

Q2 2010



City of Glendale Sales Tax Update

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

Glendale In Brief

Receipts for Glendale's second quarter sales were 0.3% higher than the same quarter one year ago. Actual sales were down 2.5% when reporting aberrations were factored out.

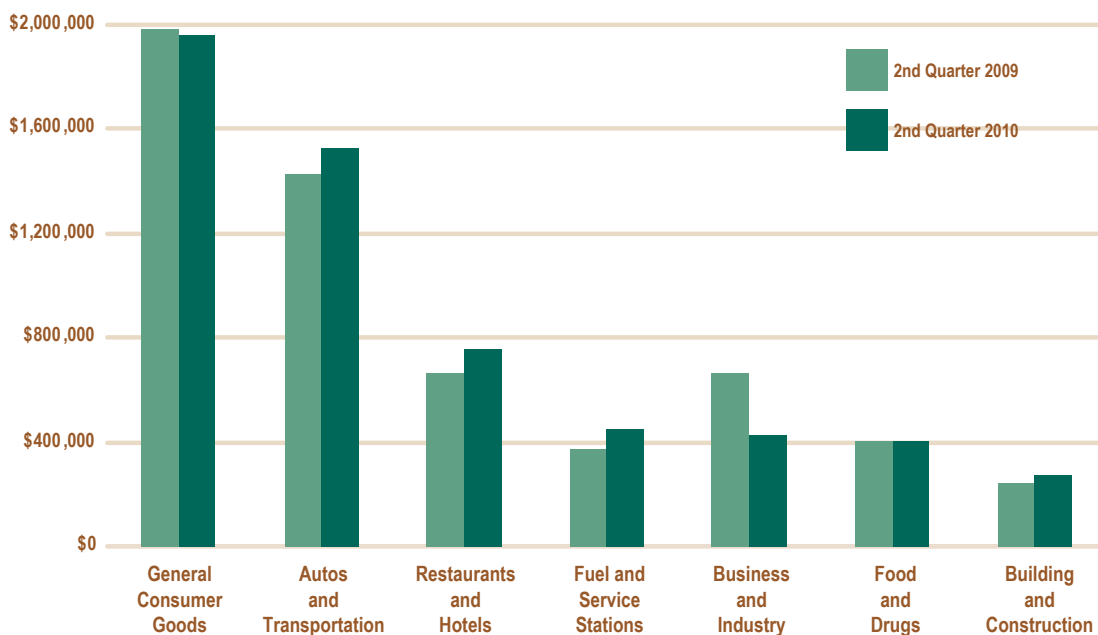
The city experienced a strong sales quarter for new motor vehicle dealers. Higher fuel prices helped boost revenues from service stations.

Receipts from restaurants with liquor were inflated by the double-up of previously late payments.

The gains were offset by one-time accounting adjustments that negatively impacted business services and a decline in sales from auto leases.

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

Allen Gwynn	Home Depot
Chevrolet	JC Penney
Apple Computer	Kwik/AI Sal Oil
Bob Smith Toyota	Lexus of Glendale
Calstar Mercedes	Macys
City of Glendale	Nordstrom
CVS Pharmacy	Pacific BMW
Diamond Honda of Glendale	Ralphs
Financial Services Vehicle Trust	Sears
Glendale Dodge Chrysler Jeep	Star Ford Lincoln Mercury
Glendale Mitsubishi	Target
Glendale Nissan	Toyota Motor Credit
Infiniti	Toyota of Glendale
	Vons

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$5,764,496	\$5,785,568
County Pool	646,305	645,439
State Pool	5,792	3,101
Gross Receipts	\$6,416,593	\$6,434,108
Less Triple Flip*	\$(1,604,148)	\$(1,608,527)

*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

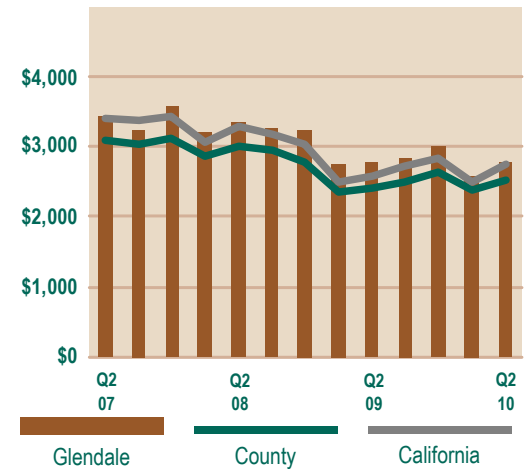
experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

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.

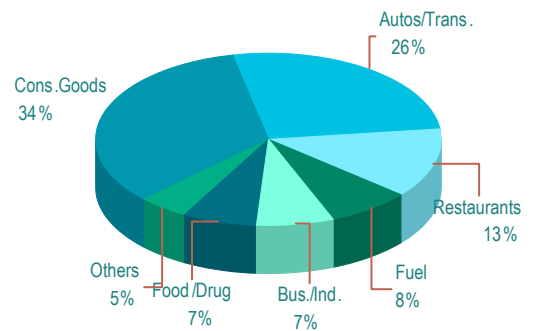
Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Glendale This Quarter



GLENDALE TOP 15 BUSINESS TYPES

Business Type	Glendale		County	HdL State
	Q2 '10*	Change	Change	Change
New Motor Vehicle Dealers	\$1,031.7	15.1%	14.3%	16.4%
Department Stores	472.7	-2.6%	6.0%	2.0%
Service Stations	446.2	18.5%	15.6%	18.2%
Restaurants No Alcohol	354.5	9.2%	4.8%	4.6%
Family Apparel	340.4	-6.0%	9.4%	10.4%
Restaurants Liquor	291.1	21.7%	4.1%	6.9%
Auto Lease	252.5	-26.3%	-17.2%	-20.4%
Electronics/Appliance Stores	204.7	30.3%	10.3%	9.3%
Grocery Stores Liquor	204.6	2.3%	2.7%	1.0%
Specialty Stores	195.0	-4.1%	-3.4%	1.2%
Women's Apparel	183.6	-3.5%	-0.4%	0.1%
Lumber/Building Materials	148.8	9.5%	3.0%	2.9%
Discount Dept Stores	— CONFIDENTIAL —		0.3%	0.1%
Home Furnishings	97.5	2.6%	0.3%	3.1%
Light Industrial/Printers	89.9	-14.4%	-6.6%	14.7%
Total All Accounts	\$5,785.6	0.4%	5.4%	7.4%
County & State Pool Allocation	648.5	-0.5%		
Gross Receipts	\$6,434.1	0.3%		<i>*In thousands</i>