

TO: James L. App, City Manager
FROM: Jim Throop, Director of Administrative Services
SUBJECT: Promissory Note for Telephone System
DATE: June 3, 2008

Needs: For the City Council to consider approval of promissory note for a portion (\$219,000) of the purchase of a new telephone system for city offices.

Facts:

1. The Council previously authorized the purchase of a new telephone system using current appropriated funds and for the additional appropriation of Equipment Replacement funds for the new telephone system, that is to be repaid by the General Fund, in four equal yearly payments, beginning in Fiscal Year 2011.
2. A promissory note has been prepared for Council consideration.

Analysis & Conclusion:

The amounts advanced from the Equipment Replacement Fund for a portion of the purchase price of the new telephone system is \$219,000. These funds are available and the use of these funds will not jeopardize the stability of the Equipment Replacement Fund.

The Council has determined that establishing a principal only promissory note between the General Fund and the Equipment Replacement Fund is appropriate and best suits the needs of the City..

Fiscal Impact:

It is proposed that the General Fund make four equal yearly installment payments, beginning in Fiscal Year 2011. These payments will be appropriated in the next budget cycle.

Options:

- a. Adopt Resolution No. 08-xxx approving promissory note for a portion (\$219,000) of the cost of the new City of Paso Robles telephone system; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 08-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING PROMISSORY NOTE FOR PURCHASE OF NEW TELEPHONE SYSTEM

WHEREAS, the Council has authorized the purchase of a new telephone system for the City of Paso Robles offices; and

WHEREAS, funds for a portion of the cost of the purchase (\$219,000) must be advanced from the City's Equipment Replacement Fund; and

WHEREAS, the establishment of a formal promissory note bearing only principal payments, to start in Fiscal Year 2011 with four yearly payments of \$54,750.

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the promissory note attached herein is approved.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 3rd day of June, 2008 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank Mecham, Mayor

ATTEST:

Deborah Robinson, Deputy City Clerk

PROMISSORY NOTE
FOR NEW TELEPHONE SYSTEM FOR CITY OFFICES

\$219,000.00

June 3, 2008

For value received, the General Fund agrees to repay the Equipment Replacement Fund the sum of two hundred nineteen thousand dollars and no cents (\$219,000.00), representing the additional amount required to purchase a new comprehensive telephone system for the City of Paso Robles. The four yearly principal payments of fifty-four thousand seven hundred fifty dollars and no cents (\$54,750) will begin in Fiscal Year 2011 and be completed in Fiscal Year 2014.

Frank Mecham, Mayor
City of El Paso de Robles