

RESOLUTION NO. 2008-10

**AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE WITH OPTION TO PURCHASE, 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 not to exceed \$1,150,000.00 for the acquisition and installation of a new GE Jenbacher JGS 420 engine/generator (the "Property"); and

WHEREAS, Municipal Finance Corporation (the "Corporation") has proposed a cost-effective five-year lease purchase financing arrangement at not to exceed 4.25% 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 or Clerk 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. 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 September 19, 2008, 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 9/11/08
General Manager

DATE: September 12, 2008
TO: General Manager
FROM: Finance Manager
SUBJECT: Financing Purchase and Installation of GE Jenbacher JGS 420 Engine/Generator

RECOMMENDATION: That the Board adopt Resolution 2008-10 authorizing the execution of a five year lease purchase agreement with Municipal Finance Corporation to finance the purchase of and installation of a new GE Jenbacher JGS 420 engine/generator.

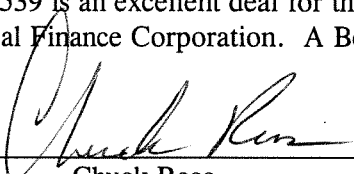
DISCUSSION

At the December 2007 Board meeting, the Board authorized 1) the purchase of a GE Jenbacher JGS 420 engine with synchronous 1425 kW generator and listed items for the quoted price of \$736,126, plus tax, in accordance with the proposal from Western Energy Systems, dated December 12, 2007 and 2) the modification to the District's Landfill Gas to Energy Project that included an estimated capital expenditure to purchase and install the Jenbacher JGS 420 engine/generator of \$1,150,000. The FY 2008-09 budget calls for the purchase and installation of the Jenbacher JGS 420 engine/generator to be financed over five years. Staff investigated financing options with three firms: Municipal Finance Corporation (CSDA), GE Government Finance, Inc. and First American Commercial Bancorp, Inc. Each firm proposed lease purchase agreements at different rates. The following table summarizes the proposals:

Firm	Key Proposal Terms	Interest Rate
Municipal Finance Corporation (CSDA) Calabasas, CA	Lease Purchase, 60 months	4.25%
GE Government Finance, Inc. Orinda, CA	Lease Purchase, 60 months	5.34%
First American Equipment Finance Chicago, IL	Equipment Lease, 60 months Lease Rate Factor: 0.01936 End of Term: \$1	6.28%

CONCLUSION

Municipal Finance Corporation manages the leasing program for the California Special District's Association (CSDA). Their proposal of 4.25% having a total interest cost of \$128,539 is an excellent deal for the District. Staff, therefore, recommends the Board authorize an agreement with Municipal Finance Corporation. A Board resolution is required as part of the transaction.



Chuck Rees