

Q2 2010



West Hollywood Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

West Hollywood In Brief

Receipts for West Hollywood's second quarter sales were 6.8% higher than the same quarter one year ago. Actual sales were up 9.5% when reporting aberrations were factored out.

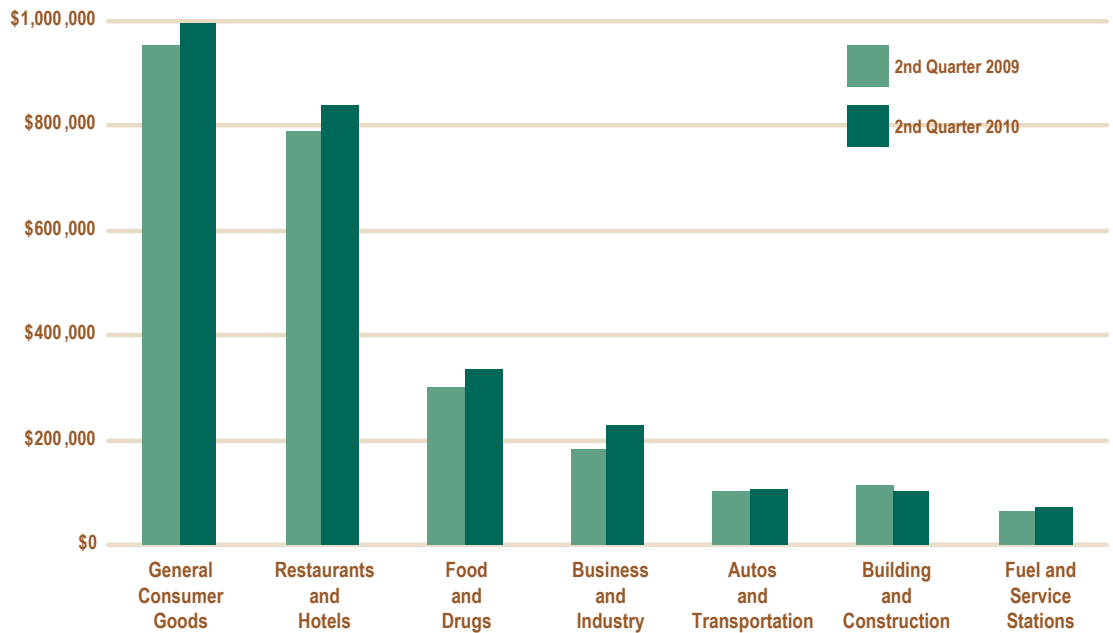
Strong sales and recent additions that helped boost revenues from restaurants with liquor were primarily responsible for the current increase. A business re-opening increased returns from grocery stores with liquor.

The city experienced a strong sales quarter for art/gift/novelty stores. Incorrectly allocated payments that negatively impacted last year's allocation exaggerated results from family apparel.

The gains were partially offset by declines in sales from plumbing/electrical supplies, lumber/building materials and some categories of general consumer goods

Adjusted for reporting aberrations, taxable sales for all of Los Angeles County increased 3.5% over the comparable time period while the Southern California region, as a whole, was up 4.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Abbey Food & Bar	Koontz Hardware
Asia de Cuba	London West Hollywood
Best Buy	Maxfield Bleu
Beverages & More	Ralphs
Boa	Ralphs
Ceconis	Saddle Ranch Chop House
CVS Pharmacy	Stuart Regen Gallery
Gelsons Market	Target
Herman Miller Workplace Resource	Trader Joes
Hornburg Jaguar	Vons
House of Blues	Whole Foods Market
Janus Et Cie	World Oil Marketing
Katana	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$2,511,653	\$2,685,332
County Pool	281,602	299,576
State Pool	2,524	1,439
Gross Receipts	\$2,795,779	\$2,986,347
Less Triple Flip*	\$(698,945)	\$(746,587)

*Reimbursed from county compensation fund

California Overall

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007. Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases. Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

It's Official! The Recession is Over!

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred. This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years. The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

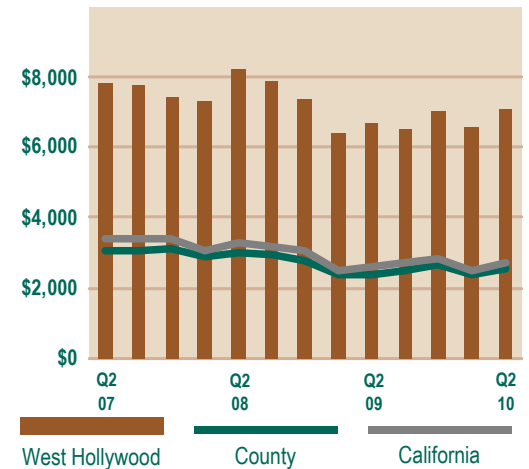
experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

Green Energy Exemptions

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting. Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

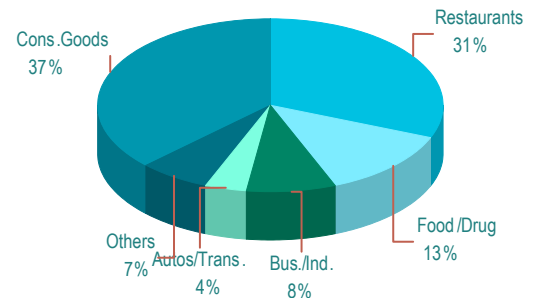
Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

West Hollywood This Quarter



WEST HOLLYWOOD TOP 15 BUSINESS TYPES

Business Type	West Hollywood		County	HdL State
	Q2 '10*	Change	Change	Change
Restaurants Liquor	\$592.3	13.1%	4.1%	6.9%
Discount Dept Stores	— CONFIDENTIAL —	—	0.3%	0.1%
Home Furnishings	190.2	-1.0%	0.3%	3.1%
Electronics/Appliance Stores	163.2	3.2%	10.3%	9.2%
Grocery Stores Liquor	151.3	19.4%	2.7%	1.0%
Textiles/Furnishings	123.9	7.4%	75.4%	16.2%
Family Apparel	99.9	21.8%	9.3%	10.3%
Specialty Stores	99.6	12.9%	-3.5%	1.2%
Restaurants No Alcohol	90.0	-11.4%	4.8%	4.6%
Hotels-Liquor	80.0	-9.6%	4.2%	17.6%
Restaurants Beer And Wine	76.6	4.1%	-3.7%	-3.3%
Service Stations	70.3	7.2%	15.6%	18.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	14.3%	16.4%
Package Liquor Stores	51.9	10.6%	0.4%	4.0%
Art/Gift/Novelty Stores	49.2	82.2%	5.5%	1.0%
Total All Accounts	\$2,685.3	6.9%	5.4%	7.4%
County & State Pool Allocation	301.0	5.9%		
Gross Receipts	\$2,986.3	6.8%		<i>*In thousands</i>