

TO: JAMES L. APP, CITY MANAGER
FROM: JOHN R. McCARTHY, DIRECTOR OF PUBLIC WORKS
SUBJECT: ESTRELLA WARBIRDS MUSEUM – DEFERRAL OF LOAN PAYMENTS
DATE: JULY 20, 1999

Needs: For the City Council to consider another deferral period for repayment of a loan the City has made to the Estrella Warbirds Museum.

- Facts:**
1. The City of Paso Robles and the Estrella Warbirds Museum entered into a long term lease agreement in October of 1993 for \$1.00 per month.
 2. The lease agreement also allowed the Estrella Warbirds to pay \$10.00 per year against building permit fees, with the balance being due in 2001. At the present time, the Warbirds owe approximately \$7,000 in permit fees.
 3. The City authorized an \$80,000.00 to the Estrella Warbirds Museum on August 15, 1995, to be repaid at 6% interest, compounded monthly. (The actual amount advanced was \$30,500.00.)
 4. The Warbirds could make “draws” on the loan for the first three years with interest only payments each July 1; thereafter, no further advances could be taken and regular payments would be made on the outstanding balance.
 5. The loan agreement states that loan funds shall be used solely for the purpose of construction of the Estrella Warbirds Museum, and that funds shall not be used for any other purpose.
 6. The Estrella Warbirds Museum has been making regular principal and interest payments on the balance advanced since October 1996.
 7. Upon a request by the Estrella Warbirds Museum, on February 3, 1999, the City Council granted a deferral of regular loan payments for six months to help fund a museum curator position.
 8. After the deferral period, the Estrella Warbirds were to come back to the City Council with quantitative data showing the benefit derived from the deferral of payments.
 9. On June 22, 1999, staff received another request from the Estrella Warbirds Museum to defer their loan payments for an additional six months.

**Analysis
and**

Conclusion: The City agreed to make a loan to the Estrella Warbirds Museum to enable them to complete construction of the museum building. The City advanced a principal total of \$30,500, and the Estrella Warbirds have been making principal and interest payments since October 1996.

The City Council recently received a request for additional financial aid to hire a museum curator. The Council agreed to defer the regular loan payments for six months to aid in the hiring of the curator. That six month deferral period ends on July 31, 1999.

City staff has received another request from the Estrella Warbirds to continue the deferral of loan payments for an additional six months in order to continue funding the curator position at the museum.

Policy Reference: None.

Fiscal Impact: Continued deferral of loan payments will delay full repayment of the Estrella Warbirds Museum loan to the City.

- Options:**
- A. For the City Council to authorize the deferral of loan payments from Estrella Warbirds to the City of Paso Robles for an additional six months, to January 30, 2000.
 - B. For the City Council not to authorize the deferral of loan payments from Estrella Warbirds to the City of Paso Robles for an additional six months.
 - C. Amend, modify, or reject the above options.

Attachments: (1)
1) EWM Letter dated 6/22/99

CONFEDERATE AIR FORCE.
ESTRELLA SQUADRON
ESTRELLA WARBIRDS MUSEUM
P.O. Box 570
Paso Robles, C 93447

June 22, 1999

City of Paso Robles
1000 Spring St
Paso Robles, Ca 93446

Atten. Mr. John MaCarthy

Dear Sir,

As you know, the Estrella Warbirds Museum approached the City Council of Paso Robles six months ago to formally request help from the City of Paso Robles. The Museum needs financial assistance to help cover the cost of the new curator. At that time we were told that we needed to have the new curator on staff for about six months. The time has past and we now want to re-apply for this help. We will document for the City council our past efforts and activities that will show the need for this help.

We would appreciate your help on this matter and would be happy to meet with you to help you further understand what we are proposing.


Gary M. Corippo
Director
Estrella Warbirds Museum