

CITY OF SACRAMENTO



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DEPARTMENT OF FINANCE

915 I STREET
ROOM 112

SACRAMENTO, CALIFORNIA 95814

TELEPHONE (916) 449-5736

December 14, 1983

FA:83344:LT:

JACK R. CRIST
DIRECTOR OF FINANCEROBERT C. LELAND
ASSISTANT DIRECTORBudget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: Cable Television Commission Loan Agreement and Amount of Fourth Payment**SUMMARY**

On July 19, 1983, City Council adopted Resolution No. 83-556 (See Attachment I) which authorized the Director of Finance to make monthly payments totalling \$111,986 to the Cable Television Commission. The request of the Commission was for an operating loan of \$149,314. This was in addition to a loan of \$121,854 authorized on May 31, 1983 by Resolution No. 83-424. This report recommends the amount of the final monthly payment on the second requested loan be set at \$37,328 to fulfill the Commission's request for \$149,314. It is also recommended that the City Manager be authorized to sign and execute the agreement for repayment of the loans mentioned above.

RECOMMENDATION

It is recommended that the Committee:

1. Recommend approval of the amount of the fourth payment of \$37,328 to fulfill the Commission's request for an operating loan of \$149,314, and
2. Recommend approval of the agreement (in a form approved by the City Attorney) providing for repayment of the loan.

Respectfully submitted,

Linda Tretheway
LINDA TRETHERWAY
Senior Management Analyst

Attachments

RECOMMENDATION APPROVED:

John D. Parozze
Solon Wisham, Jr.
Assistant City Manager



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

915 I STREET
ROOM 112

SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 449-5736

December 14, 1983
FA:83302:LT:KMF

JACK R. CRIST
DIRECTOR OF FINANCE

ROBERT C. LELAND
ASSISTANT DIRECTOR

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Cable Television Commission Loan Agreement and Amount of Fourth Payment

SUMMARY

On July 19, 1983, City Council adopted Resolution No. 83-556 (See Attachment I) which authorized the Director of Finance to make monthly payments totalling \$111,986 to the Cable Television Commission. The request of the Commission was for an operating loan of \$149,314. This was in addition to a loan of \$121,854 authorized on May 31, 1983 by Resolution No. 83-424. This report recommends the amount of the final monthly payment on the second requested loan be set at \$37,328 to fulfill the Commission's request for \$149,314. It is also recommended that the City Manager be authorized to sign and execute the agreement for repayment of the loans mentioned above.

BACKGROUND

On July 12, 1983, the Budget and Finance Committee recommended tentative approval of the Commission's request for up to \$149,314 subject to the following conditions:

1. The amount of the request is to be considered a loan to be repaid at the City's "Pool A" short-term interest rate once the filing and franchise fees are collected in late 1983 or early 1984 when the franchise is awarded.
2. The loan is to be paid to the Commission in four (4) monthly payments with the fourth payment offset by the City's share of "cuts" finally adopted by the Commission.
3. The Committee recommendation was that the Commission cut its budget by 15%.
4. The Committee heavily criticized the legal services line item and strongly suggested that this be an area where reductions occur.
5. The previously loaned \$121,854 is to be repaid at a future date in 1-5 years as the revenue from the franchise comes in.

Contrary to the Committee's recommendation for a budget reduction, the Cable Television Commission subsequently adopted its budget containing no reduction of 15% or any lesser amount.

FINANCIAL

The difference between the Commission's request of \$149,314 and the authorized amount of the loan of \$111,986 is \$37,328. Since the Commission adopted the budget as submitted, without the recommended 15% reduction, or a reduction of any amount, there is no change in the amount of the requested loan. Therefore, the fourth payment, still to be determined, would be \$37,328 to fulfill the request for a total of \$149,314.

The total interest owed on the cumulative total of both loans of \$271,168 shall be added to the principal on November 30, 1984. Interest shall be accrued at the rate earned by the funds held in "Pool A" of the Sacramento City Treasurer for the quarter ending December 31, 1983.

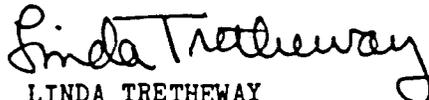
The total November 30, 1984 revised principal balance thus determined shall be repaid to the City in thirty-six (36) equal monthly installments consisting of revised principal and interest thereon. The first payment shall be made on December 1, 1984. Succeeding monthly payments shall be made on the first of each month thereafter.

RECOMMENDATION

It is recommended that the Council:

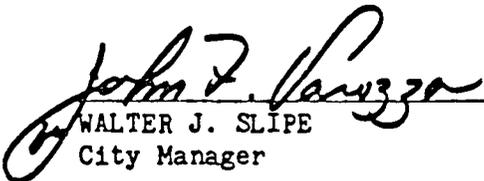
1. Approve the amount of the fourth payment of \$37,328 to fulfill the Commission's request for an operating loan of \$149,314, and
2. Approve the agreement (in a form approved by the City Attorney) providing for repayment of the loan.

Respectfully submitted,


LINDA TRETHEWAY
Senior Management Analyst

Attachments

RECOMMENDATION APPROVED:


WALTER J. SLIPE
City Manager

December 20, 1983
All Districts

RESOLUTION NO. 83 556

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

83

JUL 19 1983

RESOLUTION AUTHORIZING THE DIRECTOR OF FINANCE TO MAKE MONTHLY PAYMENTS TOTALING \$111,986 TO THE CABLE TELEVISION COMMISSION

WHEREAS, The Cable Television Commission has requested an operating loan for FY 1983-84 in the amount of \$149,314 from the City of Sacramento, and

WHEREAS, The Commission has been requested to make a 15% reduction to its operating budget by the City Council,

NOW, THEREFORE, be it resolved by the Council of the City of Sacramento:

THAT, The Director of Finance is hereby authorized to make payments totaling \$111,986 to the Cable Television Commission in three (3) equal monthly payments of \$37,328, and

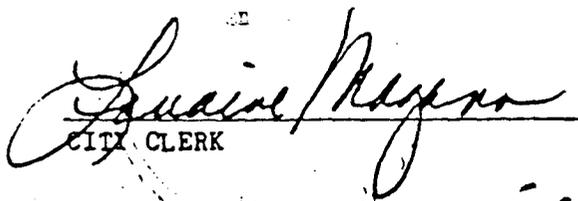
THAT, The Director of Finance is directed to report back to the City Council within 60 days regarding the amount of the fourth payment to be determined once the Commission's budget is adopted incorporating the proposed reductions, and

THAT, the payments described above are subject to the condition that an agreement be prepared in a form approved by the City Attorney providing for repayment of the loan, and

THAT, the City of Sacramento operating budget for FY 1983-84 is hereby amended by appropriating \$111,986 from the General Fund Contingency Reserve (1-01-7012-XXXX-4399).


MAYOR

ATTEST:


CITY CLERK

RESOLUTION No. 83 556

JUL 19 1983

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

AUTHORIZING A WRITTEN AGREEMENT BETWEEN THE CITY OF
SACRAMENTO AND THE SACRAMENTO METROPOLITAN CABLE
COMMISSION AND ESTABLISHING THE AMOUNT OF THE FOURTH
PAYMENT OF A PREVIOUSLY AUTHORIZED LOAN AT \$37,328

THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

That the fourth payment of the loan requested by the Sacramento Metropolitan Cable Television Commission and approved by Council Resolution No. 83-556 on July 19, 1983, is established at \$37,328, and

That the City Manager is hereby authorized to sign the written agreement between the City of Sacramento and the Sacramento Metropolitan Cable Television Commission for the purpose of continued City support of cable commission staff activities, said agreement being on file in the City Clerk's Office.

MAYOR

ATTEST:

CITY CLERK

AGREEMENT

THIS AGREEMENT is entered into this 1st day of December, 1983 between the CITY OF SACRAMENTO, a municipal corporation, (hereinafter "City") and the SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION, (hereinafter "Commission").

WHEREAS, the City Council by approval of this Agreement allocates and appropriates the sum of \$149,314 out of the General Fund to Commission for the purposes mentioned herein;

WHEREAS, the City Council, pursuant to City Resolution 83-104, has previously loaned the Commission the additional sum of \$121,854.

1. The City agrees to advance to the Commission, as a loan, the sum of \$149,314. Said sum shall be paid by the City in four equal installments of \$37,328.50 each. The first payment shall be made upon execution of this Agreement or as soon as practicable immediately thereafter. The succeeding payments shall be made on February 1, 1984, March 1, 1984 and April 1, 1984.

2. Said funds shall be used by the Commission as operating funds of the Commission to carry out its responsibilities pursuant to Chapter 20 of the Sacramento City Code and the Cable Television Franchise offered by the City of Sacramento on November 22, 1983.

3. The loan of \$121,854 made by the City pursuant to Resolution 83-104 and the further loan of \$149,314 made by the City pursuant to this Agreement, shall be repaid by the Commission to the City as follows:

A. Interest shall accrue on the sums loaned by the City to the Commission in accordance with the following table:

<u>Date of Individual Advance</u>	<u>Amount of Individual Advance</u>	<u>Cumulative Total Principal Amount At Interest</u>
May 31, 1983	\$121,854.00	\$ 121,854.00
December 15, 1983	37,328.50	159,182.50
February 1, 1984	37,328.50	196,511.00
March 1, 1984	37,328.50	233,839.50
April 1, 1984	37,328.50	271,168.00

B. On November 30, 1984, total interest owed shall be cumulated and added to the principal loan amount of \$271,168.00. Interest shall be accrued at the rate earned by the funds held in "Pool A" of the Sacramento City Treasurer for the quarter ending December 31, 1983.

C. The total November 30, 1984 revised principal balance thus determined shall be repaid to the City in thirty six (36) equal monthly installments consisting of revised principal and interest thereon at the same rate as set forth in Paragraph B. above. The first payment shall be made December 1, 1984. Succeeding monthly payments shall be made on the first of each month thereafter.

D. The entire principal balance may be prepaid by the Commission without prepayment penalty or other charge at any time.

E. In the event of default on a payment, the entire principal balance and accrued interest to date of default shall become due and payable without the need for further demand by the City.

4. Commission shall keep all necessary books and records in connection with the services performed under this Agreement, in order that the Director of Finance may properly audit all expenditures

made pursuant to this Agreement.

5. Commission further agrees that the Director of Finance shall at all times have access to the books, records and accounts kept by the Commission in connection with all sums expended under this Agreement, for the purpose of making an audit of all expenditures made by Commission in the performance of this Agreement.

IN WITNESS WHEREOF, the parties hereto execute this Agreement as of the day and year first above written.

CITY OF SACRAMENTO, a
municipal corporation

By: _____
CITY MANAGER

SACRAMENTO METROPOLITAN CABLE
TELEVISION COMMISSION

By: _____
CHAIRMAN

ATTEST:

CITY CLERK

APPROVED AS TO FORM:



CITY ATTORNEY