

REDEVELOPMENT AN OVERVIEW

What is redevelopment? Redevelopment is a tool created by state law to assist local governments in eliminating blight from a designated area, as well as to achieve the goals of development, reconstruction and rehabilitation of residential, commercial, industrial and retail districts.

What is blight? Blight consists of physical and economic conditions within an area that cause a reduction of, or lack of, proper utilization of that area.

What is a redevelopment agency? A redevelopment agency is a separate public body that reports to the local governing body of a community, and either the city council or county board of supervisors. The California Community Development Law (CRL) provides that any county or city can establish a redevelopment agency by the action of its governing body. IN all but a few agencies in California, the local governing body also serves as the redevelopment agency board, in a handful of cities and counties, the redevelopment agency is a separate body comprised of members appointed by elected officials.

What are the powers of an agency? California Community Redevelopment Law (CRL) prescribes the powers of redevelopment agency. AN agency may prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas. Once the plan adoption process has begun, an agency may exercise certain additional powers, such as acquiring property.

What laws govern redevelopment agencies? The California Community Development Law (CRL), contained in the California Health and Safety Code beginning with section 33000 et seq., provides the authority and implementation provisions for a redevelopment program. California voters adopted Article XVI, Section 16 of the California Constitution in 1952, providing for tax increment financing.

What can redevelopment do? Redevelopment activities may include the rehabilitation/reconstruction of existing structures, the redesign/replanning of areas within efficient site layout, the demolition and clearance of existing structures, the construction/rehabilitation of affordable housing and the construction of public facilities including, but not limited to, public buildings, streets, sidewalks, sewers, storm drains, water systems and street lights. All of this contributes to a general economic revitalization of an area, making it more attractive for additional investors.

What is a project area? The area within which actual redevelopment will take place. The project area must first go to public hearing (giving citizens who will be included in the project area a chance to express their views) after which the Redevelopment Agency acts on the adoption of the project area and becomes primarily responsible for future projects.

How is redevelopment financed? Redevelopment is primarily financed by tax increment revenue. Other revenue sources include loans, grants and issuance of tax allocation bonds. Typically, agencies use tax increment funds to leverage financial assistance from various agencies of the state and federal governments, and private sources.

What is tax increment? Tax increment is the primary source of revenue that redevelopment agencies have to undertake redevelopment projects. It is based on the assumption that a revitalized project area will generate more property taxes than were being produced before redevelopment. When a redevelopment project is adopted area is adopted, the current assessed values of the property within the project area are designated as the base year value. Tax increment comes from the increased value of property, not from an increase in tax rate. Any increases in property value, as assessed because of change of ownership or new construction,

will increase tax revenue by the property. This increase in tax revenue is the tax increment that goes to the Agency.

How do redevelopment agencies maintain affordable housing? California Community Redevelopment Law (CRL) requires that no less than 20 percent of tax increment revenue derived from a project area be used to increase, improve, and preserve the supply of housing for very low-, low-and moderate-income households. If none is provided within a redevelopment area, then the funds must be used to build twice that amount elsewhere. Possibilities include financial assistance to upgrade existing units, the construction of new housing, and improvements to public facilities and infrastructure that service low-and moderate-income neighborhoods.

CALIFORNIA CITY REDEVELOPMENT AGENCY GOALS AND OBJECTIVES

Implementation of the Agency Redevelopment Plan is intended to achieve the following goals and objectives:

- To remedy physical blight and economic obsolescence in the Project Area.
- To expand the commercial and industrial base of the community.
- To provide for the expansion, renovation, and relocation of businesses within the Project Area to enhance their economic viability.
- To improve and provide electric, gas, telephone, water and wastewater facilities to both developed and subdivided undeveloped properties within the Project Area.
- To recycle or develop underutilized parcels to accommodate higher and better economic uses.
- To alleviate inadequate drainage and street improvements that constrain the development of various parcels.
- To address parcels of property that are inadequately sized for proper usefulness and development and which are held in widely scattered ownership.
- To remedy depreciating property values and impaired investments.
- To provide opportunities to increase sales tax, license/franchise tax, and other revenues to the City.

CALIFORNIA CITY RDA

**TAX INCREMENT REVENUE
FY 08/09 FORCAST**

Forecast FY 08/09 total Project Area Av	\$710,000,000
Less: Base Year AV	<u>(\$100,000,000)</u>
Forecast FY 08/09 Incremental AV	\$610,000,000
Project Area Tax Rates:	
General Levy	1%
*Override Levies	.06%
TOTAL LEVY	1.06%
Forecast Gross Tax Increment (rounded)	6,400,000
Estimated Housing Set Aside – 20% (Gross)	<u>(1,280,000)</u>
Estimated Non-Housing Tax Increment	5,120,000
Estimated Delinquencies (3% per County)	<u>(190,000)</u>
Estimated non-housing tax increment	4,930,000

*AVEK secured and unsecured

HOUSING

FUND

HOUSING

Redevelopment Agencies in California are governed by the housing requirements of the CRL (Community Redevelopment Law). These requirements include: (1) the low-and moderate-income set-aside; (2) Excess surplus provisions which mandate the timely expenditure of housing funds; (3) “Inclusionary” housing requirements.

Housing Set-Aside – CRL requires agencies to set aside at least 20% of their tax increment revenues for the purpose of increasing, improving and preserving the community’s supply of low-and moderate-income housing. (“Low-income” is defined as a house-hold whose annual income does not exceed 80% of the area median income for a family of four with adjustments for family size. “Moderate-income” refers to households whose annual income falls between 80% and 120% of area median income with adjustments for family size. “Very low-income” is defined as house-holds whose annual income does not exceed 50% of area median with adjustments for family size. (Area median income, broken down by household size, is publishes annually by the United States Department of Housing and Urban Development). Redevelopment agencies can also assist the development of the market rate housing with non-housing set-aside funds.

The redevelopment agency may use housing set-aside funds inside or outside the project area. However, the redevelopment agency may only spend the funds outside the project area if a resolution is adopted by the legislative body that the use will be benefit to the project area (“Finding of Benefit”). Housing set-aside funds cannot be spent outside the jurisdictional

boundaries of the redevelopment agency without meeting an extremely difficult test in the CRL or seeking specific authorization from the state legislature.

CRL requires that any new or substantially rehabilitated housing units assisted by set-aside funds must be affordable for the longest feasible time, but no less than 15 years for rental housing or ten years for owner-occupied housing. These affordability restrictions are contained in recorded covenants on the property. In the case of an owner-occupied housing unit in which the purchaser has received assistance from housing set-aside, the redevelopment agency may permit the sale of the unit prior to the expiration of the affordability restriction, at a price which is not affordable to low-or moderate-income purchasers, if the redevelopment agency's initial investment in the unit is protected and proceeds of the sale are deposited in the Low-and Moderate-Income Housing Trust Fund.

Excess Surplus Provisions – CRL also sets forth requirements for the expenditure of housing set-aside funds in a timely manner. Specifically, if an agency has unencumbered, (i.e., not contractually committed) or expended funds in its Low-and Moderate-Income Housing Fund (the “Fund”) in an amount which exceeds the greater of \$1 million or the aggregate amount deposited in the Fund in the Preceding four fiscal years, the agency has an “excess surplus” and must follow certain procedures to cure the situation. (The first fiscal year to be included in the computation of excess surplus is the 1989-90 fiscal year, and the first date on which an excess surplus may exist is July 1, 1994). Strict penalties not exist for failure to meet these time limits.

If an excess surplus exists, the redevelopment agency must do one of the following to remedy the situation:

- Disburse voluntarily its excess surplus funds to the county housing authority or to another public agency exercising housing development powers within the agency's territorial jurisdiction; or
- Expend or encumber its excess surplus within two additional years.

If an excess surplus still exists three years after the funds became excess surplus, the agency is prohibited from encumbering or expending any funds from any source for non-affordable housing purposes except that an agency may use funds to meet obligations that were incurred prior to the date that funds became excess surplus, i.e., three years prior to this sanction being enforced. Further, the agency must commit an additional 50% of the excess surplus amount for affordable housing from non-housing set-aside sources. These sanctions were added by 1994 legislation, AB 1290 (1993).

“Inclusionary” Housing Requirements – At least 30% of all new and substantially rehabilitated housing unit developed by an agency, within each redevelopment project area, must be for low, and moderate-income households, and not less than 50% of that 30% must be for very low-income households. Historically, redevelopment agency counsel has interpreted this requirement as applying only to housing which is developed (not assisted) by redevelopment agencies. Its application has, therefore, been limited.

At least 15% of all new and substantially rehabilitated housing units developed within a redevelopment project area by public or private entities must be for low-and moderate-income households, and not less than 40% must be for very low-income households. Both the 30% and

the 15% requirements apply only to redevelopment projects adopted, or plans amended adding land to the project area, after January 1, 1976.

Assembly Bill 1290 (1993) allows redevelopment agencies to meet inclusionary requirements by constructing housing units outside a project area on a two for one basis, i.e., for every unit of inclusionary housing required, two units outside the project area can be developed.

A redevelopment agency may satisfy the inclusionary requirements by purchasing or assisting the purchase of existing housing and deed restricting the units for long-term affordability. A redevelopment agency has this option if the units to be acquired are not presently available at affordable cost, or are presently available at affordable housing cost, but, based on substantial evidence collected by the redevelopment agency after a public hearing, the redevelopment agency finds that the affordability of such units is in jeopardy.

The following uses are examples of housing set-aside expenditures:

- Acquisition of real property or building sites.
- Onsite or offsite improvements, if such improvements are part of a program which results in the new construction or rehabilitation of affordable housing, or if the redevelopment agency finds that such improvements are necessary to eliminate a specific condition which jeopardizes the health and safety of low-and moderate-income households.
- Donation of real property to private or public persons or entities;
- Financing insurance premiums during the construction or rehabilitation of properties by government entities or nonprofit organizations to provide lower-income housing;

- New construction or rehabilitation of buildings or structures;
- Acquisition of buildings or structures;
- Provisions of subsidies to, or for the benefit of, lower-income households to the extent that these households cannot obtain housing at affordable costs in the private marketplace;
- Development of plans, payment of principal, interest, financing or carrying costs on bonds, loans, and advance or other indebtedness to finance low-and moderate-income housing;
- Preservation of the affordability of low-and moderate-income housing units which are assisted or subsidized by public entities and which are threatened with imminent conversion to market rates;
- Satisfaction of replacement housing requirements of CRL; and
- Reasonable administrative expenses.

LOW/MOD HOUSING FUND

TAX INCREMENT

SET-ASIDE

Beginning in 1977, redevelopment agencies have been required to set aside 20% of their gross tax increment revenue into a fund for low-and moderate-income housing. Money in the Housing fund has its own set of restrictions in addition to the restrictions on tax increment revenues. The funds can only be spent on housing for individuals and families whose income qualifies them as very low-, low, or moderate-income. (Definitions are functions of area wide median income, broken down by household size, as published by the United States Department of Housing and Urban Development).

For fiscal year 2008-2009, gross tax increment (before pass thru agreements) is estimated at \$6,400,000. The computed housing set aside for 08-09 is $6,400,000 \times 20\% = \$1,280,000$.

**PROPOSED FY 08-09 BUDGET
CALIFORNIA CITY REDEVELOPMENT AGENCY – HOUSING FUND 20**

	<u>2008-2009</u>
Beginning Fund Balance	
Tax Increment Fund Balance	3,000,000.00
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Total	3,000,000.00
 Inflows	
Tax Increment Revenue	1,280,000.00
Transfer from Non-Housing Funds	68,000.00
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Total Inflows	4,348,000.00
 Outflows	
2000 Series Tax Allocation Bonds	259,000.00
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Subtotal Debt. Service	259,000.00
 Projects/Program Outflows:	
Senior Housing Construction	4,000,000.00
 Staff Administrative Charges	89,000.00
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Subtotal	4,089,000.00
 Total Outflows	4,348,000.00
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Ending Cash Balance	0
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ADMINISTRATIVE CHARGES

Under Community Redevelopment Law, reasonable staff administrative charges are allowed.

Audit practice and results by the State Department of Housing and Community Development of many agencies indicate that “reasonable” is less than 10% of the 20% set aside computation.

Staff has estimated administrative time and overhead at 7% of 08/09 set aside money, or 7% x \$1,280,000 = \$89,000 (rounded).

DEBT SERVICE

The agency’s Housing set aside Refunding Bonds, Series B, have the following payments due in fiscal year 08-09:

Sept. 1, 2008:

Principal	\$55,000
Interest	\$102,396

March 1, 2009:

Interest	<u>\$100,636</u>
	<u>\$258,032</u>

SENIOR HOUSING PROJECT

Provision is made in this budget for new construction of senior housing. The project would be located on parcel 9989 (approximately 6.2 acres). This parcel is owned by the Agency and was purchased with low/mod 20% set-aside funds. Cost is estimated at \$4,000,000 for a 40 unit project.

TAX INCREMENT

FUND

PROPOSED FY BUDGET
CALIFORNIA CITY REDEVELOPMENT AGENCY – NON-HOUSING FUND 80

	<u>2008-2009</u>
Beginning Fund Balance	
Tax Increment Fund Balance	3,500,000.00
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Total	3,500,000.00
 Inflows	
Tax Increment Revenue	4,930,000.00
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Total Sources	8,430,000.00
 Outflows	
Bonds: 2000 Series Tax Allocation Bonds	1,116,000.00
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Subtotal	1,116,000.00
 Taxing Agency Payments and Pass Thru	
County Property Tax Admin Charges	85,000.00
County Library	40,000.00
County General/Fire	404,000.00
AVEK - (General Levy)	427,000.00
AVEK - (Levy Settlement)	70,000.00
Code Section 33676	42,000.00
Kern County Supt of Schools	55,000.00
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Subtotal	1,123,000.00
 Projects:	
Transfer to Housing	

Redevelopment Agency Budget and Narrative 2008/2009

	68,000.00
CCB Redevelopment	150,000.00
Retail Development	1,000,000.00
Other:	
Airport and Land Note	379,600.00
SDI Obligations	200,000.00
Administration	460,500.00
Hyundai Settlement	430,000.00
Repayment City Note	1,544,000.00
CAAP Loan	11,000.00
Subtotal	<u>4,243,100.00</u>
Total Outflows	<u>6,482,100.00</u>
Ending Cash Balance	<u>1,947,900.00</u>

TAX INCREMENT FUND
EXPENDITURES

COUNTY GENERAL FUND

The Project Area includes property both within the City, and in the adjacent incorporated area. In return for allowing the inclusion of portions of unincorporated territory in Project Area, the County will receive the following shares of their portion of the one percent (1%) tax increment revenues generated from property within the unincorporated territory (where their share is .442506)

PARCELS WITHIN THE CITY

<u>YEARS</u>	<u>% OF TAX INCREMENT RECEIVED BY THE COUNTY</u>
1-10	0%
11-20	25%
21-30	50%
31-40	100%

UNINCORPORATED PARCELS

	<u>% OF TAX INCREMENT RECEIVED BY THE COUNT</u>
1-10	25%
11-20	50%
21-30	75%
31-40%	100%

The County withholds this pass thru from each tax increment payment to Agency. Agency accounting staff makes on journal entry at year end to record this transaction. For fiscal year 2008-2009 this expenditure should be at a level of \$404,000.

ANTELOPE VALLEY – EAST KERN WATER DISTRICT (AVEK)

The Agency entered into a Settlement agreement with AVEK which calls for a total pass thru of AVEK's tax revenues generated in the Project Area. These revenues include: (a) all tax revenues generated by AVEK's bonded indebtedness override levy, (b) revenues resulting from the two percent (2%) inflation adjustment permitted by Article XHIA, and (c) all remaining tax increment revenues generated by AVEK's portion (.003497) of the one percent (1%) property tax levy (those in excess of the two percent (2%) growth. Although the Settlement Agreement does permit the Agency to defer, for the first ten years (10) years of the Project payment of AVEK's portion of the one percent (1%) revenues described in (c) above, the Agency has elected to pass through all of AVEK's tax increment revenues. The pass thru for 2008-2009 should be \$427,000.

AVEK SETTLEMENT

During fiscal year 1999-2000, the Agency cash defeased \$500,000.00 of the \$1,200,000.00 Avek pass thru. The balance of \$700,000.00 continues to be paid over ten years without interest. A \$70,000 payment on said balance will be made during FY 2008-2009.

COUNTY LIBRARY

Starting in fiscal year 1989-90 and continuing for the next thirty (30) years, the Agency must pay the County \$40,000 per year to assist in funding the County's continued operation of the California City Library facility. This \$40,000 payment remains constant and is not adjusted for inflation. The County withholds a pro rata share of the \$40,000 pass thru from each tax increment payment.

KERN COUNTY SUPERINTENDANT OF SCHOOLD (KCSS)

The Settlement Agreement with KCSS calls for payment to KCSS of fifty percent (50% of the tax increment revenues generated by the KCSS portion (.017665) of the one percent (1%) tax levy beginning in fiscal year 1994-95. There is no provision for paying back any amounts received by the Agency prior to fiscal year 1994-95. The pass thru for FY 08-09 is estimated \$55,000.

HEALTH AND SAFETY CODE SECTION 33676 PASS THRU

Under the CPL code section, every affected school district and community college district shall be allocated a portion of the tax revenues affected to the Agency based on a specific formula. The affected districts are: Mojave Unified and Kern Community College; the estimated FY 08-09 pass thru is \$42,000.

DEBT SERVICE

9/1/08 Principal Senior A	115,000
9/1/08 Interest Senior A	366,963
3/1/09 Interest Senior A	362,506
9/1/09 Principal Sub. A	150,000
3/1/09 Interest Sub. A	63,100
6/1/09 Interest Sub. A	<u>57,925</u>
	1,115,569

COUNTY PROPERTY TAX ADMINISTRATION CHARGES

The County charges each taxing jurisdiction and Redevelopment Agency within Kern County for services provided. Specifically included are the costs of, printing, mailing of tax statements, receipting of taxes, assessments and fees, accounting for said receipts, and disbursement of receipts to each jurisdiction and Agency. The charge is based on revenue, and is estimated at \$85,000 for FY 08-09.

CALIFORNIA AID TO AIRPORTS LOAN (CAAP)

Ultimately a Cal-Trans program, the RDA in June of 2002 borrowed \$100,000 to acquire the Van Pray building at the Airport. Staff has budgeted the annual principal and interest payment due for FY 08-09.

TRANSFER TO HOUSING

This immaterial amount is budgeted to subsidize the low/mod senior housing project. Due to a projected low/mod beginning fund balance of \$3 million dollars, additional external financing is not required to finance the senior housing project.

CCB REDEVELOPMENT

This project consists of redevelopment of existing structures on California City Boulevard. Residential structures would be converted to commercial use. The proponent would lease office space to business. This would be a developer loan, securitized by a first mortgage on developer owned property.

RETAIL DEVELOPMENT

Proposed retail development of 8+ acres located south of Rite-Aid and McDonald's. Generally, redevelopment law restricts an agency from directly assisting 5+ acre developments which generate sales tax (Health and Safety Code 33426.5). However, this restriction will not apply as the Agency owned the proposed development site prior to the effective date of the act that added H & S Code section 33426.5. One million dollars is budgeted to assist the development.

CITY NOTE REPAYMENT

During fiscal year 2001-2002 the City loaned (from sources other than special tax) the Agency \$1,543,945 to fund multiple development projects. The Agency has not been in the financial position to repay this amount until FY 08-09. Staff proposes this amount to be repaid at this time based on the financial health of the Agency.

SDI OBLIGATIONS

Purchase of 317 acres of unimproved real estate.

On March 14 1990, the City invested in a promissory note issued by the Agency in the amount of \$4,000,000 plus interest. The note provided initial funds to acquire 317 acres of property generally adjacent to the Tierra Del Sol Golf Course. The interest rate was to match the average interest earned by the City on invested SDI funds. Payment on the note are due and payable upon the sale of the subject 317 property. There is no stated maturity on the note. Subsequently, the Promissory Note was modified in September, 1993, to supersede the 3/14/1990 note. The payment schedule was tied to a Disposition and Development Agreement between the RDA and Weisman Group. A substantive change was setting a specific interest rate of 12% for the period

3/14/90 – 1/26/93. Effective January 27, 1993, the interest rate was reduced to 6.6% again for an indefinite period of time. The Agency has recently made payments of approximately \$1,600,000.

Sewer Treatment Facility Upgrades.

On July 1, 1993, the City invested in a promissory note issued by the Agency in the amount of \$5,797,000. The note provided initial funds for sewer treatment facility upgrades, The interest rate was 7.3% upon the unpaid principal balance. Payments on the note were due beginning July 1, 2003, and for each year thereafter for 20 years. The Note is a thirty year obligation. Current annual debt service would be \$1,074,971. Payments on this note by the Agency have totaled \$800,000 since 1993.

HYUNDAI SETTLEMENT

Pursuant to a prior agreement and settlement discussions, the Agency has made payments of \$748,828.95 to Hyundai. The Agency owns Hyundai a balance of \$1,480,306.96 plus interest. The aforementioned balance due to Hyundai bears interest at the rate of 5.5% per annum from September 30, 2005, until paid in full. Staff has budgeted a September 2008 payment of \$430,000 (principal \$185,039, interest of \$244,250).

AIRPORT LAND NOTE

Annual debt service on Van Pray land note for 150 acres.

**ADMINISTRATIVE
EXPENSES**

Once a redevelopment agency is established, an agency has the authority to create a personnel system and hire staff. The number of employees required to staff a redevelopment agency varies greatly. New agencies and most mid-sized and smaller agencies utilize city staff to carry out the responsibility of the agency. The City Manager and other staff will be frequently involved in conceiving projects, design and bidding processes, negotiating agreements, overseeing developments, accounting for receipt and disbursement of tax increment funds and annual legal/compliance reports. Because of the use of City employees, many agencies are able to manage their projects with no full-time employees. Larger, more active agencies, however, will employ full-time employees to effectively administer their projects.

Administrative Services

ACCOUNT NUMBER	DESCRIPTION	APPROPRIATIONS 2008-2009
EXPENDITURES		
5011	Salaries - Agency Members	4,000.00
5012	City Support Staff	242,000.00
5013	Office Supplies/Telephone	14,000.00
5045	Legal Serv. Foreign Trade Zone	5,000.00
5014	Travel & Seminars	20,000.00
5015	Subscriptions & Dues	10,500.00
5020	Professional Services	85,000.00
5021	Legal Services	20,000.00
5022	Accounting Services - AUDIT	10,000.00
5023	Marketing	10,000.00
5028	EDC and Chamber of Commerce	30,000.00
5029	Bond Trustee Services	10,000.00
TOTAL EXPENDITURES		460,500.00

SALARIES-AGENCY MEMBERS

Board members receive a \$60.00 dollar stipend per meeting.

CITY SUPPORT STAFF

Under Community Redevelopment Law and Agency can expend funds on administrative staff overhead. The budget for this line item includes a percentage allocation of salaries and benefits for: the City Manager, servicing as Agency Executive Director, and time projected for other City employees.

FOREIGN TRADE ZONE

Foreign Trade Zone expenditures will include the marketing of the industrial park to end-users and the securing of a foreign trade zone operator. A Foreign Trade Zone operator will activate potential users and buildings and act as a catalyst between users and the U.S. Customs Agency

Foreign Trade Zone Operator	\$2,500.00
Marketing	<u>\$2,500.00</u>
Total	\$5,000.00

TRAVEL AND SEMINARS

Travel and seminars attended will be ICSC for retail recruitment and marketing Cornet for industrial recruitment and marketing and others as deemed necessary for the development and marketing of industrial and commercial properties throughout the city. Development means much more than jobs, payroll and a strong economy. Smart growth and economic development means a quality of life insurance to our community.

MEMBERSHIPS AND SUBSCRIPTION DUES

Membership and subscription dues are to include the organizations of GAVEA, KEDC, International Council of Shopping Centers (ICSC), Cornet and CRA. These organizations are incorporated as private, nonprofit organizations to assist with marketing efforts to increase the visibility and improve the awareness of the City.

ICSC	\$500.00
Cornet	\$500.00
CRA	\$2,000.00
GAVEA	\$5,000.00
KEDC	<u>\$2,500.00</u>
Total	\$10,500.00

MARKETING

Marketing expenditures will include brochures, maps, trade show booths and possible web-site development. Our goal is to attract new wealth creating jobs. These jobs are expected to bring in new wealth, increased tax base and new investment to our City. These new dollars will benefit each and every sector of our economy as they circulate throughout the City and region. With marketing brochures, maps and other tools all those involved in economic development will have a common set of tools with which they can promote the benefits of the City and what the success of doing business in our area can mean to a business.

Brochures	\$2,000.00
Maps	\$1,000.00
Trade Show Booths	\$5,000.00
Web-Site Development	<u>\$2,000.00</u>
Total	\$10,000.00

BOND TRUSTEE SERVICES

These are contractual obligations as part of the 2000 Tax Allocation Bond refunding issues. U.S. Bank provides said trustee services including payment of bondholders and accounting for receipt/disbursement of debt service funds.