

A RESOLUTION APPROVING THE UPDATE OF CERTAIN OFFERING DOCUMENTS RELATING TO OBLIGATIONS DESIGNATED AS CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS COMMERCIAL PAPER NOTES, SERIES A, CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS JUNIOR LIEN REVENUE BONDS, SERIES 2003, AND CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS JUNIOR LIEN REVENUE BONDS, SERIES 2004; AND ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS RESOLUTION

WHEREAS, the City of San Antonio, Texas (the *City*) is a home rule municipality, a political subdivision of, and is duly organized and existing pursuant to the Constitution and laws of the State of Texas (the *State*);

WHEREAS, pursuant to State law, the City Council (the *Council*) of the City has heretofore issued, and there are currently outstanding, revenue obligations designated as "City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Bonds, Series 2003", "City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Bonds, Series 2004", and "City of San Antonio, Texas Electric and Gas Systems Commercial Paper Notes, Series A" (herein referred to as the *Outstanding Obligations*); and

WHEREAS, the ordinances authorizing the issuance of the Outstanding Obligations provide that the Outstanding Obligations bear interest at variable rates and the authorized representatives of the City Public Service Board, in consultation with its co-financial advisors and co-bond counsel, have made the determination to update the disclosure information contained in the offering documents previously approved by the Council in connection with the issuance of the Outstanding Obligations; and

WHEREAS, the authorized representatives of the City Public Service Board have requested that the Council approve the updated offering documents; and

WHEREAS, the Council may authorize the updated offering documents pursuant to the ordinances authorizing the issuance of the Outstanding Obligations; and

WHEREAS, the Council hereby finds and determines the adoption of this resolution is in the best interests of the citizens of the Council; NOW, THEREFORE,

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

SECTION 1. Authorization of Offering Documents for the Outstanding Obligations. The Council hereby approves the updated offering documents with respect to the Outstanding Obligations substantially in the form attached hereto as Exhibit A.

SECTION 2: Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 3: Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 4: Severability. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Council hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 5: Incorporation of Preamble Recitals. The recitals contained in the preamble hereof are hereby found to be true, and such recitals and other statements therein 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.

SECTION 6: Public Meeting. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

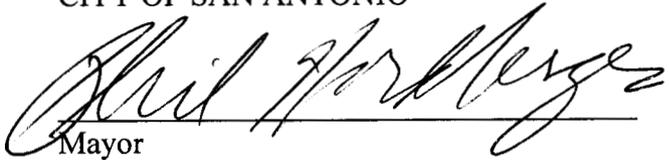
SECTION 7: Further Proceedings. The officers and employees of the City are hereby authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution. In case any officer of the City whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 8: 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 Council, otherwise the same shall take effect on the tenth day after the date of its passage by the Council.

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PASSED AND ADOPTED by an affirmative vote of 10 members of the City Council of the City of San Antonio, Texas, this the 1st day of June, 2006.

CITY OF SAN ANTONIO



Mayor

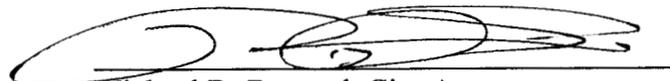
ATTEST:



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 Resolution prior to its adoption and passage as aforesaid.



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

EXHIBIT A
OFFERING DOCUMENTS

Agenda item #27

**CITY OF SAN ANTONIO
FINANCE DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Sheryl Sculley, City Manager
FROM: Ben Gorzell Jr., CPA, Acting Director of Finance
SUBJECT: A Resolution Requesting the Distribution of CPS Energy's Updated Offering Documents for Certain CPS Energy Debt Instruments
DATE: June 1, 2006

SUMMARY AND RECOMMENDATIONS

A resolution requesting the distribution of (1) the Updated Official Statement for the Junior Lien Revenue Bonds, Series 2003; (2) the Updated Remarketing Memorandum for the Junior Lien Revenue Bonds, Series 2004; and (3) the Offering Memorandum for the Commercial Paper Notes, Series A to current and prospective investors for the purpose of providing current financial information and other material information relating to the City of San Antonio, Texas', electric and gas systems (the "Systems") for making investment decisions.

Staff recommends approval of this resolution.

BACKGROUND INFORMATION

CPS Energy's debt portfolio includes both fixed and variable-rate debt. Offering documents for each are prepared at the time the debt is first issued. The variable-rate debt portfolio includes two types of debt that are remarketed periodically in the secondary market: tax-exempt commercial paper and variable-rate debt obligations. The secondary market consists of securities that are traded after they are initially offered in the primary market. The offering documents describe the City of San Antonio, CPS Energy, and outline the terms of securities to be offered and certain information with respect to CPS Energy. Investors rely upon the information contained within these offering documents when making investment decisions.

CPS Energy, in consultation with its co-financial advisors and co-bond counsel, has agreed to take a more proactive approach to update the disclosure information contained within each of the variable-rate debt offering documents. While CPS Energy is not required to update these documents annually, this initiative will ensure that current disclosure information is provided to bondholders, prospective investors, and other interested parties.

The proposed Resolution will authorize the distribution of the updated offering documents for existing CPS Energy variable-rate debt. The documents are updates to previously-issued debt offering documents and no new debt is being authorized as a result of these updates.

FISCAL IMPACT

Distribution of the updated offering documents will have no fiscal impact.

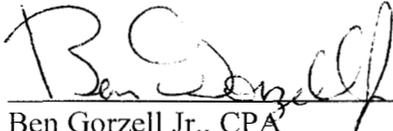
COORDINATION

This action has been coordinated with the CPS Energy Board of Trustees, CPS Energy Staff, the City Attorney's Office, and CPS Energy's co-financial advisors and co-bond counsel.

SUPPLEMENTARY COMMENTS

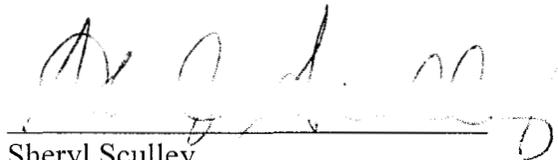
A working group comprised of CPS Energy staff; Remarketing Agents: Lehman Brothers and Morgan Stanley & Co., Co-Dealers: Citigroup Global Markets Inc. and J.P. Morgan Securities, Inc., Issuing/Paying Agent: U.S. Bank, National Association and Deutsche Bank Trust Company Americas; Credit Facility Banks: Bank of America, N.A., BNP Paribas and State Street Global Markets, LLC; Co-Financial Advisors: First Southwest Company and Estrada Hinojosa & Company, Inc.; Co-Bond Counsel: Fulbright & Jaworski L.L.P. and Escamilla & Poneck, Inc.; CPS Energy's Acting General Counsel: Robert Temple, Esq.; CPS Energy's Outside Legal Counsel: Cox Smith Matthews Incorporated; Remarketing Agent's Counsel: Andrews Kurth LLP; Credit Facility's Counsel: Winstead, Sechrest & Minick P.C. and Andrews Kurth LLP were assembled to work on these updated disclosure documents.

The disclosure requirements of the City's Ethics Ordinance are not applicable.



Ben Gorzell Jr., CPA
Acting Director of Finance

Approved for Council Consideration



Sheryl Sculley
City Manager

CERTIFICATE OF CITY CLERK

THE STATE OF TEXAS §
 §
COUNTY OF BEXAR §
 §
CITY OF SAN ANTONIO §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 1st day of June, 2006, the City Council (the *Governing Body*) of the City of San Antonio, Texas (the *Issuer*) convened in regular session at its regular meeting place in the Municipal Plaza Building of the Issuer (the *Meeting*), the duly constituted members of the Governing Body being as follows:

Phil Hardberger	Mayor
Patti Radle	Mayor Pro Tem
Sheila D. McNeil	Councilmember
Roland Gutierrez	Councilmember
Richard Perez	Councilmember
Elena Guajardo	Councilmember
Delicia Herrera	Councilmember
Roger O. Flores	Councilmember
Art A. Hall	Councilmember
Kevin Wolff	Councilmember
Christopher "Chip" Haass	Councilmember

and all of such persons were present at the Meeting, except the following: Richard Perez, thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the *Resolution*) entitled:

A RESOLUTION APPROVING THE UPDATE OF CERTAIN OFFERING DOCUMENTS RELATING TO OBLIGATIONS DESIGNATED AS CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS COMMERCIAL PAPER NOTES, SERIES A, CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS JUNIOR LIEN REVENUE BONDS, SERIES 2003, AND CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS JUNIOR LIEN REVENUE BONDS, SERIES 2004; AND ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS RESOLUTION

was introduced and submitted to the Governing Body for passage and adoption. After presentation and due consideration of the Resolution, a motion was made by Councilmember Flores that the Resolution be finally passed and adopted in accordance with the Issuer's Home Rule Charter. The motion was seconded by Councilmember Herrera and carried by the following vote:

10 voted "For" 0 voted "Against" 0 abstained

all as shown in the official Minutes of the Governing Body for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the Issuer; the duly qualified and acting members of the Governing Body of the Issuer on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Governing Body was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the Issuer, this 1st day of June, 2006.



Lucinda M. Vaca

City Clerk, City of San Antonio, Texas

#27 6/01/06

RECEIVED

MAY 30 2006

City Attorney's Office
San Antonio, Texas

FULBRIGHT & JAWORSKI L.L.P.
A REGISTERED LIMITED LIABILITY PARTNERSHIP
300 CONVENT STREET, SUITE 2200
SAN ANTONIO, TEXAS 78205-3792
WWW.FULBRIGHT.COM

WKUHN@FULBRIGHT.COM
DIRECT DIAL: (210) 270-7131

TELEPHONE: (210) 224-5575
FACSIMILE: (210) 270-7205

May 30, 2006

Ms. Bernadette McKay
City Attorney's Office
City of San Antonio, Texas
100 Military Plaza, Third Floor
San Antonio, Texas 78204

BY HAND DELIVERY

Re: Offering Documents for City of San Antonio, Texas Electric and Gas Systems Commercial Paper Notes, Series A, and City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Bonds, Series 2003 and 2004

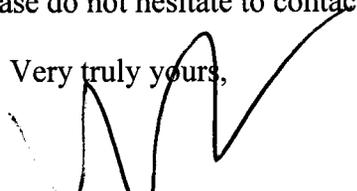
Dear Bernadette:

I enclose the following documents in connection with the captioned financing for execution at the June 1, 2006 regular meeting of the City Council:

1. Resolution (one copy and five signature pages); and
2. City Clerk's Certificate pertaining to the Resolution (two copies and five signature pages).

I understand that the authorized representatives of CPS Energy have provided to you the disclosure documents that are referenced in Exhibit A to this Resolution.

Thank you, in advance, for your prompt attention to this matter. If I can provide any additional assistance concerning this matter, please do not hesitate to contact me.

Very truly yours,

W. Jeffrey Kuhn

WJK/tmg

Enclosure

Ms. Bernadette McKay
May 30, 2006
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cc: Mr. Ben Gorzell
Acting Director of Finance
City of San Antonio, Texas
Finance Department
506 Dolorosa
San Antonio, Texas 78204

BY EMAIL

Mr. Jeff Pullin
City of San Antonio, Texas
Finance Department
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BY EMAIL

Mr. Rick Williamson
CPS Energy
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San Antonio, Texas 78205

BY EMAIL

Mr. David Jungman
CPS Energy
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San Antonio, Texas 78205

BY EMAIL

Mr. Robert Temple
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BY EMAIL

Ms. Belinda Siller
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BY EMAIL

Mr. Lonny Ahr
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San Antonio, Texas 78205

BY EMAIL

Mr. Kelly Robinson
CPS Energy
145 Navarro
San Antonio, Texas 78205

BY EMAIL

Ms. Bernadette McKay
May 30, 2006
Page 3

Ms. Kim Noah
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San Antonio, Texas 78205

BY EMAIL

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BY EMAIL

Mr. Raul Villasenor
First Southwest Company
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San Antonio, Texas 78216

BY EMAIL

Mr. Steven Adams
First Southwest Company
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Dallas, Texas 75201

BY EMAIL

Mr. Robert Estrada
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BY EMAIL

Mr. Donald J. Gonzales
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San Antonio, Texas 78205

BY EMAIL

Mr. John Hall
Estrada Hinojosa & Company, Inc.
100 West Houston, Suite 1400
San Antonio, Texas 78205

BY EMAIL

Mr. George W. Scofield (Firm)
Ms. Lisa G. Adelman (Firm)
Mr. Erwin E. Caban (Firm)