make sure there are seven people on the Board and that they are all residents of Vallejo. Thank you.

Diana Lang, 1255 Tuolumne St, Vallejo: First I do want a clarification, if I can, a little cross talk with Brian Dolan regarding how the City Council is going to be presented with the comments from tonight along with the minutes from March 23. Will they be given a copy of this, will this be written up in note form. I think several Commissioners made some really excellent points. I certainly would not want any Councilpersons to miss that.

Brian Dolan: They will be provided verbatim minutes from everything that is said tonight.

Diana Lang: Excellent! OK, that being said, and not to slight your experience, John Bunch, but you have referenced many times, and another Commissioner brought this up, other communities where DRBs were created that you examined. I think there was 52 in total and you looked at 18 of them and the criteria was that they had over 30,000 in populous. My concern is that we have over 4 times that. Being in such a particular situation we really are blessed with all that is going to happen. I think we are fairly unique. I would rely more on looking at our community overall for guidance in terms of the makeup of the Board. Let me go further. Why are we creating a DRB? We have this wonderful opportunity I think in a DRB to have a mix of professional and lay, preferably residents, who have a vested interest in the future of Vallejo. Why are we creating it? Because the process has been flawed in the past. I think we can all agree there has been maybe not the most stellar history in regards to new development and aesthetics in this City. This is too big of an opportunity to blow. The public insisted on this DRB. Support of this idea was given by several Council members so that is legitimate and gives it a legitimacy. As you say, Mr. Bunch, the focus is on design. That being said, there is a large number of community members who distrust this City's process regarding development. Therefore many became de facto planners and designers themselves. Having shown themselves to be a very positive influence on current design. If you look at the original Callahan DeSilva Waterfront Plan and the latest iteration you see that there has been a great process. So that is in essence what we are hoping to do not muddy the process but to unite are talents in the community and create yet another entity, not usurping the Planning Commission's position but adding to that. An aesthetics base is important. Yes, architect, has a certain designation and gravitage as a professional but you cannot, I think, let go of the idea that someone who is passionate, intelligent and willing to learn what the process is about can bring something different, as in an artist who would not be a traditional professional that one would consider. I too agree that a seven member Board would be more responsible in so far as if you had five members and two alternates. There does seem to be less of an investment for those alternates. I would like to see all the people on the Board take it as serious as it really is in our community and be just as invested so having equal say and position. So at least seven members I would suggest. Of course you did start out saying that you wanted a majority of professionals. I think in a city of over 120,000 people we can, if we go out and appeal, can get a nice balance of professionals. That would be planners, landscape architects, architects, industrial architects, artist, lay people to bring together the most united group of residents. I would like to

see the names of the cities and populations if that is going to be part of the reference material. I like to have more information. We were talking about, I call it cross-pollination, of the Planning Commission and the new DRB. It think that is essential. You will be two different bodies that hopefully have the same goals to create the best possible design. Thank you.

Daniel Glaze, 37 Sandy Beach, Vallejo: I am here as a person being interested in keeping the major projects here in Vallejo on track and moving forward. I have some points to make about the DRB Ordinance. The fact that members should simply not just be appointed; it seems to me that they should have to apply describing their qualifications and interview for their positions. This has to give reasonable deference to the City Council saying that they are going to do that anyway but it is not specified in the Ordinance. The qualifications are not required, the application is not required and I think it should be. There is certainly a possibility that the DRB activities will be limited for some time, at least until the two projects get up and running. Only highly motivated and skilled persons should serve. This would be apparent once the interviews are conducted. Appointments without an application process smack of a political agenda. Once an appointment is made it is difficult to remove one's loyalties to make an objective decision. I would agree with the previous speakers that the seven member board makes a lot more sense. If appointments are made for five members and two alternates which City Council member gets to pick the two alternates vs. the regular members? The bottom line to those comments are that the qualifications should have a higher bar. I was hearing Mr. Bunch kind of saying we could lower it, we could make it more public or less professional. I'd say that smacks of low self esteem and we need to keep the bar higher and I would agree with the previous speaker that there are plenty of people in a town of 120,000 people to do that. Again be as non political as possible. Under the powers and duties the discussion of sign programs, I think they should really be a policy of the City. The master sign program should be applied at the time a new structure is planned; it should not be done piece mill. Successful architecture is often enhanced by the application of the sign program. Successful architecture is often severely impacted by poorly manages signage. In the terms of office I think you could argue either way but I am concerned about the staggered terms. Consistency is necessary when you are improving architecture. What looks good now may change over time. If a member gets turned out and a new one comes in, in the middle of a decision you are asking for a possibility of a disjointed and contentious Board. That would increase the possibility of project delays. I want to get back to this application process. There is nothing in the Ordinance about the application procedures. How does one apply, what are the requirements, how many times could one application be subject to coming before the Board, where does the DRB fit into the entire processing sequence, how is the Board effected by the streamlining act, how does the City keep applications moving forward, how would the members be educated on the Triad Specific Plan and the Waterfront Master Plan? Who will show them what they are looking for with an application? There is another concern. Who would define the architectural style for the two blocks that show when the projects interface? Thank you for your time.

Commissioner Peterman: For all boards and commissions there is an application process and an interview process by the City Council. That is already in place and does not have to be a specific application for this.

Commissioner McConnell: What is your anticipated date for presenting this to the City Council?

John Bunch: I was hoping to get it to them before the end of the month.

Commissioner Salvadori: After listening to a couple of the public speakers, it focused me on a paragraph in the Ordinance that I think it is imperative that we emphasize. It is under Powers and Duties, section 2.39.030, paragraph B. Use the adopted design guidelines as they primary guiding document, in accord with the applicable specific plan or master plan. When approving unit plan applications, the DRB shall explicitly find that the project, as conditioned, is consistent with the adopted specific plan or master plan development standards and the adopted design guidelines. Just as the Planning Commission is governed by the Zoning Ordinance and the General Plan the DRB has a very comprehensive list of design guidelines as approved to work from. It is not going to be a blank slate. As I see it the purview of this Board is to be sure that as each project is developed and proposed it meets those existing design standards and not get into a situation where the standards are being changed at the whim of Board members. I think you say it relatively succinctly here but I certainly would like to be sure that you say it emphatically. There is already a list of rules as to what the design guidelines are for both of those project areas. It is not a blank easel at this point.

John Bunch: Yes, well we worked very hard on those design guidelines in both areas and you will note that after the DRB is in existence, they will not be able to make changes by themselves to the design guidelines. That would have to go to the City Council for their approval. City Council is the body that approved those design guidelines in the first place and they have ultimate responsibility. I do not believe that they would be able to be changed without serious consideration.

Chairperson Turley: Mr. Bunch, I have just one question. It seems like you know more about this subject than anyone else here tonight. I am wondering if you can tell me if San Jose and San Francisco have a DRB.

John Bunch: I did not find one in San Francisco. *John looked in his notes.* I did not find one in San Jose either.

Chairperson Turley: Thank you Mr. Bunch. It seems like we have worn this subject out so, Mr. Bunch, thank you very, very much for coming. Ladies and gentlemen thank you for speaking and contributing. With that we will move on to L2.

2. Discussion of a reconsideration of Tentative Map 05-00016 Mandarin Development's Belvedere project.

Brian Dolan: We had a request from Commissioner Engelman to ask the Commission would they like to reconsider the vote that they took on the tentative map for the Mandarin project. That is allowed per section 9.23 of the Planning Commission Rules of Order and Procedure. It says, "After the Commission has taken action on a matter or question, a motion to reconsider the action taken on such matter or question, or on a matter or question having substantially the same content or purpose of the matter or question already acted upon, shall not be made at a subsequent meeting for at least one (1) year from the date of such action, except by a Commissioner who voted in the majority on such matter or question or upon the consent in writing of the majority of the Commissioners filed with the Secretary. Such matter or question may, however, be reheard at a subsequent meeting after the one year period has elapsed. The item before the Commission shall be whether the matter or question should be reheard; and, if the Commission approves the request, it shall be placed on a future agenda for consideration." Commissioner Engelman did vote in the majority and therefore

From: "Marti Brown" <marti-brown@sbcglobal.net>
To: "'Bonnie Robinson-Lipscomb'" <blipscomb@ci.vall...>
Date: 5/8/2006 11:04 pm
Subject: DRB Ordinance and Staff Report

CC: <Erap99@aol.com>, <jwc@callahanpropertyco.com>, ...
Bonnie and Brian,

We've had a chance to review the memo that you recently emailed to me clarifying staff's position on the DRB's configuration and process, as well as the proposed ordinance and staff report to the Planning Commission. We still find the "Membership" portion of the ordinance or proposed "Board Size" in the memo problematic and inadequate. After our comments and two public meetings, it's surprising to the Coalition that City staff is still resistant to adjusting the DRB size to seven regularly appointed Board Members rather than the City's proposed five members with two alternates, because:

1. The public comment has consistently demonstrated that the community is concerned about a very small number of people making critical design decisions (e.g., a five person board) regarding projects on the waterfront and in the downtown. The public has consistently requested that there be a larger Board and the Planning Commission concurred at the last Planning Commission meeting.
2. The proposed ordinance states that a quorum would constitute four DRB members. However, by requiring an even number of members to have a quorum, there is the very likely possibility that action items could result in a split decision (e.g., two to two vote). In addition, with only a five member board, two alternates and a four member quorum required, this means that only two members can ever be absent at one time. This seems like a potential problem as well.
3. Many members of the public have also stated that the alternate system does not work, because the alternates frequently do not attend meetings since they have no voting power. Additionally, Board/Commission Members frequently do not know until the last minute that they will be unable to attend a meeting. It seems the alternate system would place an undue burden on the alternates to be available for DRB meetings on very short notice. Having served as an alternate myself, I can say that this does not work. Alternates, like everyone else, make plans based on the assumption that they will not be called upon for service (not visa versa).
4. For larger projects that may require more than one DRB meeting and are continued from one meeting to the next, the alternate system would also be problematic if a Board Member came to the first meeting, but couldn't attend the second meeting of an item that had been continued. An alternate could end up becoming involved with a project halfway through the review process. This would be a disservice to the public and the project to have an alternate voting on a project that they had not been involved with from the beginning.

In addition to the DRB size, we're also concerned that:

1. The City needs to give first preference for positions on the Board to residents and, only if it is unable to attract qualified candidates, should a move be made to appoint non-residents that are employed in Vallejo.

2. In light of the Empress Theater scenario that we mentioned in a previous email, it seems the current economic interest forms do not capture all the possible economic conflicts of interest. As a result, the VWC proposes something similar to the following language (in addition to the current Economic Interest forms that appointed and elected officials must already complete):

"All members of the committee shall disclose any interest in real property consisting in whole or in part of a building located in any commercially zoned area in the City of Berkeley. In addition, members of the Committee shall disclose any business entity or non-profit organization in which they have an investment or in which they are a director, officer, partner, trustee, employee or hold any position of management; and income, including gifts, loans, and travel payments; if the business entity, non-profit organization, or source of income has an interest in real property consisting in whole or in part of a building located in a commercially zoned area; derives income from the sale of construction supply materials; or performs construction services or renovation services including landscaping, architectural, and interior decorating."

3. Lastly, while you mentioned in the memo and previous meetings that the City would raise the issue of moving toward an appointment system (e.g., one Council Member, one appointee); I noticed that this was not addressed in the staff report to the Planning Commission. However, I assume it will be added in the final report to City Council unless we are otherwise notified.

While I appreciate that the City researched Bay Area DRBs and how they are setup, it's important to recognize that just because 15 out of 18 cities have a five person DRB does not mean that that is what's best for Vallejo. The public's opposition to the proposed board size clearly demonstrates that and certainly warrants adjusting it to a seven member board.

Marti

The DeSilva Group

May 8, 2006

John Burch, Planning Director
City of Benecia
250 East "L" Street
Benecia, CA 94510

Brian Dolan, Planning Department
City of Vallejo
555 Santa Clara Street
Vallejo, CA 94596

RE: Proposed DRB Ordinance

Dear John and Brian:

The following comments represent The DeSilva Group's concerns regarding the proposed DRB ordinance:

Membership

- Members should not be appointed. Members should have to apply, describing their qualifications and interview for their position. The DRB activities will be very limited for some time (until the two projects get up and running). Only highly motivated and skilled individuals should be selected to serve and the best way to determine who is the most motivated and suited for the position is through the interview process.
- Appointments increase the potential to politicize the Board. Once an appointment is made, it is possible that the board member may find it difficult to remove one's loyalties to make an objective recommendation.
- What motivation do the alternates have to stay engaged in the process if their opinion is not counted in the vote? If the alternates are not engaged, they will not schedule their time and be available at those times a quorum might be needed.
- If one Council member is highly interested in design review and another is not, the less interested Council member may not appoint an effective DRB member.

Powers and Duties

- Sign programs should be a policy of the City. Master sign programs should be created at the time a new structure is planned and should not be done piecemeal. Successful architecture is often enhanced by the application of a sign program. Successful architecture can be negatively impacted by poorly managed signage.

May 8, 2005

Page 2

Term of Office

- Question the staggered terms of office. Consistency is necessary when approving architecture. What looks good now may change over time. If a member terms out and a new one comes on in the middle of a decision, it could get very disjointed or contentious and delay approvals.

Application Procedures

- Procedures are critical in order for DSG to support the DRB. How does an applicant apply? Does the architectural application have to be approved first by staff before it is transmitted to the DRB? We would recommend that staff advise the applicant, but the applicant has the right to submit architecture to the DRB without staff considering the application incomplete because of a disagreement about architecture.
- What are the application requirements?
- Will there be a study session to get input and an action session to make a recommendation to CC? That would limit the DRB to two sessions for an applicant, which we believe should be the maximum.
- How many times could one application be subject to coming before the DRB? If the applicant chooses to get DRB approval before moving to Council, the applicant should be able to choose that option.
- Where does the DRB fit into the entire processing sequence? A processing flow chart should be submitted to demonstrate the proposed timelines and sequence of review vis a vis staff and the planning commission. DSG recommends that the site plan be approved by the Planning Commission first, DRB on architecture second, to be heard within a reasonable time.
- How is the DRB affected by the Streamlining Act? How will the City keep applications moving forward?
- How will the new members be educated on the Triad Specific Plan and the Waterfront Master Plan PDMP and Design Guidelines - who will show them what they are looking for with an application? We recommend that the DRB schedule a workshop to fully discuss the Design Guidelines for the Waterfront.
- The DRB should help define the architectural style for the blocks where the two projects interface with commentary in advance of an application.

Please call me if you have questions.

Sincerely,



Leah Dreger
Project Manager
925-828-7999 Ext. 1368

VallejoDRBletter050506.LD/dp



CITY OF VALLEJO

OFFICE OF THE CITY CLERK

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VALLEJO

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May 9, 2006

Honorable Mayor Anthony Intintoli, Jr. and
Members of the Vallejo City Council
City of Vallejo
555 Santa Clara Street
Vallejo, CA 94590

Dear Mayor and Vallejo Council Members:

On behalf of the Commission on Culture and the Arts, as moved by unanimous vote at its May 8, 2006 meeting, I request that the Commission on Culture and the Arts have an official representative appointed to the Design Review Board, now under consideration by the Vallejo City Council.

We understand that the Design Review Board will be empowered to review and act on applications requesting City approval of development projects within the areas encompassed by the Downtown Vallejo Specific Plan and by the Vallejo Waterfront Master Plan.

The Commission on Culture and the Arts is the official voice for arts and culture in our community. With the widely acknowledged goal of establish an arts and entertainment district in the revitalized downtown area, it is appropriate to include, by appointment, a member of the Commission on Culture and the Arts on the newly created Design Review Board, much in the same way that eight Vallejo organizations are represented on the Commission on Culture and the Arts. Further, the commission requests that Ms. Lynn Coombs be our commission's designated appointee, with Mr. Graham Benton as alternate.

Thank you for your thoughtful consideration of this request. Please do not hesitate to contact me if you have any questions at (707)-642-4320.

Yours in public service,



Phil Kohlmetz, Chair
Commission on Culture and the Arts

cc: John Thompson, Interim City Manager
Brian Dolan, Acting Development Services Director

"The role of art is to make a world which can be inhabited." ~ William Saroyan,
Recalled at his Broadway memorial service, *The New York Times* (31 Oct 83)

The following are draft portions of a companion ordinance that will amend Title 16 and which will be brought forward to the City Council after a public hearing and recommendation from the Planning Commission. They are provided here for the Council's information.

SECTION 1. The Vallejo Municipal Code is hereby amended by adding a new section 16.102.040 to chapter 16.102, which is to read as follows:

“16.102.040 Appeal from design review board decision.

A. The applicant or any party adversely affected by the decision of the design review board may, within ten days after the rendition of the decision of the design review board, appeal in writing to the city council by filing a written appeal with the city clerk. Such written appeal shall state the reason or reasons for the appeal and why the applicant believes he or she is adversely affected by the decision of the design review board. Such appeal shall not be timely filed unless it is actually received by the city clerk or designee no later than the close of business on the tenth calendar day after the rendition of the decision of the design review board. If such date falls on a weekend or city holiday, then the deadline shall be extended until the next regular business day.¹

B. Notice of the appeal, including the date and time of the city council's consideration of the appeal, shall be sent by the city clerk to all property owners within two hundred or five hundred feet of the project boundary, whichever was the original notification boundary.

C. The council may affirm, reverse or modify any decision of the design review board which is appealed. The council may summarily reject any appeal upon determination that the appellant is not adversely affected by a decision under appeal.

D. These provisions shall be communicated to the applicant as part of the planning division staff report. In addition, these provisions shall be noted on the design review board meeting agenda and shall constitute notice to all concerned of these appeal provisions.”

¹ Pursuant to the Disposition and Development Agreement (“DDA”) between the Redevelopment Agency of the City of Vallejo and Callahan/DeSilva, LLC the Redevelopment Agency and Callahan/DeSilva, LLC are obligated to timely appeal decisions of the design review board regarding unit plans for major projects to the city council. Under the DDA, the development services director is authorized to determine what constitutes a major project.

SECTION 2. The Vallejo Municipal Code is hereby amended by adding a new section 16.102.050 to chapter 16.102, which is to read as follows:

“16.102.050 Appeal from planning manager’s decision regarding design guidelines.

A. The applicant or any party adversely affected by an administrative decision of the planning manager rendered under authority conferred by Downtown Vallejo specific plan or planned development master plan #00-0022 may, within ten days after rendition of such decision, appeal in writing to the design review board. Such written appeal shall state the reason or reasons for the appeal and why the appellant believes he or she is adversely affected by the administrative decision. Such appeal shall not be timely filed unless it is actually received by the development services director or designee no later than the close of business on the tenth calendar day after the rendition of the decision of the planning manager. If such date falls on a weekend or city holiday, then the deadline shall be extended until the next regular business day.

B. Notice of the appeal, including the date and time of the design review board’s consideration of the appeal, shall be sent by the development services director to all property owners within two hundred or five hundred feet of the project boundary, whichever was the original notification boundary. For decisions that did not require noticing, the appeal notification boundary shall be two hundred feet.

C. The design review board may affirm, reverse or modify any decision of the planning manager which is appealed. The design review board may summarily reject any appeal upon determination that the appellant is not adversely affected by a decision under appeal.

D. These provisions shall be communicated to the applicant as part of the planning division staff report and determination.”

SECTION 3. The Vallejo Municipal Code is hereby amended by adding a new section 16.80.105 to chapter 16.80, which is to read as follows:

“16.80.105 Downtown exception permits.

Exception permits for the projects within the districts specified in the Downtown Vallejo specific plan shall be prepared consistent with the policies, standards and implementation program in the Downtown Vallejo specific plan and shall be reviewed for approval by either the design review board or development services director as set forth in said plan.”

SECTION 4. The Vallejo Municipal Code is hereby amended by adding a new section 16.116.076 to chapter 16.116, which is to read as follows:

“16.116.076 Downtown unit plans.

Unit plans for the projects within the districts specified in the Downtown Vallejo specific plan shall be prepared consistent with the policies, standards and implementation program in the Downtown Vallejo specific plan and shall be reviewed for approval by either the design review board or planning manager as set forth in said plan.”



COUNCIL COMMUNICATION

Date December 19, 2006

TO: Mayor and Members of the City Council

FROM: John P. Thompson, City Manager *J*
Craig Whittom, Assistant City Manager / Community Development *W*

SUBJECT: UPDATE ON STATUS OF EARLY TRANSFER PROCESS AND EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT BETWEEN THE CITY OF VALLEJO AND TOURO UNIVERSITY REGARDING NORTH MARE ISLAND

BACKGROUND & DISCUSSION

The North Mare Island Property consists of approximately 191 acres, of which the U.S. Government owns 93 acres and the City of Vallejo owns 98 acres. The area is bounded by Highway 37 on the north, the Napa River on the east, Azuar Drive on the west, and "G" Street on the south.

During the City Council meeting on June 27, 2006, staff presented a staff report to the City Council recommending the extension to an Exclusive Right to Negotiate Agreement with Lennar Mare Island LLC ("LMI") for North Mare Island. That staff report identified the challenges regarding the development and certain benchmarks for the proposed negotiating period with LMI. The most important performance benchmark was the continued work that LMI had begun regarding Early Transfer negotiations with the Navy. The completion of these negotiations is required prior to the Navy transfer of its remaining 93 acres on North Mare Island and important remaining Navy-owned parcels south of G Street. The early transfer agreements are necessary to ensure the timely funding (by the Navy) and cleanup (by the developer) of the remaining Navy-owned parcels throughout Mare Island.

Prior to the City Council meeting, but subsequent to the preparation of the June 27, 2006 staff report, Touro University ("Touro") presented a letter to the City Council expressing its interest in participating in the development of North Island. During the meeting staff proposed, and the City Council concurred, to delay action to allow the opportunity for staff, LMI and Touro to discuss opportunities to collaboratively move forward with development of the North Island.

On October 10, 2006 staff returned to the City Council with an update regarding the discussions with Touro and LMI. The City Council re-iterated its interest in staff working with both parties and meeting the following objectives:

1. Obtain title to the remaining Navy property and funding for its cleanup through the development of Early Transfer Agreements between the City, developer, Navy and regulatory agencies.
2. Ensure that the infrastructure for the North Island is coordinated with the timing and capacities planned for the South Island and that the costs are fairly allocated between North and South.
3. Proceed in a manner in which prospective employment-oriented users, including Touro's development concept are able to obtain title to property and developed at the earliest feasible time.

On November 7, 2006 the City Council approved a resolution of intent to consider an Exclusive Right to Negotiate between the City and Touro that included a term sheet regarding the processing of the Early Transfer agreements.

From November 7, 2006 through December 6, 2006 staff worked with LMI and Touro to develop two term sheets regarding these agreements. Development of the respective term sheets between LMI and the City and the City and Touro was an attempt to agree on the business terms of a structure whereby LMI would continue to move the early transfer process forward and be reimbursed by Touro for North Island early transfer costs. While progress was made in agreeing on certain elements of the term sheets, staff was unsuccessful in bringing the parties to conclusion on acceptable term sheets. Key issues that were problematic were indemnification provisions and reimbursement of costs.

Staff met with Touro and LMI reps and proposed an alternate approach to pursue early transfer in a manner that would allow progress on title transfer and the execution of the ERN with Touro. The alternate approach would be for the City to work directly with Weston Solutions regarding the final early transfer processing. Weston Solutions has agreements with the City regarding the implementation of the Western Early Transfer remediation. Additionally, Weston was selected by LMI as part of a solicitation earlier this year regarding the Final Early Transfer work. Weston has experience scoping the remaining work on North Island and the the remaining south island Navy-owned parcels. Staff and Weston are currently diligently working on a term sheet regarding the timing, responsibilities, compensation and other issues related to this structure. Staff will provide a verbal update on progress during the City Council meeting.

If staff is successful in developing a term sheet with Weston, we would return to the City Council in early January 2007 presenting the term sheet and proposed final consideration and action on the Touro ERN.

PROPOSED ACTION

Adopt the attached resolution approving the ERN between the City and Touro University.

DOCUMENTS ATTACHED

None. Information item only.

CONTACT

John Thompson, City Manager
707-648-4576 e-mail: johnthompson@ci.vallejo.ca.us

or

Craig Whittom, Assistant City Manager / Community Development
707-648-4579 or cwhittom@ci.vallejo.ca.us

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Agenda Item No. ADMIN F

COUNCIL COMMUNICATION

Date: December 19, 2006

TO: Honorable Mayor and Members of the City Council

FROM: John P. Thompson, City Manager *JP*
Craig Whittom, Assistant City Manager/Community Development *CW*
Laura Simpson, Housing & Community Development Manager *LS*

SUBJECT: APPROVAL OF A RESOLUTION AUTHORIZING ISSUANCE OF HOUSING
REQUEST FOR QUALIFICATIONS AND CONCEPTUAL PROPOSALS

BACKGROUND AND DISCUSSION

The City of Vallejo's Housing and Community Development Division administers several funding programs from which funds have been designated specifically for affordable housing development. During the budget process for Fiscal Year 2006-2007, and as part of the two-year funding cycle for HOME and Community Development Block Grant (CDBG) funds from 2007-2009, the City has available up to \$5.5 million for new affordable housing development.

In a City Council Study Session on June 6, 2006, Housing staff provided an overview of existing housing programs, and outlined plans for a variety of efforts, both policy oriented and programmatic, that would be undertaken in the course of the year to facilitate new affordable housing. One of the efforts described was the issuance of a Notice of Funding Availability and Request for Proposals. The purpose of issuing such a request is to allow staff to consider and evaluate a number of development team proposals at one time to determine the team proposal that best fulfills the city's need for affordable housing, in a well-designed, cost-efficient manner. A Request for Qualifications and Conceptual Proposals (RFQ), Attachment B, has been prepared by staff with technical assistance from the consulting firm, DRA. The RFQ emphasizes the need for new or substantially rehabilitated family rental housing affordable to Very Low Income households, and prioritizes proposals meeting high standards for leveraging non-local resources.

The Housing Division administers a variety of funds to meet housing needs in Vallejo, including, Housing Authority Housing Assistance Payment funds and Housing Reserve funds. Reserve funds were approved by Council as part of the FY 2006/07 Housing Budget in the amount of \$1.5 million for housing development from Fund 122, and \$500,000 from Fund 124. In Redevelopment Set-Aside Housing Fund 711, \$750,000 was budgeted in FY 06/07 and additional funds of approximately \$250,000 are estimated to be available in FY 07/08. Up to thirty percent of CDBG and HOME funds for 2007-2009 were approved for funding rental housing development and an unallocated balance of HOME

funds is also available. These various sources may be combined for a total of up to \$5.5 million to be awarded to one or more qualified developments. At an average per unit subsidy rate of approximately \$50,000, it is estimated that nearly 100 units might be produced through the awarding of these funds.

Comprehensive Affordable Housing Strategy

The Housing and Community Development Division proposes issuing this RFQ as part of its comprehensive strategy to provide affordable housing throughout Vallejo at a variety of income levels. The comprehensive strategy includes public and private participation, from both the city and private developers.

The City's participation includes programs which target affordable rental housing at various income levels as defined by the State. The State Housing and Community Development Department require that cities facilitate the development of affordable housing to meet Regional Fair Share Housing Goals, and explicitly outline objectives in the local Housing Element. The City has made progress over the past seven years in meeting the goals for this Housing Element Cycle; however, a new assignment will be made in 2009 for the next Cycle. Currently the City has met approximately 72% of its Very Low Income goal, with a remaining balance of 189 units. The City has met approximately 39% of its Low Income goal, with a balance of 291 units.

Given the average local subsidy of approximately \$50,000 per unit that has been needed for Vallejo's most recent rental developments, even with a total of \$5.5 million available, the City may only be able to fund up to 100 units. However, this would make substantial progress in our 189 remaining balance for Very Low Income units, and it would allow Vallejo to meet the State Redevelopment requirement for the Redevelopment Agency to provide a minimum of 6% Very Low Income units, stipulated in the Disposition and Development Agreement for the Triad Downtown Redevelopment Project.

The ***Request for Qualifications and Conceptual Proposals*** requires applicants to submit the information on the experience and capacity of the entire proposed development team, including financial capacity of the developer, references, experience in obtaining tax credit and other financing, and completed projects. It also requests as complete a description as possible of the proposed project: project site, development costs, pro forma, preliminary design, and other factors. Proposals will be evaluated on whether developer is experienced in tax credit projects, their track record in affordable housing, and their proven ability to manage affordable housing. The project will be reviewed for the outside funding it may leverage, its affordability level, and the proposed design.

City Housing Programs targeted to different Below Market Income Categories include:

Very Low and Extremely Low Income Housing (50% AMI and 30%AMI)

Vallejo Housing Authority Housing Choice Voucher Program – Through the receipt and administration of Federal funds, Vallejo's Housing Division provides direct rental subsidy to

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approximately 2,000 families who are predominantly Extremely Low income (below 30% AMI).

Subsidized Rental Housing – Through the provision of Redevelopment Housing set-aside funds, HOME funds, and CDBG funds, Vallejo subsidizes the new construction or substantial rehabilitation of rental housing primarily for Very Low-income families. The proposed RFQ would allow the City to implement this program.

Low Income Housing (80%AMI)

City Downpayment Assistance and Home Rehabilitation Loan Programs – Through HOME and CDBG funds, the City provides loan assistance to Low-Income Households to purchase a home, or rehabilitate an owner-occupied home. The funds for these programs are limited however, and each of these programs is able to serve approximately 5 families per year.

Low Income and Moderate Income Housing (80%AMI to 120%AMI)

An Inclusionary Zoning ordinance would bring private sector participation into the provision of affordable housing in Vallejo by requiring that all residential developers set aside a minimum percentage of affordable units in each new project, or--for projects under a certain threshold--pay an in-lieu fee. Most cities use inclusionary zoning to achieve some unit production in the Low and Moderate income categories because the City's Housing Programs predominantly serve the Extremely Low and Low Income categories.

Policy Considerations

It is a HUD policy and city policy that affordable housing be dispersed throughout the city, and not overly concentrated in one area. Proposals will be reviewed to ensure a geographic distribution of affordable housing, given existing subsidized housing developments concentrated in the downtown and Sonoma Boulevard corridors. Under the RFQ, developers may proposed mixed-income projects, to include housing for a variety of levels, including Above Moderate. However, to fully leverage financial assistance available from the state and federal level, competitive tax credits are achieved through the provision of more units in a project at Low or Very Low income levels. In other words, if the project selected for City funding is competitive for, and receives, 9% tax credit financing, generally up to 75% of total development costs may be covered by tax credit equity. If a project does not receive 9% tax credits, it may receive 4% tax credits, or other financing. While this financing is less competitive, it leverages only about 50 to 60% of the project financing, in which case, the City would need to provide additional resources to fully finance the project. The requirements of the Request for Qualifications includes many of the same requirements of the 9% tax credit application in order to select projects that are more likely to receive that type of financing. However, the state typically rewards projects with greater numbers of affordable units and greater depth of affordability.

Fiscal Impact

Funds have been budgeted for this RFQ in the FY 06/07 Housing Budget, and are anticipated to be available through Fiscal Year 2008-2009.

RECOMMENDATION

Staff is recommending that an RFQ be issued to solicit development team qualifications and conceptual proposals for the substantial rehabilitation or new development of affordable rental housing. The RFQ is proposed to be issued on or about December 20, 2006, and to be due by March 30, 2007. After applications are received, staff will review proposals and return to City Council with recommendations for funding in Spring 2007.

ALTERNATIVES CONSIDERED

Housing staff worked over the summer to identify city-owned opportunity sites that might be offered in conjunction with funding to further leverage City resources, and to reduce the per unit cash subsidy required for new projects. However, after careful review with the Asset Manager's assistance, staff determined that there were no suitably located or sized sites available at this time. There may be several City-owned opportunity sites available for Council's future consideration.

Alternatively, Housing staff could review and consider substantial rehabilitation or new development proposals as they are submitted to the City on a first-come, first-served basis; however, this may not result in the selection of the best qualified, most cost-efficient projects. By publicizing the availability of funds, staff hopes to solicit more proposals from well qualified applicants than may otherwise be submitted. Funds might also be targeted toward higher income categories or homeownership, however, the need for affordable housing is greatest in the Very Low income category, given the homeless count, and the waiting list applicants, and this need is not being met by the production of new rental units. Very few rental units other than City-subsidized units have been built in Vallejo in the past ten years, while thousands of ownership units have been built and are planned to be built, which serve higher income categories.

ENVIRONMENTAL REVIEW

None required.

PROPOSED ACTION

Adopt the enclosed resolution recommending the issuance of a Housing Request for Qualifications and Conceptual Proposals for affordable rental housing development.

DOCUMENTS AVAILABLE FOR REVIEW

- A. City Resolution
- B. Request for Qualifications and Conceptual Proposals

PREPARED BY/CONTACT

Laura Simpson, Housing & Community Development Manager, 648-4393, or
lsimpson@ci.vallejo.ca.us

Craig Whittom, Assistant City Manager/Community Development, 648-4579, or
cwhittom@ci.vallejo.ca.us

RESOLUTION NO. __ N. C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

THAT WHEREAS, the City of Vallejo estimates it will have up to \$5.5 million available for affordable housing development from Fiscal Year 2006-07 through 2008-09 from sources including, Vallejo Housing Authority reserves funds of \$2 million, Redevelopment Agency Set-Aside funds of up to \$1 million, Federal HOME Investment Partnerships Program funds from the U.S. Department of Housing and Urban Development (HUD) in Fiscal Year 07-08, and 08-09, including unallocated funds of up to \$ 1.5 million, and federal Community Development Block Grant funds of up to \$ 1 million in Fiscal Year 2007-08 and 2008-09; and

WHEREAS, there is a substantial unmet need for affordable housing for Low and Very Low Income levels in the City of Vallejo; and

WHEREAS, the City is required to meet State Redevelopment requirements for the provision of affordable housing for Very Low and Low Income households as part of the redevelopment of the Downtown project area; and

WHEREAS, the City's Consolidated Plan documents the highest priority need in the City of Vallejo to be Very Low income renters; and

WHEREAS, the City's Housing Element documents a Regional Fair Share Goal for Low Income and Very Low Income units that has not been met;

NOW THEREFORE BE IT RESOLVED that the City Council hereby approves the issuance of a Housing Request for Qualifications and Conceptual Proposals as shown in Exhibit "B".

**HOUSING & COMMUNITY DEVELOPMENT DIVISION
OF THE
CITY OF VALLEJO**

REQUEST FOR QUALIFICATIONS AND CONCEPTUAL PROPOSALS

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**HOUSING & COMMUNITY DEVELOPMENT DIVISION
OF THE
CITY OF VALLEJO**

REQUEST FOR QUALIFICATIONS AND CONCEPTUAL PROPOSALS

Publication Date: December 15, 2006

Deadline for Submission: 5:00 p.m., March 30, 2007

With this Request for Qualifications (RFQ), the Housing & Community Development Division of the City of Vallejo is pleased to announce that funds are available to assist in the development of new affordable residential units in Vallejo. The City of Vallejo, Redevelopment Agency and Housing Authority (“City”) seek qualified applicants to submit proposals for the development of housing that offers affordability to very low or low income renter families earning no more than 60% of area median income.

The City is seeking qualification statements and conceptual proposals from development teams experienced in high quality, higher density, affordable housing development. The City will provide funding for the project, depending upon the requirements of the proposed development ultimately selected. The City will provide funding for as many eligible, quality projects as possible with the resources available.

The City has approximately **\$5.5 million** available to invest in affordable housing developments from a variety of sources. This includes the following estimated amounts:

- Redevelopment Housing set-aside funds - \$1 million
- Housing Authority reserve funds - \$2 million
- HOME funds – up to \$1.5 million (available from July 1, 2007 through June 30, 2009)
- CDBG funds - up to \$1 million (available from July 1, 2007 through June 30, 2009)

The City of Vallejo has historically supported affordable housing development. It provides easy access and short commutes to Solano, Southern Napa County and northern Contra Costa County employers. It is in close proximity to transportation services, such as the Vallejo Ferry Terminal, regional and local bus service, and Interstate 80.

II. Opportunity Sites

The City of Vallejo has created a list of privately owned sites that may be suitable for affordable housing development; however, proposals are not limited to these sites. This list is included as Attachment A. The City does not guarantee the availability or suitability of these sites, but offers it only as a tool that might help developers in site analysis.

III. Site Control

To be considered for this RFQ, qualified developers must produce evidence of enforceable site control for their proposed development, either through a trust deed, recorded property ownership interest, long-term ground lease, not less than 60 years, or enforceable purchase and sale agreement/contract, or an option agreement, with an escrow or option term at least through July 31, 2007.

IV. City Goals and Objectives

The primary goal of the City is to work with an experienced development team that will successfully develop a well-designed, multifamily rental development, either entirely affordable, or with an affordable component.

The City's objectives are to assist in the development of multifamily housing which will:

- a) Provide family rental housing that is affordable to very low or low income levels, not to exceed 60% of area median income, adjusted by household size
- b) Take advantage of access to jobs, retail and services, and mass transit
- c) Enhance the neighborhood of the proposed project
- d) Maximize the number of units on the site
- e) Maximize the number of affordable units and the depth of affordability
- f) Minimize the City subsidy required by leverage of other non-local public and private funds

City funds will be provided only to assist the development of family rental units affordable to households earning up to 60% of area median income. However, the affordable units may be part of a larger mixed-income (market-rate) and/or mixed owner/renter development. The City encourages market-rate developers to joint venture with experienced affordable family rental housing developers on such proposals.

V. City Demographics

The City of Vallejo is located in Solano County. Currently the population of Vallejo is approximately 122,000. Population is projected to increase to about 131,000 by 2010, a 1.2% annual increase over the 2000 population. The average household size in Vallejo is three

persons. ABAG projects Vallejo to experience 3 percent per year job growth between 2000 and 2010.

Market Conditions

Home Prices

Of the nine counties in the Bay Area, Solano County's existing home appreciation between 2004 and 2005 was the strongest, with a 25.7% increase through 2005. The Median Price of a detached home in Vallejo in September 2006 was \$460,000.

Rents

Rent levels have been stagnant in recent years, but recently have begun to rise. In the North Bay, rents have increased 1.9% in the past quarter. Rent levels are expected to rise from 5% to 9% a year over the next few years in the Bay Area, according to an April report by Sares/Regis presented at the Fisher Center Real Estate Conference. Rental vacancy rates are also decreasing: In the fall of 2005, Southwest Solano County showed a vacancy of 5.7% down from 7.5% from the year before. The average rent in Vallejo is \$1,000 per month, according to a survey of 1 through 3-bedroom units.

Income Levels

The U.S. Department of Housing and Urban Development establishes income limits for different income categories for Solano County annually. The following income limits are for 2006. These income limits may change in early 2007. Currently the maximum income limits for the very income category are as follows:

	<u>50%AMI*</u>
1-person	\$ 25,900
2-person	\$ 29,600
3-person	\$ 33,300
4-person	\$ 37,000
5-person	\$ 39,950
6-person	\$ 42,900

*Area Median Income

VI. Development Criteria and Conditions

Development Criteria

- Create housing that maximizes affordability within the proposed development.

- Develop the maximum number of affordable family rental units possible on site.
- Provide safe, secure housing that does not create any barriers between it and the neighborhood.
- Deconcentrates rent-restricted units and minimizes impacts to downtown neighborhoods where subsidized housing currently exists.
- Promote use of public transit options and pedestrian access.
- Provide parking consistent with City code requirements.
- Address the impact of parking in the neighborhood and encourage pedestrian and bicycle access to the neighborhood businesses.
- Provide a high quality of design.
- The City will consider acquisition and rehabilitation of older apartment housing projects of at least 50 units in size, as long as the property satisfies the 10 year rule applying to sales or transfers in order to qualify for low income housing tax credit basis. (Note: developers proposing acquisition and rehabilitation of an apartment property must submit evidence of compliance with the 10 year rule with their submission.

Development Conditions

- The new development will be subject to City, Redevelopment Agency, or federal program affordability requirements, depending upon the funding source provided.
- The developer shall pay all development costs, including all off-site and on-site improvements, including, but not limited to gas, water, electric, sanitary sewer services, storm drainage, access, grading, flood mitigation measures, and development impact fees, unless the City agrees to finance a portion of the costs to subsidize the project. The City may be prepared to provide a predevelopment loan for eligible third-party costs, subject to the City retaining ownership and/or use rights to all work products paid for with predevelopment funds.
- The City may offer to provide gap financing for the project. In addition, the City may assist the developer in obtaining funding from other sources, as needed.
- The developer/owner will pay full property taxes- or will be expected to secure a property tax exemption for a qualified low income rental development, complying as necessary with State Board of Equalization requirements for such property tax exemption.

- The developer will be responsible for obtaining all entitlement approvals from the City and other agencies, as needed.

VII. Loan Agreement Requirements and City Financial Participation

The selected developer(s) will enter into an Exclusive Negotiation Agreement (ENA) and possibly a Predevelopment Loan Agreement (PLA). During the term of the ENA, the City and developer(s) will negotiate a Disposition and Development Agreement (DDA), Development Agreement (DA), or Owner Participation Agreement (OPA) (hereinafter “DDA”) as appropriate to the circumstances of the proposed project, property and ownership or site control. The DDA will stipulate all responsibilities of the developer and finalize all business terms between the Agency and the developer concerning the proposed development.

Affordability

- The City requires that at a minimum, rental units must remain affordable for 55 years.
- The maximum rents to be paid by the tenants is 30 percent of the lowest household income level(s) (e.g., 50% AMI, 45% AMI, 60% AMI) for rent plus utility allowance, using published utility allowances from the Vallejo Housing Authority, needed to maximize leverage of State and federal funds and to minimize the permanent gap of the City.
- In the case of a mixed-income rental development, the distribution of unit sizes and amenities for the affordable units must be generally the same as for units in the rest of the project.

Non-Residential Space

Developer can provide ground floor office and/or retail space or child care or other social services facilities as a component of the development; however, no subsidies will be provided for these uses.

City Financial Participation

The City will consider financial participation in the project. However, the criteria for selecting a preferred developer emphasizes minimizing City subsidy, and maximizing the leveraging of City funds, while obtaining the maximum number of affordable family rental units. The City may provide a capital contribution in the form of a development loan that would be paid out at key stages during the development of the project. The City’s financial participation will be specified in a Financing Plan for the project to be approved jointly by the City and the Developer. The initial Financing Plan will be developed as part of the Disposition and Development Agreement (DDA) approval process. The DDA will also contain standards for modification of the

Financing Plan, if necessary, prior to closing of the construction loan. The Financing Plan template appended as Attachment B to this RFQ should be used by developer respondents to detail their proposed financing structure and to discuss all underlying cost and financing assumptions.

Depending upon the needs of the project, the City funding may take the form of a low interest, residual receipts loan. The loan shall be secured by a deed of trust, which may be in a subordinate position. The full amount of the loan, plus accrued interest, is due at the sale of the project. The restrictions on the affordable units will require a minimum term of 55 years affordability.

VIII. Submission Requirements

Deadline for Submission

All submissions must be received at the address noted below no later than 5:00 p.m., March 30, 2007. Only hard copy submittals will be accepted. Electronic or fax copies of submittals will be rejected. All submittals received after this deadline will be returned unopened, marked "Late Delivery."

The RFQ submission requirements are detailed below. Please submit 5 copies of your qualifications packet addressing each of the listed elements in the order presented. The City reserves the right to request additional information from the developers following the review of information submitted by March 30, 2007. Developers may submit additional information deemed pertinent but not listed below. Any incomplete qualifications packages will be disqualified from consideration.

The following shall be included in all proposals to enable the City to evaluate the experience and capacity of the development team to undertake the proposed project.

1. Confirmation of Interest

A letter from the Executive Director or Development Director of the firm confirming interest in the project and outlining any major conditions to that interest. Please identify a single contact person at your firm for future correspondence.

2. Identification of Development Team

- **Lead Development Entity:**
 - Company name, address, telephone and fax numbers, e-mail address and web site address.
 - Contact name, title, email address and phone number.

- Specify the legal form of the organization (e.g., corporation, partnership, joint venture, other).
- List officers, partners or owners by name and distribution of ownership, including all joint-venture or limited partners with whom the City may contract.
- **Other Team Members:**
 - For each team member - name, address, phone and fax numbers, e-mail address, role in project, and contact person. Include architects, civil and structural engineers, property management firm, and financial consultants.
 - Provide resumes for all project principals, including the proposed project manager. Resumes must list experience with all aspects of low income family rental housing development using low income housing tax credit financing.

PLEASE NOTE: The City will not entertain proposals where there exists an identity of interest between the developer and the general contractor. The general contractor, and its principals, must be an entirely separate business entity from the developer and its principals. The City reserves the right to separately approve selection of the general contractor, and in this RFQ is not seeking to identify the general contractor for the proposed project.

3. Relevant Development Experience and Development Capacity

a. Lead Development Entity:

Describe experience in developing and managing at least three (3) comparable Low Income Housing Tax Credit family rental projects in California, with the emphasis on the precise role that the entity and team members played in the development. No project placed in service earlier than January 1, 2001 should be included. The description should focus on projects which show experience in terms of:

- successfully designing and developing multifamily housing
- utilizing public financing mechanisms
- developing affordable housing

Project descriptions should include:

- i. construction start and completion dates
- ii. location
- iii. concept
- iv. unit count
- v. development cost and financial sources, construction and permanent (See Attachment B, Development Costs Schedule)
- vi. project team members

- vii. architectural and landscape design, include photos
- viii. property management firm
- ix. the number of months needed to obtain lease-up, as required for permanent lending, **and** 100 percent equity investor funding, as applicable. State the degree to which lease-up, rents and occupancy levels meet, exceed or fall short of original projections.
 - x. current occupancy rate stated as a percentage of total units
 - xi. affordability levels
 - xii. childcare facilities and/or other amenities, as applicable
 - xiii. bedroom distribution (mix of units by bedroom count)

Development Capacity

Applicants should list all projects in predevelopment, entitlement, preconstruction, construction and/or lease-up, listing the name and location (city) of the project, the unit count, type of housing/development (rental, owner, special needs, mixed use), and density in dwelling units per acre. Applicants should list the names of the project managers for each project, and should list the name of the staff person who will be designated as project manager for the project proposed in Vallejo.

Applicants proposing to secure tax credits for their project must certify to the number of General Partner experience points they qualify for under the following TCAC standard meeting all TCAC requirements in the 2006 Regulations for these projects:

1-2 projects in service	under 3 years: 1 point	over 3 years: 2 points
3-6 projects in service	under 3 years: 3 points	over 3 years: 4 points
7 or more projects in service	under 3 years: 5 points	over 3 years: 6 points

Applicants proposing to secure tax credits for their project also must certify that they have not received negative points from TCAC within the past two calendar years (See Attachment C: Certifications).

b. Architects

Residential project experience should include project location, type of units, number of units, density, percentage of below-market rate units, date of completion, and client. Please provide photos of projects similar to the one proposed.

c. Management Company

Provide a list of apartment projects that are currently under the company's management. Include each property's location, number of units, and number of affordable units. Property managers proposed must certify to the number of Management Company

experience points they qualify for under the following TCAC 2006 Qualified Allocation Plan standard, meeting all TCAC requirements in the 2006 Regulations for these points:

2-5 projects in service	under 3 years: 0.5 point	over 3 years: 1 points
6-10 projects in service	under 3 years: 1.5 points	over 3 years: 2 points
11 or more projects in service	under 3 years: 2.5 points	over 3 years: 3 points

Property managers on projects proposing to use tax credit financing also must certify that they have not received negative points from TCAC within the past two calendar years (See Attachment C: Certifications).

d. Other Team Members:

Include description of relevant residential experience for each team member. This should include project location, type of units, number of units, percentage affordable units, dates of contract, client.

4. Financial Capacity of the Developer

Team submittals shall provide evidence that the development entity has the financial capacity to successfully pursue and complete in a timely manner the proposed project. Submission of the required audited financial statements will suffice for this purpose.

Lead Entity:

- Applicants shall submit audited financial statements for 2004 and 2005 for the developer (all partners) and all proposed affiliated organizations, and a statement of financial condition (unaudited, if audited statement is not available) for 2006 for the developer (all partners) and all proposed affiliated organizations. This statement should show current obligations, guarantees, contingent liabilities or other financial commitments which restrict the entity from providing completion guarantees, net worth requirements for syndication, operating deficit and Tax Credit recapture guarantees of limited partner investors, and guarantees which may be reasonably required by the Agency. If an individual person or persons is/are proposed to offer financial guarantees, audited financial statements or personally signed financial statements are required in addition to that of the developer
- If lead is a subsidiary, please provide financial statements of the parent company.
- Complete Attachment C: Certifications: Is lead entity or any named individual in the project involved in any litigation or disputes that could result in a financial settlement having a materially adverse effect on the ability to execute the project?
- Complete Attachment C: Certifications: Has entity or individual in the proposed project team ever filed for bankruptcy or had projects that have been foreclosed? If yes, list dates and circumstances.

5. Schedule of Performance

Submittals shall include a preliminary schedule for development, assuming a 3-month exclusive negotiating period, and a three month period for negotiating the PLA and DDA with the City. The schedule must address the following:

- Document property site control with proposal submission, including evidence of compliance with low income housing tax credit 10 year rule compliance for acquisition/rehabilitation projects
- Inspect and complete due diligence investigations of the site
- Prepare design plans and obtain development approvals
- Prepare working drawings/construction specs and obtain building approvals
- Obtain construction and permanent financing
- Undertake and complete site clearance
- Start and complete construction
- Occupancy—lease-up period
- Submit placed in service package to TCAC and secure Form 8609
- Permanent loan closing; final low income housing tax credit equity investor payment

6. References

a. Developer:

Developer candidates must provide **three** references from **each** of the following groups for each partner. Please do not provide more than one reference from the same organization for any member of the proposed development team (i.e., *do* provide three references from three different banks, etc.). Please make sure to provide references for each group listed below:

- lender (construction or permanent)
- Low Income Housing Tax Credit limited partner investor
- local public agency which provided financial support for an affordable family rental housing development of the developer
- non-profit joint venture development partner, as applicable

In providing references, please provide name, title, organization ,phone number, email address, and the name of the development with which the reference is familiar.

b. Architect:

Architects should provide two references, with name, title, organization, phone number and email address, for each type of reference below:

- owner/developers, other than the proposing entity for the Vallejo development;

- general contractors who have built projects from the architect's drawings;
- public agencies that have provided funding for affordable family rental developments designed by the architect.

c. Other Team Members:

- Include names, titles, organization, phone numbers and email addresses for at least three (3) owners that member has worked with on a housing development.

7. Project Description and Economics of Conceptual Proposal

Applicants shall provide evidence that the proposed site is within the control of the applicant. Site control may include fee title, executed lease agreement or lease option through the 55-year regulatory period, enforceable purchase and sale agreement or option agreement with a minimum required term and/or extensions at the option of the developer through July 2007.

The City is requesting as detailed a development proposal as possible. The proposal must be site specific, and include a site plan and renderings. The development program should be specific, and must at a minimum include the information shown in the Development Program Schedule of Attachment B.

Attachment B must be completed in its entirety. Proposals should clearly state all development cost, operating cost, reserve funding, and financing assumptions.

IX. Evaluation and Selection

The qualifications statements and conceptual proposal will be reviewed by a panel comprised of City staff and development staff from other local jurisdictions. The City may also request feedback from Bay Area planning and housing officials in terms of experience with selected development teams. The City may also use its development and financial advisor to review submissions. Depending upon the number of responses, a short list may be developed for more extensive review and analysis and possible interviews. A recommendation will be made to the City of Vallejo, the Redevelopment Agency, and the Vallejo Housing Authority for the selection of one or more development proposals.

The selected developer(s) candidate will be presented to the City Council to receive an exclusive negotiating agreement, and possibly a Predevelopment Loan Agreement, to negotiation a DDA, Development Loan Agreement and associated documents, for the selected project(s). These negotiations will be conducted with Agency staff, and the Agency's affordable housing consultant and legal counsel, and brought forward to the full Agency Board and/or City Council and/or Housing Authority Board for approval. Following approval of the DDA, a general contractor, and property management entity, as appropriate, will be selected. These other development team members will be proposed by the selected developer and then subject to final

approval by the Agency. The Agency will also approve the identity of the tax credit investor and terms of the investment commitment letter and the limited partnership agreement.

The City will require that developers conduct a competitive bid for construction and permanent debt and for Low Income Housing Tax Credit equity. These bids will be reviewed and approved by the City and its development and financial advisor, in conjunction with the developer.

Developer Criteria

The developer candidates participating in this RFQ process will be judged against the following standards:

- Development team's depth of experience developing and/or managing high quality multifamily housing with an affordable component, and its ability to compete successfully for 9% Low Income Housing Tax Credits.
- Team's successful experience with structuring innovative financing for affordable family rental housing.
- Team's experience with public and private financing sources, including but not limited to 9%, 4% and State Low Income Housing Tax Credits, private activity tax exempt bonds, Redevelopment Housing Set-Aside funds, the MHP, HOME, , and AHP programs.
- Team's financial capacity to provide required financial guarantees and complete the project on time and on budget.
- Team's experience in the Vallejo market area with affordable housing development.
- Team's ability to complete and manage projects satisfactorily.

The selection of a developer(s) pursuant to this RFQ will be conducted in a two-step process:

1. Screening of applications for consistency with minimum developer qualifications, documented site control, and execution of all required Certifications in this RFQ.
2. Ranking of qualified applicants against selected scoring criteria.

Minimum Developer Qualifications

Developers must have successfully completed at least two multifamily rental projects.

The judgment as to whether applicants satisfactorily meet the minimum qualifications will be at the sole and absolute discretion of the City and its development consultants.

B. Scoring of Qualified Applications

Applicants meeting minimum developer qualifications as defined above will be scored according to the criteria below. Top-scoring candidates may be selected for an interview with the Selection Committee. The Agency in its sole discretion may select a developer based on submissions only. Interviews may not be conducted.

Applicants must submit all required elements. Failure to submit any of the required information is grounds for rejection of any RFQ response. The Agency reserves the right to reject incomplete applications.

Applicants demonstrating and certifying that they qualify for maximum General Partner and/or Management Company points under the 2006 TCAC Regulations shall receive maximum points for that category. Other applicants shall be scored using the alternative criteria shown below (points shown are maximum possible; applicants shall be judged using a sliding scale).

Applicants demonstrating site control over sites scoring maximum Site Amenity and either Neighborhood Revitalization or Balanced Communities points under the 2006 TCAC Regulations shall receive maximum points for Leverage.

1. Development Track Record **30 Points**

- a. Applicant qualifies for maximum General Partner experience points under 2006 TCAC Regulations 30 Points

OR

- a. Track record in completing construction and lease-up on time and on budget. 10 Points
- b. Demonstrated financial capacity to provide lender and investor guarantees. 5 Points
- c. Track record in securing 9% Tax Credits. 5 Points
- d. Positive track record for collaborative negotiations with public agency (as demonstrated by references) 5 Points
- e. Success at gaining community support for affordable housing projects and remaining sensitive to community/ neighborhood concerns throughout operations. 5 Points

2. Operation and Management of Affordable Family Rental Housing **30 Points**

- a. Applicant qualifies for maximum Management Company experience points under 2006 TCAC Regulations 30 Points

OR

- a. Reasonableness of operating costs for project market area and type of project. 5 Points
- b. Track record of positive cash flow and compliance with regulatory agreements, property reserves and property maintenance standards. 10 Points
- c. Quality and track record of on-site management operations, including program for conflict resolution, highly trained on-site managers that maintain crime-free environments. 10 Points
- d. Quality and depth of social services for families. 5 Points

- | | |
|--|------------------|
| 3. Leverage | 20 Points |
| a. Demonstrated site control of site scoring maximum points for 9% tax credits | 20 Points |

OR

- | | |
|---|-----------|
| a. Affordability (Lowest Income Targeting) | 10 Points |
| c. Leverage (Lowest Agency Assistance Per Unit) | 10 Points |

- | | |
|--|------------------|
| 3. Development Concept Proposal | 20 Points |
| a. Appropriate Site Usage (Site Plan) | 5 Points |
| b. Appropriate Site Design (Renderings) | 5 Points |
| c. Potential for Neighborhood Revitalization | 5 Points |
| d. Site Amenities/Transit | 5 Points |

- | | |
|--|------------------|
| 4. Development Staff Capacity | 10 Points |
| a. Demonstrated adequacy of project manager experience | 5 Points |
| b. Demonstrated adequacy of project manager workload | 5 Points |

<u>TOTAL</u>	<u>110 Points</u>
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X. Selection and Negotiation Schedule

The following schedule is for the selection and negotiation process:

Activity	Date
Agency issues RFQ:	December, 2006
Submission Deadline:	5:00 pm, March 31, 2007
ENA/PLA recommendation to Agency/Council/Housing Authority:	June 2007
DDA/Loan Agreement to the Agency/Council/Housing Authority:	August 2007

The City reserves the right to revise or extend this schedule at their sole option.

The final selection shall be made at the sole discretion of the City. The City is under no obligation to select any set of qualifications submitted, and may at its discretion reject any or all submissions. The final selection will not require competitive bidding.

- All materials submitted become the property of the City.
- The City reserves the right to select and compose a development team from those firms that respond to the RFQ.
- Selection of a development team in no way obligates the City to enter into a Loan Agreement with the selected developer.

XII. Submission Information and Deadline

Development teams interested in submitting qualifications and conceptual proposals for this multifamily residential development RFQ should provide all information requested above to the City. **Five (5) copies** of the qualifications and conceptual proposal must be received at the following address by 5:00 p.m., March 30, 2007:

Laura Simpson
Housing and Community Development Manager
Housing & Community Development Division
City of Vallejo
200 Georgia Street,
Vallejo, CA 94590

Questions regarding the RFQ should be directed to Laura Simpson, Housing and Community Development Manager, City of Vallejo, 707-648-4393, or e-mail Lsimpson@ci.vallejo.ca.us

XIII. ATTACHMENTS

Attachment A: Opportunity Sites

Attachment B: Financing Plan Template

Attachment C: Candidate's Certification Form

Attachment C
Candidate's Certification Form
Vallejo Request for Qualifications

All Candidates must complete this Candidate's Certification Form in its entirety (write "N/A" if any certification is not applicable). Individuals duly authorized to execute such documents by their respective organizations must sign it.

Certification Regarding CTCAC General Partner Experience Points: The undersigned certify that the organization(s) listed below qualify(ies) for maximum general partner experience points under the 2006 CTCAC Regulations and has(have) not received any negative points from CTCAC since January, 2004.

Name, Title, Date

Name, Title, Date

Organization

Organization

Certification Regarding CTCAC Property Management Experience Points: The undersigned certify that the organization(s) listed below qualify(ies) for maximum property management experience points under the 2006 CTCAC Regulations and has(have) not received any negative points from CTCAC since January, 2004.

Name, Title, Date

Name, Title, Date

Organization

Organization

Agreement to Maintain Affordability: The undersigned agree to maintain the proposed development as affordable rental housing in perpetuity, and in compliance with all applicable regulatory agreements

Name, Title, Date

Name, Title, Date

Organization

Organization

Outstanding Judgments: The undersigned has/have never had any unfavorable judgments or bankruptcies and are not currently involved in any pending lawsuits or judgment or bankruptcy involving themselves or any entity in which they have been or are now involved

or

The undersigned have attached to this Certification Form a complete description of any and all bankruptcies, unfavorable judgments and/or pending lawsuits involving themselves or any entity in which they have been or are now involved.

Organization

Availability of Principal Staff: The undersigned will make the following principal staff available through the entire course of development and construction of the proposed development.

Name, Title, Date

Name, Title, Date

Organization

Organization

Financial Guarantees: The undersigned certify that Candidate is willing and able to provide all required financing guarantees required by construction lenders, tax credit investors, and the Vallejo Redevelopment Agency.

Name, Title, Date

Name, Title, Date

Organization

Organization

City and Agency Policies: The undersigned certify that the Candidate is prepared to abide by all applicable City and Agency policies with respect to the zoning code, design guidelines, Specific Plan requirements, if any, and Agency objectives for local contracting.

Name, Title, Date

Name, Title, Date

Organization

Organization

Attachment A

Opportunity Sites for
Affordable Housing Development
in the City of Vallejo

Available from:
Laura Simpson
Housing and Community Development Manager
City of Vallejo Housing and Community Development Division

**VALLEJO AFFORDABLE HOUSING RFQ
FINANCING PLAN TEMPLATE
SOURCES AND USES**

PLEASE FILL IN ALL BOXES; PUT N/A IF NOT APPLICABLE

Number of Units	0
Acres	0.00
Units/Acre	0.00

SOURCES OF FUNDS

CONSTRUCTION

- Tax Credit Equity (1)
- Construction Loan
- AHP
- Other (Specify)
- Other (Specify)
- Other (Specify)
- Requested City of Vallejo Gap Financing
- Deferred Developer Fee
- Deferred Operating Reserve

TOTAL SOURCES

\$0

PERMANENT

- Tax Credit Equity (1)
- Permanent Loan
- AHP
- Other (Specify)
- Other (Specify)
- Other (Specify)
- Requested City of Vallejo Gap Financing
- Deferred Developer Fee
- Deferred Operating Reserve

TOTAL SOURCES

\$0

City of Vallejo Subsidy Per Unit

\$0

USES OF FUNDS

TOTAL COST/UNIT

\$0

(1) Specify 9%, 4% and/or State credits, as appropriate

**VALLEJO AFFORDABLE HOUSING RFP
FINANCING PLAN TEMPLATE
DEVELOPMENT PROGRAM**

PLEASE FILL IN ALL BOXES; PUT N/A IF NOT APPLICABLE

Development Program

Type	# Units	% Units	Estimated		Units	
			Sq. Ft/Unit	Total SF	Per Acre	Acres
1 Bedroom	<input type="text"/>	0%	<input type="text"/>	0		
2 Bedroom	<input type="text"/>	0%	<input type="text"/>	0		
3 Bedroom	<input type="text"/>	0%	<input type="text"/>	0		
4 Bedroom	<input type="text"/>	0%	<input type="text"/>	0		
Total Housing Units	0	0%		0	0.00	<input type="text"/>
No. of Manager's Unit(s)	<input type="text"/>		<input type="text"/>	0		
Total Housing Units	0			0		
Community Room				<input type="text"/>		
Other (Specify) (1)				<input type="text"/>		
Other (Specify) (1)	<input type="text"/>			<input type="text"/>		
Total Net SF Building Area				0		
Parking/Circulation	<i>Construction Type (Specify) (2)</i>		<i>Spaces</i>			
Residential Units	<input type="text"/>					
Residential Units	<input type="text"/>					
Guest Parking	<input type="text"/>					
Total Parking Spaces			0			

(1) For example child care, social services, other non-residential space.

(2) Specify subterranean, semi-subterranean, podium, surface (open, garage, covered)

**VALLEJO AFFORDABLE HOUSING RFQ
FINANCING PLAN TEMPLATE
INCOME AND OPERATING COSTS**

PLEASE FILL IN ALL BOXES; PUT N/A IF NOT APPLICABLE

ASSUMPTIONS

2006 Median Household Income, Family of Four \$74,000
Affordable Housing Cost As a % of Income 30%

No. of Bedrooms	Totals	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Household Size		[Empty Box]			
Household Size Income Adjust. Factor					
Utility Allowance					
No. of Units (Excluding Manager's):	0				

AFFORDABLE RENTS BY INCOME LEVEL

[Empty Box] % of AMI	
Annual Gross Income	
Affordable Monthly Housing Cost	
Less: Monthly Utility Allowance	
Affordable Monthly Rent	

[Empty Box] % of AMI	
Annual Gross Income	
Affordable Monthly Housing Cost	
Less: Monthly Utility Allowance	
Affordable Monthly Rent	

[Empty Box] % of AMI	
Annual Gross Income	
Affordable Monthly Housing Cost	
Less: Monthly Utility Allowance	
Affordable Monthly Rent	

NET OPERATING INCOME

Affordability Level/No. of Bedrooms	Units	Rent	Monthly Gross Income
<u>0% of Median</u>	1 Bedroom	0	\$0
	2 Bedroom	0	\$0
	3 Bedroom	0	\$0
	4 Bedroom	0	\$0
<u>0% of Median</u>	1 Bedroom	0	\$0
	2 Bedroom	0	\$0
	3 Bedroom	0	\$0
	4 Bedroom	0	\$0
<u>0% of Median</u>	1 Bedroom	0	\$0
	2 Bedroom	0	\$0
	3 Bedroom	0	\$0
	4 Bedroom	0	\$0
Totals	0		\$0
Manager's Unit(s)	0		

GROSS RENTAL INCOME		
Less: Vacancies	[Empty Box] Percent of Gross Income	
Miscel. Income		

GROSS ANNUAL INCOME \$0

LESS: OPERATING EXPENSES		Per Unit/Year	
Less: Operating Reserves		of Oper. Budget	
Less: Replacement Reserves		Per Unit	

NET OPERATING INCOME \$0

**VALLEJO AFFORDABLE HOUSING RFQ
FINANCING PLAN TEMPLATE
OPERATING BUDGET**

	Units:	0	
	<i>PLEASE FILL IN ALL BOXES, AS APP</i>		
	<u>Annual</u>	<u>Annual</u>	
	<u>Per Unit</u>	<u>Total</u>	
General Administrative			
Advertising			
Legal			
Accounting/Audit			
Security			
Other (Specify)			
<i>Total General Administrative</i>	\$0	\$0	
Management Fee			
Utilities			
Fuel			
Gas			
<i>Total Utilities</i>	\$0	\$0	
<i>Total Water/Sewer</i>			
Payroll/Payroll Taxes			
On-Site Manager			
Maintenance Personnel			
Payroll Taxes			
Social Services			
Other (Specify)			
<i>Total Payroll/Payroll Taxes</i>	\$0	\$0	
<i>Total Insurance</i>			
Maintenance			
Painting			
Repairs			
Trash Removal			
Exterminating			
Grounds			
Elevator Maintenance (If Appropriate)			
Other (Specify)			
<i>Total Maintenance</i>	\$0	\$0	
Other			
Real Estate Taxes			
Other (Specify)			
<i>Total Other</i>	\$0	\$0	
Total Operating Budget	\$0	\$0	

**VALLEJO AFFORDABLE HOUSING RFQ
FINANCING PLAN TEMPLATE
DEVELOPMENT COSTS**

PLEASE FILL IN ALL BOXES; PUT N/A IF NOT APPLICABLE

Acres	0.00		
No. of Units	0		
Total Net Living Area (SF)	0		
Community Room (SF)	0		
Total Net Square Feet, Residential Units (0		
Child Care/Other Building Area (SF)	0		
Total Net Square Feet (SF)	0		
Ratio of Net/Gross Square Feet (%)	<input type="text"/>		(IF APPLICABLE)
Total Gross Square Feet (SF)	0		
% Residential Basis Eligible	0.00%		Tax Credit Basis (1)
		Total	(0% Resid.)

LAND ACQUISITION	<input type="text"/>	Per SF			
OFF-SITE IMPROVEMENTS					
DEMOLITION AND SITE WORK	<input type="text"/>	Per SF Site			
RESIDENTIAL CONSTRUCTION	<input type="text"/>	Per NSF			
OTHER HARD COST (SPECIFY)					
GENERAL CONDITIONS	<input type="text"/>	Per Month			
CONTRACTOR FEE	<input type="text"/>	% of Contract			
SUBTOTAL CONSTRUCTION CONTRACT					
CONTRACTOR'S LIABILITY INSURANCE					
CONTRACTOR'S PERFORMANCE BOND					
CONSTRUCTION CONTINGENCY	<input type="text"/>	% of Hard Costs			
ARCH./ENG./CONSTR. SUPERVISION					
LOCAL PROCESSING FEES					
LOCAL DEVELOPMENT IMPACT FEES					
ALTA SURVEY					
ENVIRONMENTAL PHASE I/II					
SOILS TESTING					
SECURITY DURING CONSTRUCTION					
BOND ISSUANCE COSTS					
CONSTRUCTION LOAN FEES					
CONSTRUCTION LOAN RATE LOCK FEE					
CONSTRUCTION/LEASE-UP INTEREST					
REAL ESTATE TAXES DURING CONSTRUCTION					
CONSTRUCTION PERIOD INSURANCE					
TITLE AND CLOSING					
APPRAISAL FEES					
LENDER LEGAL/INSPECTION FEES					
REAL ESTATE LEGAL					
ORGANIZATIONAL LEGAL					
MARKET STUDY					
FINANCIAL ADVISORY SERVICES					
POST-CONSTRUCTION AUDIT					
MARKETING/LEASE-UP/START-UP					
FURNITURE/EQUIPMENT					
PERMANENT LOAN FEES					
CAPITALIZED OPERATING RESERVE					
CAPITALIZED REPLACEMENT RESERVE					
SOFT COST CONTINGENCY					
OTHER (Specify)					
OTHER (Specify)					
OTHER (Specify)					
OTHER (Specify)					
TOTAL DEVELOPMENT COST			\$0	\$0	
DEVELOPER FEE					
DEVELOPMENT CONSULTANT					
TAX CREDIT APPLICATION FEE					
TCAC ALLOCATION/RESERVATION FEE					
CDLAC FEES (If Appropriate)					
SYNDICATION LEGAL					
TAX CREDIT CONSULTANT					
OTHER (Specify)					
OTHER (Specify)					
OTHER (Specify)					
TOTAL USES			\$0	\$0	
PER UNIT			\$0	\$0	
PER NET SF			\$0.00		

**VALLEJO AFFORDABLE HOUSING RFQ
FINANCING PLAN TEMPLATE
FINANCING ASSUMPTIONS**

PLEASE FILL IN ALL BOXES; PUT N/A IF NOT APPLICABLE

TAX CREDIT EQUITY

Requested Adjusted Eligible Basis (From Threshold Basis Calculation)
Less: Non-Qualified Non-Recourse Financing
Less: Eligible Amount Voluntarily Excluded
Unadjusted Eligible Basis
Qualified Basis Percentage (% Low Income Units)
Qualified Basis
Tax Credit Rate
Annual Allow. Federal Credits
Annual Allow. State Credits
Tax Credit Pricing (Equity Raised Per Tax Credit Dollar)
 Federal
 State
Federal Tax Credit Equity
State Tax Credit Equity
Total Tax Credit Equity

CONSTRUCTION LOAN/BOND

Construction Loan Amount
Interest Rate
Loan Points (%)
Average Loan Balance--Construction
Average Loan Balance--Lease Up
Average Loan Balance--Total
Construction Loan Term
Lease-Up Period
Total Construction Loan Period
Construction Loan Interest--Construction
Construction Loan Interest--Lease-Up
Total Construction Loan Interest
Construction Loan Points (\$)

PERMANENT MORTGAGE/BOND

Annual Net Operating Income
Debt Coverage Ratio
Debt Service
Mortgage Term
Interest Rate
Max. Mortgage Amount (DCR)
Loan Fees (%)
Loan Fees (\$)

**VALLEJO AFFORDABLE HOUSING RFQ
FINANCING PLAN TEMPLATE
THRESHOLD BASIS LIMITS**

PLEASE FILL IN ALL BOXES AS APPLICABLE

Use Solano Co. 2006 Threshold Basis Limits (Specify Elevator/Non-Elevator)

Unit Size	# of Units	TCAC Basis Limit Per Unit	Total Basis
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Threshold Basis Calculation

1 Bedroom	0		\$0
2 Bedroom	0		\$0
3 Bedroom	0		\$0
4 Bedroom	0		\$0
Manager's Unit(s)	0		\$0
Total Threshold Basis			\$0
Plus: Prevailing Wage Boost			\$0
Plus: Structured Parking Boost			
Plus: Day Care Center Boost			\$0
Plus: Special Needs Boost			
Plus: Energy Efficiency Basis Boost			\$0
Plus: Seismic Retrofit Boost			
Plus: Distributive Energy Technologies			\$0
Plus: Total Development Impact Fees			\$0
Total Adjusted Threshold Basis			\$0

Requested Eligible Basis Calculation

Total Eligible Basis (From Development Budget)	
Less: BMIR Federal Financing	
Less: Eligible Basis Amount Voluntarily Excluded	
Total Requested Unadjusted Eligible Basis	

**VALLEJO AFFORDABLE HOUSING RFQ
FINANCING PLAN TEMPLATE
OPERATING BUDGET AND
CASH FLOW**

ESCALATION RATES:

Income/Rents 2.50%
Operating Costs 3.50%

	1	2	3	4	5	6	7	8
Rental Revenues								
Gross Potential Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Laundry/Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Vacancy Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Rental Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Costs								
Net Operating Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CASH FLOW FOR DEBT SERV.								
Debt Service--First Trust Deed	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Coverage Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET CASH FLOW	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investor Asset Mgt. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Developer Asset Mgt. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET CASH FLOW AFTER PART. MGT. FEE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Annual Amount:

**VALLEJO AFFORDABLE HOUSING RFQ
FINANCING PLAN TEMPLATE
OPERATING BUDGET AND
CASH FLOW**

ESCALATION RATES:

Income/Rents 2.50%
Operating Costs 3.50%

	9	10	11	12	13	14	15	16
Rental Revenues								
Gross Potential Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Laundry/Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Vacancy Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Rental Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Costs								
Net Operating Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CASH FLOW FOR DEBT SERV.								
Debt Service--First Trust Deed	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Coverage Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET CASH FLOW	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investor Asset Mgt. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Developer Asset Mgt. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET CASH FLOW AFTER PART. MGT. FEE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Annual Amount:

**VALLEJO AFFORDABLE HOUSING RFQ
FINANCING PLAN TEMPLATE
OPERATING BUDGET AND
CASH FLOW**

ESCALATION RATES:

Income/Rents 2.50%
Operating Costs 3.50%

	17	18	19	20	21	22	23	24
Rental Revenues								
Gross Potential Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Laundry/Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Vacancy Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Rental Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Costs								
Net Operating Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CASH FLOW FOR DEBT SERV.								
Debt Service--First Trust Deed	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Coverage Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET CASH FLOW	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investor Asset Mgt. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Developer Asset Mgt. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET CASH FLOW AFTER PART. MGT. FEE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Annual Amount:

**VALLEJO AFFORDABLE HOUSING RFQ
FINANCING PLAN TEMPLATE
OPERATING BUDGET AND
CASH FLOW**

ESCALATION RATES:

Income/Rents 2.50%
Operating Costs 3.50%

	25	26	27	28	29	30
Rental Revenues						
Gross Potential Rent	\$0	\$0	\$0	\$0	\$0	\$0
Laundry/Other	\$0	\$0	\$0	\$0	\$0	\$0
Vacancy Allowance	\$0	\$0	\$0	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0	\$0	\$0	\$0
Net Rental Income	\$0	\$0	\$0	\$0	\$0	\$0
Operating Costs						
Net Operating Income	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserve	\$0	\$0	\$0	\$0	\$0	\$0
Operating Reserve	\$0	\$0	\$0	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0	\$0	\$0	\$0
CASH FLOW FOR DEBT SERV.						
Debt Service--First Trust Deed	\$0	\$0	\$0	\$0	\$0	\$0
Debt Coverage Ratio	0.00	0.00	0.00	0.00	0.00	0.00
NET CASH FLOW	\$0	\$0	\$0	\$0	\$0	\$0
Investor Asset Mgt. Fee	\$0	\$0	\$0	\$0	\$0	\$0
Developer Asset Mgt. Fee	\$0	\$0	\$0	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0	\$0	\$0	\$0
NET CASH FLOW AFTER PART. MGT. FEE	\$0	\$0	\$0	\$0	\$0	\$0

Annual Amount:

VALLEJO AFFORDABLE HOUSING RFQ
 FINANCING PLAN TEMPLATE
 OPERATING AND REPLACEMENT
 RESERVE FUND BALANCES

	1	2	3	4	5	6	7	8	9	10	11
OPERATING RESERVE											
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Withdrawals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Max. Balance @ # Mos. Budg:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
REPLACEMENT RESERVE											
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Withdrawals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

VALLEJO AFFORDABLE HOUSING RFC
 FINANCING PLAN TEMPLATE
 OPERATING AND REPLACEMENT
 RESERVE FUND BALANCES

	12	13	14	15	16	17	18	19	20	21	22
OPERATING RESERVE											
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Withdrawals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Max. Balance @ # Mos. Budg:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
REPLACEMENT RESERVE											
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Withdrawals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

VALLEJO AFFORDABLE HOUSING RFC
 FINANCING PLAN TEMPLATE
 OPERATING AND REPLACEMENT
 RESERVE FUND BALANCES

	23	24	25	26	27	28	29	30
OPERATING RESERVE								
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Withdrawals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Max. Balance @ # Mos. Budg:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
REPLACEMENT RESERVE								
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Withdrawals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Attachment C
Candidate's Certification Form
Vallejo Request for Qualifications

All Candidates must complete this Candidate's Certification Form in its entirety (write "N/A" if any certification is not applicable). Individuals duly authorized to execute such documents by their respective organizations must sign it.

Certification Regarding CTCAC General Partner Experience Points: The undersigned certify that the organization(s) listed below qualify(ies) for maximum general partner experience points under the 2006 CTCAC Regulations and has(have) not received any negative points from CTCAC since January, 2004.

Name, Title, Date

Name, Title, Date

Organization

Organization

Certification Regarding CTCAC Property Management Experience Points: The undersigned certify that the organization(s) listed below qualify(ies) for maximum property management experience points under the 2006 CTCAC Regulations and has(have) not received any negative points from CTCAC since January, 2004.

Name, Title, Date

Name, Title, Date

Organization

Organization

Agreement to Maintain Affordability: The undersigned agree to maintain the proposed development as affordable rental housing in perpetuity, and in compliance with all applicable regulatory agreements

Name, Title, Date

Name, Title, Date

Organization

Organization

Outstanding Judgments: The undersigned has/have never had any unfavorable judgments or bankruptcies and are not currently involved in any pending lawsuits or judgment or bankruptcy involving themselves or any entity in which they have been or are now involved

or

The undersigned have attached to this Certification Form a complete description of any and all bankruptcies, unfavorable judgments and/or pending lawsuits involving themselves or any entity in which they have been or are now involved.

Organization

Availability of Principal Staff: The undersigned will make the following principal staff available through the entire course of development and construction of the proposed development.

Name, Title, Date

Name, Title, Date

Organization

Organization

Financial Guarantees: The undersigned certify that Candidate is willing and able to provide all required financing guarantees required by construction lenders, tax credit investors, and the Vallejo Redevelopment Agency.

Name, Title, Date

Name, Title, Date

Organization

Organization

City and Agency Policies: The undersigned certify that the Candidate is prepared to abide by all applicable City and Agency policies with respect to the zoning code, design guidelines, Specific Plan requirements, if any, and Agency objectives for local contracting.

Name, Title, Date

Name, Title, Date

Organization

Organization