

RESOLUTION NO. 2012-05-17-0013R

A RESOLUTION AUTHORIZING THE CASH DEFEASANCE OF CERTAIN MATURITIES OF THE CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS REVENUE BONDS, NEW SERIES 2006A; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Council (the *Council*) of the City of San Antonio, Texas (the *City*) has previously authorized the issuance of obligations designated as “City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, New Series 2006A” in the original principal amount of \$384,185,000 (the *Bonds*); and

WHEREAS, the Council has previously established an agency of the City known as the City Public Service Board of San Antonio, Texas, acting through its Board of Trustees (the *Board* or *CPS Energy*), to manage, operate, and control the City’s electric and gas systems (the *Systems*); and

WHEREAS, the Board adopted a resolution on April 30, 2012 requesting that certain maturities of the Bonds described in Exhibit A, attached hereto and incorporated by reference herein as if copied in full, be defeased to their respective dates of Stated Maturity (the *Defeased Bonds*); and

WHEREAS, Chapter 1207, as amended, Texas Government Code (the *Act*), CPS Energy’s Investment Policy, and other laws of the State of Texas authorize the City to enter into an escrow and trust agreement (such agreement, in substantially the form attached hereto as Exhibit B, the *Escrow Agreement*) with any paying agent or authorized escrow agent for the Defeased Bonds with respect to the safekeeping, investment, reinvestment, administration, and disposition of not to exceed \$35,000,000 of lawfully available funds of the Systems for the purpose of acquiring Government Securities (as such term is defined in the City ordinance authorizing the issuance of the Bonds (the *Bond Ordinance*)) and irrevocably depositing the same in trust with the appropriate escrow agent to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due by reason of Stated Maturity the principal of, premium, if any, or interest on the Defeased Bonds and which deposit constitutes a legal defeasance of the Defeased Bonds in accordance with the applicable law and terms and provisions of the Bond Ordinance; and

WHEREAS, lawfully available funds of the Systems in an amount not to exceed \$35,000,000 will be utilized by CPS Energy to effectuate the legal defeasance of the Defeased Bonds; and

WHEREAS, the Bond Ordinance provides the notice requirements to be complied with by the City in connection with the legal defeasance of the Defeased Bonds in observance of its

continuing disclosure undertaking relating to the Bonds, as specified in Section 46 of the Bond Ordinance; and

WHEREAS, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, is the paying agent for the Defeased Bonds and is hereby appointed as the escrow agent (the *Escrow Agent*) for the Defeased Bonds; and

WHEREAS, the Escrow Agent is not a depository bank for the City and the Escrow Agreement hereinafter authorized constitutes an escrow agreement of the kind authorized and permitted by the Act to effectuate a legal defeasance of the Defeased Bonds; and

WHEREAS, it is in the best interest of the City and the ratepayers of the Systems to legally defease the Defeased Bonds as herein provided in order to terminate the payment of debt service thereon and to reduce the Systems' aggregate debt service requirements in the years of the Defeased Bonds' respective Stated Maturities; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO THAT:

Section 1. Definitions. In addition to other words and terms defined in the preamble and elsewhere in this Resolution, and unless a different meaning or intent clearly appears in the context, capitalized terms used herein without definition shall have the respective meaning ascribed thereto in the Bond Ordinance.

Section 2. Escrow Fund. The City hereby establishes the Escrow Fund held by the Escrow Agent pursuant to the Escrow Agreement into which the described lawfully available funds of the Systems shall be placed.

Section 3. Escrow Agreement. The Escrow Agreement is hereby approved as to form and content, and the Escrow Agreement in substantially the form and substance attached hereto as Exhibit B, together with such changes or revisions as may be necessary to accomplish the legal defeasance or to otherwise benefit the City with respect to the Defeased Bonds, are hereby authorized to be executed by the Mayor or Mayor Pro Tem, the City Manager, the Chief Financial Officer, the City Clerk or Assistant City Clerk, respectively, of the City, and the President and Chief Executive Officer or the Executive Vice President, Chief Financial Officer, and Treasurer, respectively, of the Board (each of the foregoing a *Designated Financial Officer*), on behalf of the City and as the act and deed of this Council; and the Escrow Agreement as executed by any of such officials shall be deemed approved by the City and the Board and shall constitute the Escrow Agreement herein approved.

Furthermore, any Designated Financial Officer, any one or more of said officials, and the Escrow Agent are hereby authorized and directed to make the necessary arrangements for (i) the purchase of the Government Securities referenced in the Escrow Agreement and the delivery thereof to the Escrow Agent for deposit to the credit of the "CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS BONDS, NEW SERIES 2006A DEFEASANCE ESCROW FUND (2012)" (the *Escrow Fund*), including the execution of any subscription forms for the purchase and issuance of the "United States Treasury Securities - State and Local Government

Series” for deposit to the Escrow Fund; all as contemplated and provided by the provisions of the Act, as appropriate, this Resolution, the Bond Ordinance, and the Escrow Agreement.

Section 4. Available Funds. An amount finally determined by a Designated Financial Officer (but not to exceed \$35,000,000), derived from lawfully available funds of the Systems, to be available for such purposes and necessary for purchase of Government Securities to be deposited in escrow and used for payment of the Defeased Bonds shall be deposited to the Escrow Fund created under the Escrow Agreement.

Section 5. Matters Related to Defeasance. (a) In order that the City shall satisfy in a timely manner all of its obligations under this Resolution, each Designated Financial Officer is hereby authorized and directed to take all actions that are reasonably necessary to provide for the legal defeasance of the Defeased Bonds, including, without limitation, executing and delivering on behalf of the City all certificates, consents, receipts, requests, notices, escrow reinvestment agreements, float contracts, and other documents as may be reasonably necessary to satisfy the City’s obligations under this Resolution, to direct the transfer and application of the lawfully available funds of the Systems consistent with the provisions of this Resolution, and to file any and all notices of such defeasance as specified or required under the Bond Ordinance in compliance with the City’s continuing disclosure undertaking with respect to the Defeased Bonds.

(b) No money of the City or CPS Energy, other than the amount specified in Section 4 hereof, shall be used to defease the Defeased Bonds.

(c) To assure the purchase of the Government Securities referred to in the Escrow Agreement, any Designated Financial Officer and the Escrow Agent are hereby authorized to subscribe for, agree to purchase, and to actually purchase Government Securities, in such amounts and maturities and bearing interest at such rates as may be provided for in the verification report prepared by Grant Thornton, LLP, Minneapolis, Minnesota, pursuant to the Escrow Agreement, and to execute any and all subscriptions, purchase agreements, commitments, float contracts, escrow reinvestment agreements, letters of authorization, and other documents necessary to effectuate the foregoing, and any actions heretofore taken for such purpose are hereby ratified and approved.

Section 6. Miscellaneous Provisions. (a) Titles Not Restrictive. The titles assigned to the various sections of this Resolution are for convenience only and shall not be considered restrictive of the subject matter of any section or of any part of this Resolution.

(b) Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed and declared to be inapplicable, and the provisions of this Resolution shall be and remain controlling as to the matters prescribed herein.

(c) Severability. If any word, phrase, clause, paragraph, sentence, part, portion, or provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution shall nevertheless be valid and the Council

hereby declares that this Resolution would have been enacted without such invalid word, phrase, clause, paragraph, sentence, part, portion, or provisions.

(d) Preamble Incorporation. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Council.

(e) Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas.

(f) Open Meeting. The Council officially finds and determines that the meeting at which this Ordinance is adopted was open to the public; and that public notice of the time, place, and purpose of such meeting was given, all as required by Chapter 551, Texas Government Code.

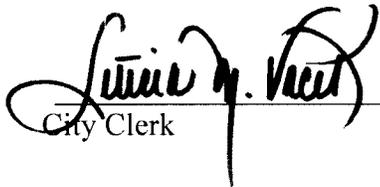
(g) Effective Date. The effective date of this Resolution shall be governed by the provisions of Section 1-15 of the City Code of San Antonio, Texas. This Resolution shall take effect immediately if passed by the affirmative vote of at least eight members of the City Council, otherwise the same shall take effect on the tenth day after the date of its passage by the City Council.

PASSED AND ADOPTED by an affirmative vote of 10 members of the City Council of the City of San Antonio, Texas, this the 17th day of May, 2012.

CITY OF SAN ANTONIO

Mayor 
JULIÁN CASTRO

ATTEST:


City Clerk



(CITY SEAL)

I, the undersigned, City Attorney of the City of San Antonio, Texas, hereby certify that I read, passed upon, and approved as to form the foregoing Ordinance prior to its adoption and passage as aforesaid.


Michael D. Bernard, City Attorney,
City of San Antonio, Texas

Agenda Item:	25B (in consent vote: 5, 6A, 6B, 8A, 8B, 9, 12A, 12B, 15, 16, 17, 18, 19, 20, 21, 22, 24, 25A, 25B)						
Date:	05/17/2012						
Time:	10:47:57 AM						
Vote Type:	Motion to Approve						
Description:	A Resolution authorizing the cash defeasance of certain maturities of the City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, New Series 2006A; and providing an effective date.						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor		x				
Diego Bernal	District 1		x				
Ivy R. Taylor	District 2		x				x
Leticia Ozuna	District 3		x				
Rey Saldaña	District 4		x				
David Medina Jr.	District 5		x				
Ray Lopez	District 6	x					
Cris Medina	District 7		x				
W. Reed Williams	District 8		x				
Elisa Chan	District 9		x			x	
Carlton Soules	District 10		x				

EXHIBIT A

Defeased Bonds

Not to exceed \$35,000,000 in lawfully available funds of the Systems to defease \$31,460,000 in principal amount of “City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, New Series 2006A”, dated August 15, 2006, maturing on February 1 in each of the years 2013 and 2014 at the most advantageous interest rates to be determined by any Designated Financial Officer on or before June 28, 2012. CPS Energy will utilize not more than \$35,000,000 of lawfully available funds in the Repair and Replacement Account to effectuate this defeasance.

EXHIBIT B

Escrow and Trust Agreement

See Tab No. 3