USE OF MONEY AND PROPERTY

Use of Money and Property is comprised of investment earnings and revenue from rents and leases of City property. Investment earnings are generated from the General Fund's share of the City's pooled investment portfolio. Rents and Leases revenue is generated from rental properties and lease agreements.

USE OF MONEY AND PROPERTY SOURCES

- Monthly interest allocation generated by the City's pooled investment portfolio
- Leased and rented properties, including:
  - North Charleston site
  - Crittenden site
  - Michaels at Shoreline
  - Boathouse
  - Center for the Performing Arts
- Amphitheatre concessions

ECONOMIC FACTORS

- Economy
- Interest rates
- Portfolio balance
- Lease agreements
- Amphitheatre concert season

HISTORY

Investment Earnings: The portfolio has increased over the last few years as a result of the financial strategy to build reserves in anticipation of budget constraints. The Federal Reserve lowered interest rates numerous times since January 2001, which has decreased the yield on newly purchased investment instruments.

Rents and Leases: In March 1995, the City negotiated and signed a lease agreement with Silicon Graphics, Inc. (SGI) for the North Charleston site. In September 1996, the City negotiated and signed a lease agreement with SGI for the Crittenden site. During

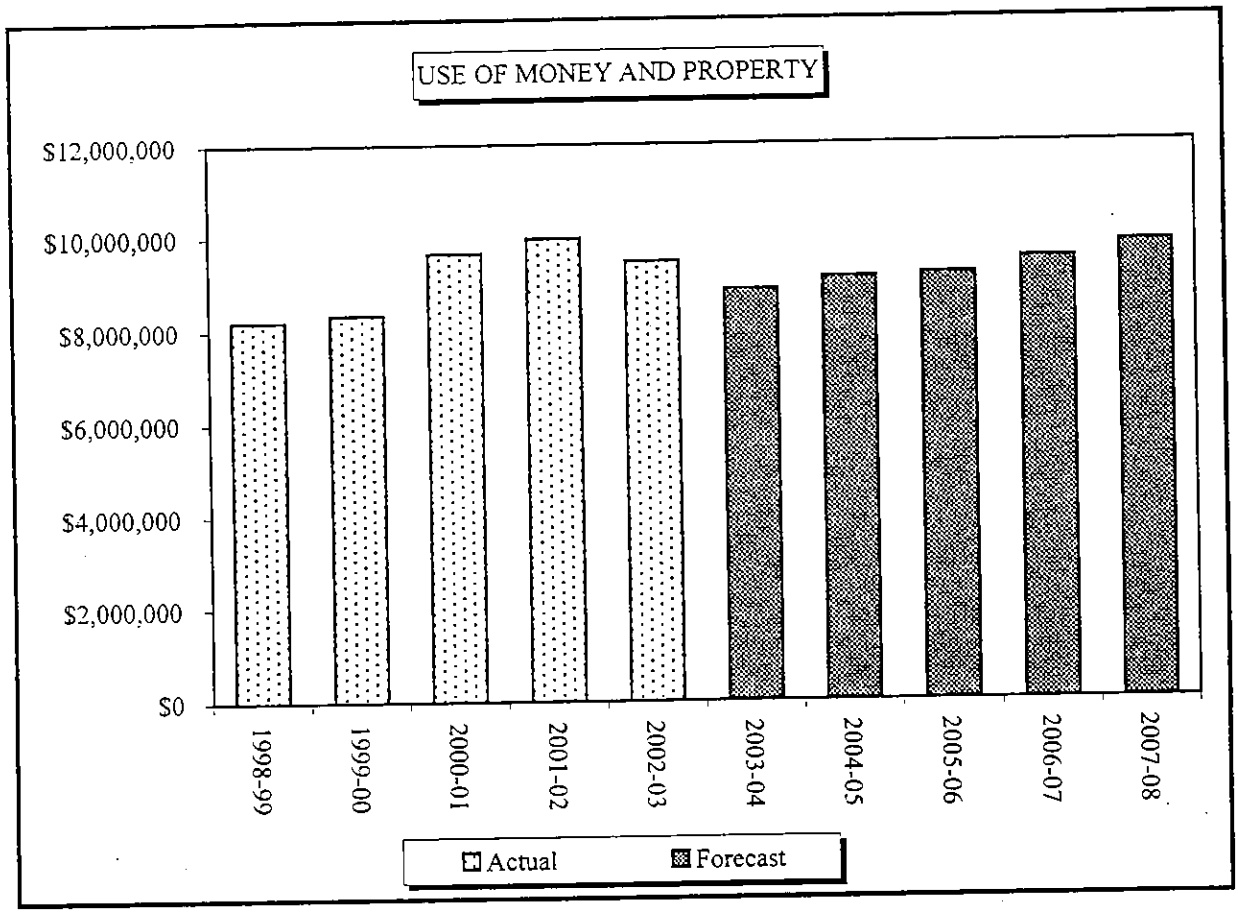
Fiscal Year 2000-01, Goldman Sachs purchased the SGI buildings on the North Charleston and Crittenden sites and SGI has assigned the lease agreements with the City to Goldman Sachs for these properties. The leases contain annual increases to the rent payments.

As allowed in the contract, the City receives between 4.75 percent and 6.75 percent of the revenue from Clear Channel for Amphitheatre concessions.

FORECAST

Investment Earnings: The projection for the Fiscal Year 2003-04 Adopted Budget is based on an assumption the average portfolio rate will decline to 4.0 percent and the four forecast years include 0.5 percent annual yield increases.

Rents and Leases: The current leases with Goldman Sachs end in Fiscal Year 2004-05 and 2005-06. The forecast includes rental income for these leases at lower rents after the expiration of the current leases. The City will remain at the maximum percentage allowed in the contract with Clear Channel.



Fiscal Year	Annual Revenues	% Change
1998-99	8,210,000	(3.3%)
1999-00	8,338,000	1.6%
2000-01	9,644,000	15.7%
2001-02	9,959,000	3.3%
2002-03 *	9,455,000	(5.1%)
2003-04 **	8,850,000	(6.4%)
2004-05	9,096,000	2.8%
2005-06	9,172,000	0.8%
2006-07	9,491,000	3.5%
2007-08	9,822,000	3.5%

* Unaudited
** Adopted