



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 9/24/2013

Agenda Placement: 7Q

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Florin, Lawrance - Director  
Housing and Intergovernmental Affairs  
**REPORT BY:** Nancy McDonnell, STAFF SERVICES ANALYST II - 707-253-4825  
**SUBJECT:** Restated Promissory Note to Cinema Napa Valley

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### **RECOMMENDATION**

Director of Housing and Intergovernmental Affairs requests authorization for the Chairman to sign a Restated Promissory Note with Cinema Napa Valley for a principal sum of \$50,000 with an interest rate of 3% per annum over five annual installments to repay a loan to promote and carry out the proposed annual Napa Valley Film Festival.

### **EXECUTIVE SUMMARY**

On May 14, 2013 Director of Housing and Intergovernmental Affairs asked the Board of Supervisors for direction regarding repayment of a loan to Cinema Napa Valley. This loan was made to Cinema Napa Valley from the County's Special Projects fund, cancelling \$50,000 to the County's General Fund Skyline Park designation. Board directed staff to return with a Restated Promissory Note, setting a five year term; requiring a \$10,000 principal payment per annum; and a three percent interest payment. Yearly payments are due by February 28th of each fiscal year. All funds are to be repaid to the Skyline Park designation.

### **FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Cinema Napa Valley will repay principal and interest over a five year period to repay a loan from 2009.
Is it Mandatory or Discretionary?	Discretionary

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Discretionary Justification:	The requested action today is based on the decision made by the Board at the May 14, 2013 meeting.
Is the general fund affected?	No
Future fiscal impact:	Cinema Napa Valley is to repay \$50,000 in five annual installments, \$10,000 per year in principal and 3% interest.
Consequences if not approved:	Cinema Napa Valley would be in default on a \$50,000 loan and Skyline Park would not be repaid their \$50,000.
Additional Information:	

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

### **BACKGROUND AND DISCUSSION**

On February 23, 2010 the Board approved the budget transfer to partially cancel the Skyline Park Purchase Designation in the Special Projects Fund and increase the appropriation in the Special Projects Fund and authorized the Chair to sign a Promissory Note with Cinema Napa Valley for a principal sum of \$50,000 with interest rate of 3% per annum to be repaid over three annual installments. The first proceeds received each year by the Cinema Napa Valley associated with conducting of the Napa Valley Film Festival were to be used to repay the loan. \$50,000 funding from the County was used for development expenses which helped to establish the organization. The expenses included: Legal/filings, website development, marketing & sales materials, event expenses including video projection, catering, invitations, rentals, etc., travel expenses to both New York and Los Angeles for building film industry relationships.

While Cinema Napa Valley was unable to make principal payments on the original \$50,000 loan, they did make annual interest payments. Payments made were on June 8, 2011; June 26, 2012; and June 5, 2013 in the amount of \$1,500 each year, totaling \$4,500 interest paid to County by Cinema Napa Valley. The loan balance became due on February 23, 2013, and the Board acted to defer payment in full to allow time for Cinema Napa Valley to develop a repayment plan. As Cinema Napa Valley is a new organization, working on building relationships in the community for future dedicated revenue sources, they are currently unable to pay off this loan. On May 14, 2013 Board members discussed forgiving this loan and were informed by County Counsel that this is not legally permissible as this would be a gift of public funds. The Board asked staff to return for direction regarding repayment of this loan originally made to Cinema Napa Valley from the County's General Fund Skyline Park designation. The Board directed staff to return with a Restated Promissory Note with a five year term, requiring a \$10,000 principal payment along with interest.

Staff is asking the Board take action on this item approving the Restated Promissory Note. The annual combined payment shall consist of a \$10,000 principal payment and a three percent interest payment, made once per year for a five year term. Cinema Napa Valley will make a total payment to the County in the amounts listed below, by the due dates listed below. All funds paid to County are to be repaid to the Skyline Park designation.

REPAYMENT SCHEDULE: The restated promissory note sets the following repayment schedule:

<b>PAYMENT DUE</b>	<b>PRINCIPAL DUE</b>	<b>BALANCE</b>	<b>INTEREST</b>	<b>TOTAL PAYMENT</b>
FEBRUARY 28, 2014	\$10,000	\$40,000	\$1,000*	\$11,000
FEBRUARY 28, 2015	\$10,000	\$30,000	\$1,200	\$11,200
FEBRUARY 28, 2016	\$10,000	\$20,000	\$ 900	\$10,900
FEBRUARY 28, 2017	\$10,000	\$10,000	\$ 600	\$10,600
FEBRUARY 28, 2018	\$10,000	\$0	\$ 300	\$10,300

\*THIS INTEREST PAYMENT IS FOR AN EIGHT MONTH PERIOD AS INTEREST WAS PAID THROUGH JUNE 30, 2013

### **SUPPORTING DOCUMENTS**

A . Promissory Note

CEO Recommendation: Approve

Reviewed By: Molly Rattigan