

Q1 2013



Laguna Niguel Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

Laguna Niguel In Brief

Receipts for Laguna Niguel's January through March sales were 1.8% higher than the same quarter one year ago. Actual sales activity was up 2.7% when reporting aberrations were factored out.

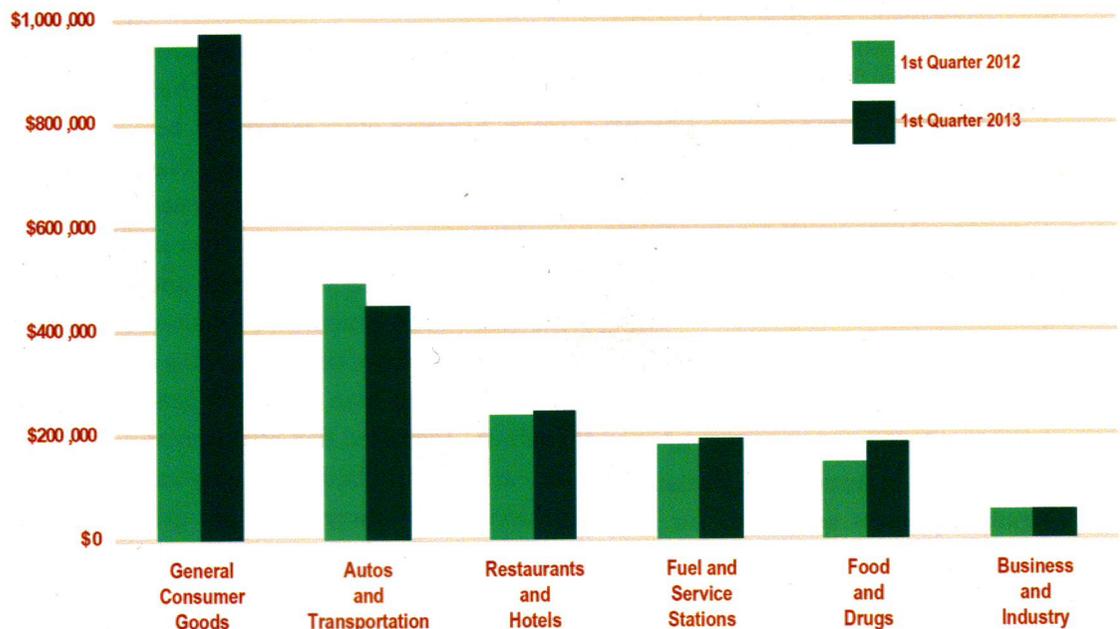
General consumer goods experienced a strong sales quarter from multiple categories including, home furnishings, sporting goods, family apparel, and specialty stores, where a new business contributed to the gain. The food and drugs group posted higher receipts; however, the overall results were inflated by payment anomalies.

Gains from restaurants with beer and wine helped offset losses from other categories of eateries. Receipts from service stations were up; however, the increase was cut by a double payment that inflated the comparison quarter. A payment anomaly was largely responsible for the temporary dip from building and construction.

Sales declines from various categories of autos and transportation partially offset the city's overall gain.

Adjusted for aberrations, taxable sales for all of Orange County increased 6.4% over the comparable time period, while the Southern California region as a whole was up 6.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	In N Out Burgers
Allen Cadillac GMC	Kohls
Allen Hyundai	Laguna Niguel Mobil
Arco	Laguna Niguel Shell
Arco AM PM	Mercedes Benz of Laguna Niguel
Bed Bath & Beyond	Sport Chalet
Chevron	Tesoro Refining & Marketing
Chevron Laguna Niguel	Verizon Wireless
Circle K	Vons
Costco	Walmart
CVS Pharmacy	Whole Foods Market
CVS Pharmacy	
Daimler Trust	
Home Depot	

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$7,227,427	\$7,467,274
County Pool	759,602	823,901
State Pool	4,792	2,638
Gross Receipts	\$7,991,822	\$8,293,813
Less Triple Flip*	\$(1,997,955)	\$(2,073,453)

*Reimbursed from county compensation fund

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

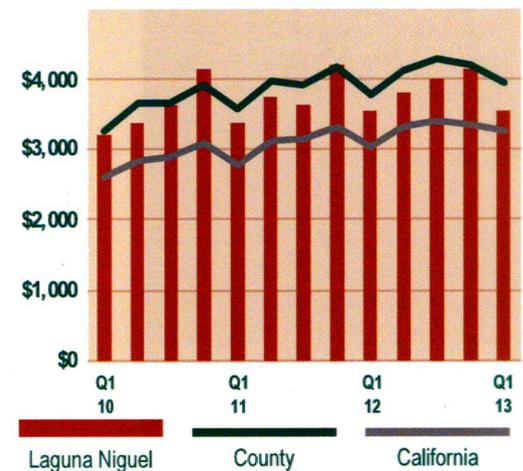
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



LAGUNA NIGUEL TOP 15 BUSINESS TYPES

Business Type	Laguna Niguel		County	HdL State
	Q1 '13*	Change	Change	Change
Auto Lease	114.4	11.3%	55.4%	37.4%
Department Stores	— CONFIDENTIAL —		1.1%	4.8%
Discount Dept Stores	— CONFIDENTIAL —		8.3%	5.1%
Drug Stores	46.8	2.5%	1.5%	2.9%
Electronics/Appliance Stores	38.8	5.7%	-1.2%	-3.2%
Grocery Stores Liquor	103.5	68.4%	36.3%	24.7%
Home Furnishings	63.6	5.6%	4.9%	4.6%
Lumber/Building Materials	— CONFIDENTIAL —		5.8%	7.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —		5.5%	9.5%
Restaurants Beer And Wine	45.9	19.5%	-1.4%	-2.3%
Restaurants Liquor	54.8	-1.9%	6.0%	6.9%
Restaurants No Alcohol	131.6	-6.3%	5.6%	5.9%
Service Stations	192.4	5.6%	-3.4%	-2.2%
Specialty Stores	50.6	46.5%	9.6%	2.7%
Sporting Goods/Bike Stores	44.9	42.2%	10.0%	12.7%
Total All Accounts	\$2,273.3	0.7%	5.1%	5.7%
County & State Pool Allocation	263.6	12.7%		
Gross Receipts	\$2,536.9	1.8%		<i>*In thousands</i>