

RESOLUTION NO. 15-08

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, CALIFORNIA ESTABLISHING THE TERMS AND CONDITIONS AND AUTHORIZING THE EXECUTION OF A PROMISSORY NOTE IN FAVOR OF THE GENERAL FUND OF THE CITY OF LANCASTER FOR THE DISTRIBUTION OF FUNDS TO LANCASTER CHOICE ENERGY ENTERPRISE FUND

WHEREAS, the feasibility study performed has concluded that the formation of a Community Choice Aggregator (CCA) program is a viable business opportunity; and

WHEREAS, the CCA program known as Lancaster Choice Energy (LCE) will result in a lower per kWh rate for our customers compared to current Southern California Edison rates; and

WHEREAS, the LCE will begin operating effective with municipal accounts in May 2015 and all other customers October 2015; and

WHEREAS, the LCE will not generate sufficient revenues in the first year to cover the initial start-up costs; and

WHEREAS, the general fund has sufficient funds in reserve to make a loan to the Lancaster Choice Energy Enterprise Fund; and

WHEREAS, it is anticipated that sufficient revenues will be available within three years to repay the loan ; and

WHEREAS, interest shall accrue on the outstanding amount at 3% annually.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LANCASTER DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City Council hereby authorizes and directs the execution of the Promissory Note in an amount not to exceed \$3,500,000 to the Lancaster Choice Energy Enterprise Fund.

PASSED, APPROVED and ADOPTED this 24th day of February, 2015, by the following vote:

AYES: Council Members Johnson, Mann, Smith, Vice Mayor Crist, Mayor Parris

NOES: None

ABSTAIN: None

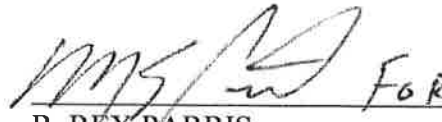
ABSENT: None

ATTEST:

APPROVED:



BRITT AVRIT, CMC
City Clerk
City of Lancaster



R. REX PARRIS
Mayor
City of Lancaster

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF LANCASTER)

CERTIFICATION OF RESOLUTION
CITY COUNCIL

I, _____, _____ City of Lancaster, CA, do hereby certify that this is a true and correct copy of the original Resolution No. 15-08, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this _____ day of _____, _____.

(seal)

EXHIBIT "A"

PROMISSORY NOTE

Amount
\$3,500,000

Lancaster, California
February 24, 2015


1. Promise to Pay. The Lancaster Choice Energy (LCE) Enterprise Fund, for value received, hereby promises to pay to the General Fund the principal due pursuant to the terms of this Note. This Note is being executed to evidence the monetary obligations of the LCE Enterprise Fund to the General Fund arising from feasibility and formation of a Community Choice Aggregator.
2. Interest Rate. Three (3%) percent interest shall be charged by General Fund for this Note.
3. Principal and Interest Payments. Payments will begin in the fiscal year surplus funds are available in the LCE Enterprise Fund.
4. Application of Payments. Both principal and interest hereof are payable in lawful money of the United States of America.

IN WITNESS WHEREOF, the parties hereto have executed this Promissory Note as of the date first set forth in this Promissory Note.

ATTEST:

CITY OF LANCASTER

By: 
City Clerk

By: 
City Manager