

RESOLUTION NO. 2007-10

AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE WITH OPTION TO PURCHASE AN 836H LANDFILL COMPACTOR, AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Monterey Regional Waste Management District (the "District") is duly organized and existing under and pursuant to the Constitution and laws of the State of California; and

WHEREAS, the District desires to provide for financing in the amount of \$1,104,675 for the acquisition of a new 836H Landfill Compactor (the "Property"); and

WHEREAS, Caterpillar Financial Service Corporation (the "Corporation") has proposed a cost-effective five year lease purchase financing arrangement at a 3.95% interest rate;

NOW, THEREFORE, it is resolved by the Board of Directors of the Monterey Regional Waste Management District as follows:

SECTION 1. Lease with Option to Purchase. The Chair of the Board or General Manager is hereby authorized to enter into a Lease with Option to Purchase (the "Lease") with the Corporation to finance the Property, subject to approval as to form by the District's legal counsel.

SECTION 2. Attestations. The Secretary of the District is hereby authorized and directed to attest the signature of the Chair of the Board or such other person or persons as may have been designated by the Chair, and to affix and attest the seal of the District, as may be required or appropriate in connection with the execution and delivery of the Lease.

SECTION 3. Other Actions. The Chair of the Board, General Manager, or other officers of the District are each hereby authorized and directed, jointly and severally, to take any and all actions and to execute and deliver any and all agreements, documents and certificates which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms of this Resolution and the Lease. Such actions are hereby ratified, confirmed and approved.

SECTION 4. Qualified Tax-Exempt Obligations. The Lease is hereby designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The District, together with all subordinate entities of the District, do not reasonably expect to issue during the calendar year in which the Lease is issued more than \$10,000,000 of obligations which it could designate as "qualified tax-exempt obligations" under Section 265(b) of the Code.

SECTION 5. Reimbursement of Prior Expenditures. The District declares its official intent to be reimbursed from the proceeds of the Lease approved hereby for a maximum principal amount of \$1,104,675 of expenditures occurring no earlier than sixty days prior to the adoption of this Resolution. All reimbursed expenditures will be capital expenditures as defined in Section 1.150-1(b) of the Federal Income Tax Regulations.

SECTION 6. Effect. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Monterey Regional Waste Management District duly held on December 21, 2007 by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

Leo Laska
Chair of the Board

William M. Merry
General Manager/Board Secretary



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by WMM Date 12/13/07
General Manager

DATE: December 14, 2007
TO: General Manager
FROM: Finance Manager
SUBJECT: Financing Caterpillar 836H Landfill Compactor

RECOMMENDATION: That the Board adopt Resolution 2007-10 authorizing the execution of a five year lease purchase agreement with Caterpillar Financial Services Corporation to finance a new 836H Landfill Compactor.

At the August 8, 2007 Board meeting, the Board adopted Resolution 2007-08 authorizing the purchase of a Caterpillar 836H Landfill Compactor for \$1,104,675. The FY 2007/08 budget calls for the purchase of the 836H Landfill Compactor to be financed over five years. Staff investigated financing options with four firms: Municipal Finance Corporation (CSDA), Caterpillar Financial Services Corporation, First National Bank of Central California (the District's financial institution), and TETRA Financial Group, LLC. Each firm proposed different lease purchase agreements at different rates. The following table summarizes the proposals:

Firm	Key Proposal Terms	Interest Rate
Caterpillar Financial Services Corporation Nashville, TN	Lease Purchase 60 months	3.95%
Municipal Finance Corporation (CSDA) Calabasas, CA	Lease Purchase 60 months	4.25%
First National Bank Gilroy, CA	Equipment Lease Lease 60 months	5.04%
TETRA Financial Group, LLC Salt Lake City, UT	Equipment Lease 60 months Base Lease Rate Factor: 0.01779 End of Term: Agreed upon price	6.35%

Caterpillar Financial Services Corporation manages the leasing program for the Caterpillar dealerships. Their proposal of 3.95% having a total interest cost of \$110,486.42 is an excellent deal for the District. They require a Board resolution as part of the transaction. District Counsel has reviewed and approved of the documents, as to form, for the financing arrangement.

Chuck Rees