

RESOLUTION NO. 2008-503

Adopted by the Sacramento City Council

July 22, 2008

SECOND AMENDMENT TO CITY AGREEMENT 97-007 WITH DISCOVERY MUSEUM

BACKGROUND

- A. In 1997, the City Council approved Agreement 97-007 with the Discovery Museum to provide a General Fund loan of \$175,000 for development of the Challenger Learning Center on Auburn Boulevard. The loan was due for repayment in 2001.
- B. In 1999, to help the Museum with cash flow issues, the City Council approved Supplemental No. 1 to Agreement 97-007 that deferred further interest payments and extended repayment of the loan until 2009. Since then, the Museum has made annual repayments of the loan according to the current repayment schedule.
- C. In January 2008, the City received a request from the Discovery Museum defer for one year each of the final two loan repayments, based on uncertainties in cash flow resulting from the upcoming split of the Discovery Museum into separate History Museum and Science Center operations.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager or his designee is authorized to approve and execute THE Second Amendment to City Agreement 97-007 (Promissory Note) between the City of Sacramento and the Sacramento Museum of History, Science and Technology (a.k.a. Discovery Museum) related to the operation of the Challenger Learning Center.

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Exhibit A- Second Amendment to Promissory Note

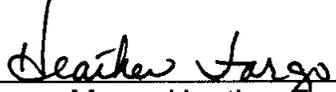
Adopted by the City of Sacramento City Council on July 22, 2008 by the following vote:

Ayes: Councilmembers Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Fargo.

Noes: None.

Abstain: None.

Absent: Councilmember Cohn.



Mayor Heather Fargo

Attest:



Shirley Concolino, City Clerk

Exhibit A

SECOND AMENDMENT TO PROMISSORY NOTE

This Second Amendment to the Promissory Note, City Agreement Number 1997-007-1, dated on or about July 30, 1997, is entered into by and between the SACRAMENTO MUSEUM OF HISTORY, SCIENCE AND TECHNOLOGY, dba DISCOVERY MUSEUM, INC., a California non-profit corporation ("Payor"), and the CITY OF SACRAMENTO ("Payee").

- A. On or about July 30, 1997, Payor executed a loan agreement with Payee identified as City Agreement Number 97-007, ("Loan Agreement") and a promissory note payable to Payee in the amount of \$175,000.00, identified as City Agreement Number 97-007-1, ("Note").
- B. On or about November 16, 1999, the parties amended the terms of the Note to provide that effective April 1, 1999, Payor would no longer be required to pay interest on the outstanding Note principal and that repayment of the remaining principal would be made in ten annual payments of \$12,029.93 each, beginning on April 1, 2000 and continuing through April 1, 2009.
- C. Payor has made its annual payments and has two payments remaining, due on April 1, 2008 and April 1, 2009. Payor would like to defer each of the final two payments by one year, making the 2008 payment due in 2009 and the 2009 payment due in 2010.
- D. Payee is willing to agree to this deferment, subject to the payment by Payor in July 2008 and April 2009 equal to the value of the interest that the city would have received if the last two payments had been made when due.
- E. It is the intention of the parties that this Second Amendment to the Note shall not affect City's priority status as a secured party with a security interest in those assets of Payor described in a UCC-1 financing statement executed by Payor and filed with the Secretary of State on August 27, 1997.

NOW, THEREFORE, Payor and Payee agree as follows:

- 1. Payor shall pay to Payee interest in the amount of \$324.91 upon execution of this Second Amendment to Note. Payor shall pay to Payee interest in the amount of \$324.91 on April 1, 2009.
- 2. Payor shall pay to Payee the principal amount of \$12,029.93 on or before April 1, 2009. Payor shall pay to Payee the principal amount of \$12,029.93 on or before April 1, 2010.
- 3. All other terms and conditions of the Note, and all terms of the Loan Agreement not inconsistent with this Second Amendment to Note, shall remain in full force and effect, including all provisions with respect to security provided to payee in connection with the

Note. This Amendment to Note shall not affect City's priority status as a secured party with a security interest in those assets of Payor described in a UCC-1 financing statement executed by Payor and filed with the Secretary of State in August 27, 1997.

4. Payee agrees that it shall not transfer or assign the Note to any third party, because the Note does not reflect the amended terms set forth in this Second Amendment to Note.

DATED: _____ CITY OF SACRAMENTO

by: _____
Ray Kerridge, City Manager

DATED: _____ SACRAMENTO MUSEUM OF HISTORY
SCIENCE AND TECHNOLOGY

by: _____
Chairman, Board of Directors

by: _____
Secretary, Board of Directors

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

DEPUTY CITY ATTORNEY