

RESOLUTION 2010-37

A RESOLUTION OF THE CITY OF LA FERIA, TEXAS, AUTHORIZING THE SOUTH TEXAS AGGREGATION PROJECT, INC. (STAP) TO NEGOTIATE AN EXTENSION TO THE CURRENT ELECTRIC SUPPLY AND NECESSARY RELATED SERVICES AGREEMENT WITH NEXT ERA FOR A FIXED PRICE PER KWH THAT IS LOWER THAN CONTRACT RATES FOR 2011-2013, SAID EXTENSION TO CONTINUE UNTIL DECEMBER 31, 2018; AUTHORIZING STAP TO ACT AS AN AGENT ON BEHALF OF THE CITY TO ENTER INTO A CONTRACT FOR ELECTRICITY; AUTHORIZING THE CHAIRMAN OF STAP TO EXECUTE AN EXTENSION TO THE CURRENT ELECTRIC SUPPLY AGREEMENT FOR DELIVERIES OF ELECTRICITY EFFECTIVE JANUARY 1, 2011 OR AS SOON AFTER FINALIZATION OF A CONTRACT AS POSSIBLE; COMMITTING TO BUDGET FOR ENERGY PURCHASES AND TO HONOR THE CITY'S COMMITMENTS TO PURCHASE POWER THROUGH STAP FOR ITS ELECTRICAL NEEDS THROUGH DECEMBER 31, 2018.

WHEREAS, the City of La Feria, Texas (City) is a member of South Texas Aggregation Project, Inc. ("STAP"), a nonprofit political subdivision corporation dedicated to securing electric power for its 52 political subdivision members in the competitive retail market; and

WHEREAS, STAP negotiated favorable contract terms and a reasonable commodity price for delivered electricity since 2002 resulting in significant savings for its members; and

WHEREAS, the City's current contract for power with Next Era arranged through STAP expires December 31, 2013; and

WHEREAS, the STAP Board of Directors is currently considering a blend and extend contract with Next Era with indicative retail energy prices that will reduce the prices under the current contract for the next three years and extend a fixed price for energy through December 31, 2018; and

WHEREAS, the current contract is a master agreement between STAP and Next Era endorsed by contract with individual STAP members; and

WHEREAS, STAP must be able to commit contractually to prices in a blend and extend contract amendment within a 24-hour period in order to lock-in favorable prices; and

WHEREAS, experiences in contracting for STAP load since 2002 demonstrated that providers demand immediate response to an offer and may penalize delay with higher prices; and

WHEREAS, suppliers demand assurance that STAP will pay for all contracted load; and

WHEREAS, the City must assure STAP that it will budget for energy purchases and honor its commitments to purchase power for its electrical needs through STAP for the period beginning January 1, 2011, and extending through December 31, 2018; and

WHEREAS, STAP intends to continue to contract with Next Era (power supply) and Direct Energy (billing, administrative and other customer services); and

WHEREAS, the current contractual relationships between STAP and Next Era and Direct Energy have been beneficial and cost effective for STAP members and the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LA FERIA, TEXAS:

Section 1:

That the STAP Board and its consultants and advisors are agents authorized to negotiate for the City's electric power needs as a member of STAP and extend the current supply agreement through December 31, 2018.

Section 2:

That the City approves STAP extending its current contract with Next Era for the supply of electric power and related, necessary services for the City for a term to begin January 1, 2011 or as soon after finalization of a contract as possible and extending up to December 31, 2018, so long as the extension results in savings over the current contract term of 2011-2013 and results in fixed prices through December 31, 2018.

Section 3:

That the Chairman of STAP is hereby authorized to sign a Commercial Electric Service Agreement ("CESA") for the City pursuant to the contract approved and recommended by the STAP Board of Directors within 24 hours of said approval and recommendation, provided that the energy price to be paid per kWh in 2011-2013 is less than the current contract price for 2011-2013 resulting in savings for the City and that the fixed price for the period 2011-2013 will continue through December 31, 2018.

Section 4:

That the City will budget and approve funds necessary to pay electricity costs proportionate to the City's load under the supply agreement arranged by STAP and the CESA signed by the Chairman of STAP on behalf of the City for the term beginning January 1, 2011 or as soon after finalization of a contract as possible and extending up to December 31, 2018.

Section 5:

That a copy of the resolution shall be sent to Geoffrey M. Gay, legal counsel to STAP.

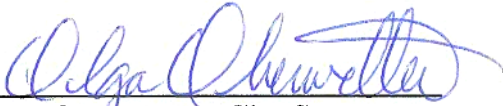
PRESENTED AND PASSED on this 16th day of November 2010 at a regular meeting of the City Commission of the City of La Feria, Texas.

APPROVED:



Steve Brewer, Mayor

ATTEST:



Olga Oberwetter, City Secretary

APPROVED AS TO FORM:



Richard S. Talbert