

**RESOLUTION NO. 02-65**

**RESOLUTION OF THE RIDGECREST CITY COUNCIL  
APPROVING CERTAIN ENERGY CONSERVATION  
MEASURES AUTHORIZING THE EXECUTION OF  
AGREEMENTS, SIGNATORIES AND MAKING OTHER  
DETERMINATIONS IN CONNECTION THEREWITH**

**WHEREAS**, the City Council of the City of Ridgecrest (the "City") is authorized pursuant to Sections 4217.10 through 4217.18 of the California Government Code (the "Act") to enter into energy conservation contracts pursuant to which the City may acquire and finance equipment and services to reduce energy use or to make for a more efficient use of energy; and

**WHEREAS**, pursuant to the Act, the City proposes to enter into an agreement with Kinetics Energy Services (the "Kinetics Contract") for the acquisition and installation of a mechanical retrofit and energy management project (the "Project") at a cost of \$1,013,320.00; and

**WHEREAS**, Municipal Finance Corporation (the "Corporation") has offered to enter into a Lease With Option to Purchase (the "Lease") with the City in order to provide lease financing for the Project at a 5.15% annual percentage rate;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIDGECREST** as follows:

**Section 1.** The City Council hereby finds, determines and declares as follows:

(a) The anticipated cost to the City for "Conservation Services" as defined in Section 4217.11(c) of the Act and as provided for by the Kinetics Contract, the Lease and the Project will be less than the anticipated marginal cost to the City of energy that would have been consumed by the City in the absence of the Project.

(b) To the extent that the Kinetics Contract and/or the Lease grant easements, rights-of-way, licenses, rights of access, or other rights in the real property of the City upon which the Project will be constructed and installed, the difference, if any, between the fair rental value of such rights and the portion of the rent under the Lease attributable to such rights, is anticipated to be offset by benefits provided to the City under the Kinetics Contract and the Lease.

(c) Funds for the payment of amounts due under the Lease are projected to be available from funding which otherwise would have been used for the purchase of energy required by the City in the absence of the Project.

**Section 2.** The form, terms and provisions of the Kinetics Contract, the Lease and the Escrow Agreement are hereby approved and the Mayor, City Manager and the City Clerk are hereby jointly and severally authorized and directed on behalf of the City

and in its name to execute and deliver the Kinetics Contract and the Lease, subject to review and approval by the City Attorney

**Section 3.** The Lease is hereby designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The City, together with all subordinate entities of the City, 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 4.** The Mayor, the City Manager and the City Clerk are hereby jointly and severally authorized and directed to execute and attest such further documents, instruments and certificates as they may deem necessary or advisable in order to accomplish the purposes of this Resolution.

**Section 5.** All actions heretofore taken by the Mayor, the City Manager, the City Clerk, and the other officers and employees of the City in connection with the Project and the Lease which are not inconsistent with this Resolution are hereby approved, ratified and confirmed.

**Section 6.** This Resolution shall take effect immediately.

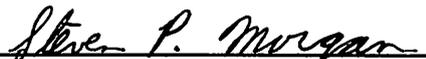
**APPROVED AND ADOPTED** this 5th day of June, 2002, by the following vote:

**AYES:** Mayor Morgan, Council Members Carter, Holloway, Martin, and Rollins

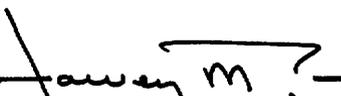
**NOES:** None

**ABSENT:** None

**ABSTAIN:** None

  
\_\_\_\_\_  
Steven P. Morgan, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Harvey M. Rose  
City Clerk