

**CITY COUNCIL AGENDA ITEM COVER MEMO**

**FOR AGENDA OF COUNCIL MEETING/WORK SESSION – DATE: June 11, 2015**

**ACTION REQUESTED BY:** Huntsville Utilities

**COUNCILMAN: ALL DISTRICT: ALL**

**SUBJECT MATTER:** Natural Gas Revenue Warrants, Series 2005

**EXACT WORDING FOR AGENDA:** Resolution authorizing the redemption of the Natural Gas Revenue Warrants, Series 2005. (Utilities: Gas).

**ORDINANCE:** **RESOLUTION:** X **MOTION:**

**(IF AMENDMENT, STATE TITLE AND NUMBER OF ORIGINAL):** N/A

**ITEM IS TO BE CONSIDERED FOR:**

**INTRODUCTION:** **ACTION:** X **DISCUSSION:**

**UNANIMOUS CONSENT REQUIRED?** No

**BRIEFLY STATE WHY THE ACTION IS REQUESTED; WHY IT IS RECOMMENDED OR NOT RECOMMENDED; WHAT COUNCIL ACTION WILL PROVIDE, ALLOW, OR ACCOMPLISH; ANY ASSOCIATED COST; BUDGETED (?); AND ANY OTHER INFORMATION THAT YOU THINK MIGHT BE HELPFUL.**

Redemption requested in order to avoid interest payments and save customers money.

**MAYOR RECOMMENDS OR CONCURS?** YES \_\_\_\_\_ NO \_\_\_\_\_ N/A \_\_\_\_\_

**SIGNATURE:** Jay C. Stowe, P.E., President/CEO

**DATE:** May 27, 2015

**RESOLUTION NO. 15 - \_\_\_\_\_**

**BE IT RESOLVED** by the City Council (the "Council") of the **CITY OF HUNTSVILLE** (the "City"), as follows:

**Section 1. Findings.** The Council has ascertained and does hereby find and declare as follows:

(a) the City has heretofore issued and delivered the \$11,025,000 Natural Gas Revenue Warrants, Series 2005, dated August 1, 2005 (the "2005 Warrants"), which are presently outstanding in the aggregate principal amount of \$7,060,000; and

(b) the 2005 Warrants were issued under a Trust Indenture dated August 1, 2005 (the "Indenture"), between the City of Huntsville (the "City") and Regions Bank, as trustee (the "Trustee"), as limited obligations payable solely from revenues of the natural gas distribution system (the "Gas System") operated by the City of Huntsville Gas Board (the "Gas Board"); and

(c) as set forth in Section 6.2 of the Indenture, those of the 2005 Warrants having a stated maturity in 2016 and thereafter are subject to redemption prior to maturity on August 1, 2015, and on any date thereafter, at and for a redemption price equal to the principal amount redeemed plus accrued interest to the redemption date; and

(d) the Gas Board has heretofore adopted a resolution (i) determining it to be necessary, wise and in the public interest to cause those of the 2005 Warrants maturing in 2016 and beyond (the "Called 2005 Warrants") to be redeemed and retired on August 1, 2015, (ii) directing that surplus revenues from the Gas System presently on deposit with the Gas Board ("Surplus Gas System Revenues") be used for such purpose, (iii) authorizing the President and Chief Financial Officer of Huntsville Utilities to request that the City call the 2005 Warrants as aforesaid, and (iv) directing that Surplus Gas System Revenues sufficient to pay the maturing installment of principal and interest on the 2005 Warrants due August 1, 2015, and the redemption price of the Called 2005 Warrants due August 1, 2015, be transferred to the Trustee and held thereby for such purpose prior to the date on which the

Trustee shall send notice of redemption of the Called 2005 Warrants to the holders thereof; and

(e) as requested by the Gas Board, the City hereby deems it necessary, wise and in the public interest to call the Called 2005 Warrants on August 3, 2015 (August 1, 2015 being a Saturday).

**Section 2.** Acting pursuant to the provisions of Article V of the Indenture, the City does hereby elect to redeem and pay, and does hereby call the Called 2005 Warrants for redemption and payment, on August 3, 2015. The Trustee is hereby authorized and directed to give notice of and to take such actions as shall be necessary or desirable to effect said redemption of the Called 2005 Warrants in the manner provided in the Indenture following receipt by the Trustee of Surplus Gas System Revenues from Huntsville Utilities sufficient, when combined with other amounts on deposit in the Trust Indenture and available for such purpose, to cover the maturing installments of principal and interest on the 2005 Warrants through August 3, 2015, and the redemption price of the Called 2005 Warrants on August 3, 2015.

**Section 3.** The Mayor and City Clerk of the City are each hereby authorized to execute, seal, attest and deliver such other certificates, directions, notices, consents, agreements and other documents, and to take such other actions on behalf of the City as may be necessary or desirable to cause the redemption and payment of the 2005 Warrants as aforesaid.

**ADOPTED** this the 11th day of June, 2015.

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President of the City Council of  
the City of Huntsville, Alabama

**APPROVED** this the 11th day of June, 2015.

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Mayor of the City of Huntsville, Alabama