

MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Special Called Council Meeting

July 17, 1980
10:30 A.M.

Council Chambers
301 West Second Street

The meeting was called to order with Mayor McClellan presiding.

Roll Call:

Present: Mayor McClellan, Councilmembers Cooke, Goodman, Himmelblau, Mullen, Snell, Trevino

Absent: None

Mayor McClellan stated that this was a Special Called Meeting for the purpose of receiving bids on and authorizing the issuance of bonds for:

1. \$45,000,000 City of Austin, Texas, Texas Utility System Revenue Bonds, Series 7 and
2. \$13,200,000 City of Austin, Texas, General Obligation Bonds, Various Purpose, Series 260.

Mayor McClellan stated that the City Council of the City of Austin had advertised that it would receive sealed bids until 10:30 A.M., C.D.T., this day for the City of Austin, Texas \$45,000,000 Utility System Revenue Bonds, Series 7, and the City of Austin, Texas \$13,200,000 General Obligation Bonds, Series 260. She inquired about the assembly of the bids and if all bids had been received and whether there were any others either through the mail, from members of the Council, the City Clerk, the Director of Finance, or anyone else present in the Council Chamber. She announced that it was 10:30 A.M., C.D.T. and the time for receiving bids was closed.

Mr. Monty Nitcholas, Director of Finance, then opened and read bids on \$13,200,000 General Obligation Bonds, Series 260 as per attached sheet. He stated that 7 bids had been received, accompanied by good faith checks.

Mr. Nitcholas then opened and read bids on \$45,000,000 Utility System Revenue Bonds, Series 7, as per attached sheet. He stated that four bids had been received, accompanied by good faith checks.

Prior to the bid opening, Mayor McClellan introduced Mr. Joe Valdez, City Manager of Tucson, Arizona, who was visiting in the City.

In the process of reading the bids on the General Obligation Bonds, Mr. Nitcholas noted that the bid submitted by Bache, Halsey, Stuart, Shields, Inc. did not show the total interest cost, net interest cost or the effective interest rate. Mr. Curtis Adrian, Austin's financial advisor with the First Southwest Company, stated that the coupon arrangement determined the gross interest cost, less premium, to arrive at the net interest cost and effective interest rate. Mr. Claud Boothman, the City's bond counsel, stated that under the terms of sale, the Director of Finance could fill in the figures left blank. He saw no problem with proceeding with the sale.

Mayor McClellan referred the bids to Mr. Nitcholas, Mr. Adrian, and Mr. Boothman for verification. They left the room to confer. At that point, the Mayor recessed the meeting.

Mayor McClellan reconvened the recessed meeting when Mr. Nitcholas, Mr. Adrian and Mr. Boothman returned to the Council Chamber and asked them if they had verified the bids. Mr. Nitcholas said that they had and recommended that award of bid for the \$13,200,000 in General Obligation Bonds, Various Purposes, Series 260, to First City National Bank of Houston and Associates at an effective interest rate of 6.8744%. Mr. Nitcholas also said they recommended that award of bid for the \$45,000,000 Utility System Revenue Bonds, Series 7, to Blyth Eastman Paine Webber, Inc. and Associates at an effective interest rate of 7.229623%.

Mr. Adrian addressed Mayor McClellan and Council and felt that the bids were good ones considering market conditions. During the first week in June, the Dow-Jones averages for bonds were 8.35% and thereafter were 8.17%, 8.25%, 8.49%, 8.66%, and 8.75% this week, which had not ended. He was inclined to believe it would be even higher than 8.75% at the end of the week. The GO bonds sold at 1.88 basis points under the Dow-Jones averages, which reflected in dollars amounted to \$2,172,000 in savings. Revenue bonds sold at 1.52 basis points under the Dow-Jones averages, which reflected in dollars amounted to \$8,555,000 in savings. He felt that the bonds sold well within market range.

The Mayor presented for the City Council's consideration an ordinance authorizing the issuance of \$13,200,000 in general obligation bonds, the caption of said ordinance being as follows:

"ORDINANCE NO. 800717-A

"AN ORDINANCE by the City Council of the City of Austin, Austin, Texas, authorizing the issuance of \$13,200,000 'CITY OF AUSTIN, TEXAS, GENERAL OBLIGATION BONDS, SERIES 260,' dated July 1, 1980, for various purposes hereinafter provided; prescribing the form of the bonds and the form of the interest coupons; levying a continuing direct ad valorem tax on all taxable property within the limits of said City to pay the interest on said bonds and to create a sinking fund for the redemption thereof, and providing for the assessment and collection of such taxes: enacting provisions incident and relating to the purpose and subject of this ordinance, and declaring an emergency."

The ordinance was read and Council Member Cooke moved that the rule be suspended which requires that no ordinance shall become effective until the expiration of ten days following the date of its final passage, that such ordinance be finally passed and adopted at this meeting, and that, for the reasons recited therein, said ordinance be passed as an emergency measure for the immediate preservation of the public peace, health, and safety of the citizens of Austin as permitted by the City Charter. The motion was seconded by Council Member Trevino and carried by the following vote:

Ayes: Councilmembers Snell, Trevino, Mayor McClellan, Councilmembers Cooke, Goodman, Himmelblau, Mullen

Noes: None

The Mayor then announced that the ordinance had been finally passed and adopted.

The Mayor presented for the City Council's consideration an ordinance authorizing the issuance of \$45,000,000 in revenue bonds, the caption of said ordinance being as follows:

"ORDINANCE NO. 800717-B

"AN ORDINANCE by the City Council of the City of Austin, Texas, authorizing the issuance of \$45,000,000 'CITY OF AUSTIN, TEXAS, UTILITY SYSTEM REVENUE BONDS, SERIES 7,' dated July 1, 1980, for the purposes stated in this ordinance; as authorized by the General Laws of the State of Texas, particularly Article 1111 et seq., V.A.T.C.S.; prescribing the form of the bonds and the form of interest coupons; pledging the net revenues of the City's combined Electric Light and Power, Waterworks and Sewer System to the payment of the principal of and interest on said bonds; enacting provisions incident and relating to the subject and purpose of this ordinance and declaring an emergency."

The ordinance was read and Council Member Cooke moved that the rule be suspended which requires that no ordinance shall become effective until the expiration of ten days following the date of its final passage, that such ordinance be finally passed and adopted at this meeting, and that, for the reasons recited therein, said ordinance be passed as an emergency measure for the immediate preservation of the public peace, health, and safety of the citizens of Austin as permitted by the City Charter. The motion was seconded by Council Member Trevino and carried by the following vote:

Ayes: Councilmembers Snell, Trevino, Mayor McClellan, Councilmembers Cooke, Goodman, Himmelblau, Mullen

Noes: None

The Mayor then announced that the ordinance had been finally passed and adopted.

(SEE EXHIBIT "A" AND "B" ON THE FOLLOWING FIVE PAGES)

EXHIBIT "A"

CITY OF AUSTIN, TEXAS
 TABULATION OF BIDS RECEIVED ON
 \$13,200,000 GENERAL OBLIGATION BONDS, SERIES 260
 JULY 17, 1980

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Name of Bidder	Maturity Dates	Nominal Interest Rate	Gross Interest Cost	Premium Offered	Net Interest Cost	Effective Interest Rate
1. First City National Bank of Houston and Associates	Jan. 1, 1982 to Jan. 1, 1989	7.50%				
	Jan. 1, 1990 to Jan. 1, 1993	6.50%				
	Jan. 1, 1994	6.65%				
	Jan. 1, 1995	6.85%				
	Jan. 1, 1996	7.00%				
	Jan. 1, 1997	7.20%				
	Jan. 1, 1998	7.35%				
	Jan. 1, 1999	7.45%				
	Jan. 1, 2000 to Jan. 1, 2003	6.50%	\$10,889,100.00	-0-	\$10,889,100.00	6.8744%
2. First National Bank in Dallas and Associates	Jan. 1, 1982 to Jan. 1, 1989	7.25%				
	Jan. 1, 1990	6.875				
	Jan. 1, 1991	6.25				
	Jan. 1, 1992	6.40				
	Jan. 1, 1993	6.50				
	Jan. 1, 1994	6.70				
	Jan. 1, 1995	6.80				
	Jan. 1, 1996	7.00				
	Jan. 1, 1997	7.10				
	Jan. 1, 1998 to Jan. 1, 2001	7.25				
	Jan. 1, 2002 to Jan. 1, 2003	6.25	\$10,893,925.50	234.00	\$10,898,691.50	6.8204%

CITY OF AUSTIN, TEXAS
TABULATION OF BIDS RECEIVED ON
\$13,200,000 GENERAL OBLIGATION BONDS, SERIES 260
JULY 17, 1980

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Name of Bidder	Maturity Dates	Nominal Interest Rate	Gross Interest Cost	Premium Offered	Net Interest Cost	Effective Interest Rate
6. Merrill Lynch WhiteWolf Capital Markets, Inc.	Jan. 1, 1982 to Jan. 1, 1990	7.50%				
	Jan. 1, 1991	7.00				
	Jan. 1, 1992	6.50				
	Jan. 1, 1993	6.60				
	Jan. 1, 1994	6.80				
	Jan. 1, 1995	6.90				
	Jan. 1, 1996	7.00				
	Jan. 1, 1997	7.10				
	Jan. 1, 1998	7.30				
	Jan. 1, 1999	7.40				
	Jan. 1, 2000 to Jan. 1, 2003	6.50	\$10,980,900.00	-0-	\$10,980,900.00	6.932386%
	Jan. 1, 1982 to Jan. 1, 1991	7.50%				
	Jan. 1, 1992	7.00				
	Jan. 1, 1993	6.60				
7. Republic National Bank of Dallas Citibank, N.A. - New York Cullen Center Bank & Trust	Jan. 1, 1994	6.75				
	Jan. 1, 1995	6.90				
	Jan. 1, 1996	7.00				
	Jan. 1, 1997	7.10				
	Jan. 1, 1998	7.30				
	Jan. 1, 1999	7.40				
	Jan. 1, 2000 to Jan. 1, 2003	6.50	\$11,042,850.00	-0-	\$11,042,850.00	6.9714%
	Jan. 1, 1982 to Jan. 1, 1991	7.50%				
	Jan. 1, 1992	7.00				
	Jan. 1, 1993	6.60				

CITY OF AUSTIN, TEXAS
 TABULATION OF BIDS RECEIVED ON
 \$45,000,000 UTILITY SYSTEM REVENUE BONDS, SERIES 7
 JULY 17, 1980

Page 1

Name of Bidder	Maturity Dates	Nominal Interest Rate	Gross Interest Cost	Premium Offered	Net Interest Cost	Effective Interest Rate
1. Rlyth Eastman Paine Webber, Inc. and Associates	Oct. 1, 1986 to Oct. 1, 1989	7.75%				
	Oct. 1, 1989 to Oct. 1, 1991	7.50				
	Oct. 1, 1992	6.90				
	Oct. 1, 1993	7.10				
	Oct. 1, 1994	7.20				
	Oct. 1, 1995	7.30				
	Oct. 1, 1996	7.50				
	Oct. 1, 1997	7.70				
	Oct. 1, 1998 to Oct. 1, 2000	6.75	\$43,156,125.00	\$49,500.00	\$43,106,625.00	7.229623%
2. Bache Halsey Stuart Shields, Inc. and Associates	Oct. 1, 1986 to Oct. 1, 1991	7.75%				
	Oct. 1, 1992	6.80				
	Oct. 1, 1993	7.00				
	Oct. 1, 1994	7.20				
	Oct. 1, 1995	7.30				
	Oct. 1, 1996	7.50				
	Oct. 1, 1997	7.70				
	Oct. 1, 1998 to Oct. 1, 2000	6.75	\$43,240,875.00	\$ -0-	\$43,240,875.00	7.2521%
3. Bear Stearns & Co.	Oct. 1, 1986 to Oct. 1, 1990	7.75%				
	Oct. 1, 1991	7.60				
	Oct. 1, 1992	7.00				
	Oct. 1, 1993	7.10				
	Oct. 1, 1994	7.25				
	Oct. 1, 1995	7.40				
	Oct. 1, 1996 to Oct. 1, 1998	7.50				
	Oct. 1, 1999 to Oct. 1, 2000	6.75	\$43,677,750.00	\$ 1,320.00	\$43,676,430.00	7.325187%

CITY OF AUSTIN, TEXAS
TABULATION OF BIDS RECEIVED ON
\$45,000,000 UTILITY SYSTEM REVENUE BONDS, SERIES 7
JULY 17, 1980

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Name of Bidder	Maturity Dates	Nominal Interest Rate	Gross Interest Cost	Premium Offered	Net Interest Cost	Effective Interest Rate
4. Sol Union Brothers and Associates	Oct. 1, 1986 to Oct. 1, 1989	7.75%				
	Oct. 1, 1990 to Oct. 1, 1991	7.70				
	Oct. 1, 1992	7.00				
	Oct. 1, 1993	7.10				
	Oct. 1, 1994	7.25				
	Oct. 1, 1995	7.40				
	Oct. 1, 1996	7.50				
	Oct. 1, 1997	7.70				
	Oct. 1, 1998	7.75				
	Oct. 1, 1999 to Oct. 1, 2000	6.75				
			\$43,936,500.00	\$ 900.00	\$43,935,600.00	7.3686%

ADJOURNMENT

The Council adjourned its meeting at 11:47 a.m.

APPROVED

Carole Keeton McClellan
Mayor

ATTEST:

Grace Monroe

City Clerk