

MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Special Meeting

November 14, 1974
10:30 A.M.Electric Building
301 West Avenue

The Meeting was called to order with Mayor Pro Tem Love presiding and noting that Mayor Butler would be in attendance shortly thereafter.

Roll Call:

Present: Councilmen Binder, Dryden, Friedman, Handcox, Lebermann,
Mayor Pro Tem Love
Absent: Mayor Butler

Mayor Pro Tem Love announced that this was a Special Called Meeting of the Council for the purpose of opening and receiving bids and passing ordinances authorizing the issuance of \$24,000,000 in Electric Light and Power, Waterworks, and Sewer System Revenue Bonds along with \$21,695,000 in General Obligation Bonds. He stated that the City Council of the City of Austin had advertised that it would receive sealed bids until 10:30 a.m., CDT, this day for the City of Austin. He 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 the members of the Council, the City Clerk, the Finance Administrator, or anyone present in the Council Chambers. He announced that it was now 10:30 a.m. and the time for receiving bids was closed.

At this point, MAYOR BUTLER entered the Council Chambers.

Mr. Norman Barker, Finance Administrator, stated that a letter of agreement had been received from the Texas Water Development Board stipulating that they would accept delivery of an initial installment of Revenue Bonds in the amount of \$4,070,000 for an interest rate of 4.85636%. Mr. Barker opened and read bids on \$24,000,000 Electric Light and Power, Waterworks, and Sewer System Revenue Bonds, Series 31, and \$21,695,000 General Obligation Bonds, Series 1974-A, as per attached sheets.

The bids were referred to Mr. Barker and Mr. Curtis Adrian, First Southwest Company, for verification.

CITY OF AUSTIN, TEXAS
 TABULATION OF BIDS RECEIVED ON
 \$24,000,000 ELECTRIC LIGHT AND POWER, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 31
 NOVEMBER 14, 1974

Name of Bidder	Maturity Dates	Nominal		Premium Offered	Net Interest Cost	Effective Interest Rate
		Interest Rate	Gross Interest Cost			
1. Halsey, Stuart & Co., Inc. (Affiliate of Bache & Co., Incorporated) and Associates	April 1, 1985 thru April 1, 1987 April 1, 1988 April 1, 1989 thru April 1, 1995 April 1, 1996 April 1, 1997 thru April 1, 1998 April 1, 1999 thru April 1, 2000	7.50% 7.25% 6.60% 6.70% 6.75% 5.00%	\$27,902,666.67	\$ 3,600.00	\$27,899,066.67	6.4618 %
2. The First Boston Corpora- tion and Associates	April 1, 1985 thru April 1, 1991 April 1, 1992 thru April 1, 1993 April 1, 1994 thru April 1, 1995 April 1, 1996 thru April 1, 1999 April 1, 2000	7.00% 6.50% 6.60% 6.75% 4.50%	\$28,266,166.67	-0-	\$28,266,166.67	6.546883%
3. Merrill Lynch, Pierce, Fenner & Smith, Inc. and Associates in Association with: Bear, Stearns & Co. & Associates	April 1, 1985 thru April 1, 1989 April 1, 1990 thru April 1, 1992 April 1, 1993 thru April 1, 1994 April 1, 1995 thru April 1, 1996 April 1, 1997 thru April 1, 1998 April 1, 1999 thru April 1, 2000	7.50% 6.50% 6.70% 6.80% 6.90% 5.00%	\$28,324,916.67	\$18,415.00	\$28,306,501.67	6.5562 %
4. Blyth Eastman Dillon & Co., Inc. Account Manager & Assocs.	April 1, 1985 thru April 1, 1988 April 1, 1989 April 1, 1990 thru April 1, 1993 April 1, 1994 thru April 1, 1995 April 1, 1996 thru April 1, 1997 April 1, 1998 thru April 1, 2000	8.00% 7.25% 6.60% 6.80% 7.00% 5.50%	\$28,699,916.67	\$ 2,885.00	\$28,697,031.67	6.6466 %

CITY OF AUSTIN, TEXAS
 TABULATION OF BIDS RECEIVED ON
 \$21,695,000 GENERAL OBLIGATION BONDS, SERIES 1974-A
 NOVEMBER 14, 1974

Name of Bidder	Maturity Dates	Nominal		Gross Interest Cost	Premium Offered	Net Interest Cost	Effective Interest Rate
		Interest Rate	Rate				
1. First National Bank in Dallas and Associates	July 1, 1975 thru July 1, 1985	6.75%					
	July 1, 1986	6.25%					
	July 1, 1987 thru July 1, 1990	5.70%					
	July 1, 1991	5.90%					
	July 1, 1992 thru July 1, 1995	6.00%					
	July 1, 1996 thru July 1, 1998	4.25%	\$16,279,111.25	\$1,032.75	\$16,278,078.50	5.68258%	
2. Halsey, Stuart & Co., Inc.	July 1, 1975 thru July 1, 1983	7.50%					
	July 1, 1984	6.80%					
(Affiliate of	July 1, 1985 thru July 1, 1988	5.50%					
Bache & Co., Inc.)	July 1, 1989	5.60%					
and Associates	July 1, 1990 thru July 1, 1993	5.75%					
	July 1, 1994 thru July 1, 1998	5.00%	\$16,279,572.92	\$1,084.75	\$16,278,488.17	5.6827%	
3. Morgan Guaranty Trust Co. of New York; Donaldson, Lufkin & Jenrette	July 1, 1975 thru July 1, 1982	7.00%					
Securities Corp.	July 1, 1983 thru July 1, 1987	5.50%					
in association with: Bear, Stearns & Co., in	July 1, 1988 thru July 1, 1991	5.80%					
association with:	July 1, 1992 thru July 1, 1993	5.90%					
Merrill Lynch, Pierce, Fenner & Smith, Inc.	July 1, 1994 thru July 1, 1996	6.00%					
	July 1, 1997 thru July 1, 1998	4.50%	\$16,364,629.00	\$4,810.00	\$16,359,819.00	5.7111%	

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CITY OF AUSTIN, TEXAS
TABULATION OF BIDS RECEIVED ON
\$21,695,000 GENERAL OBLIGATION BONDS, SERIES 1974-A
NOVEMBER 14, 1974

Name of Bidder	Maturity Dates	Nominal		Gross Interest Cost	Premium Offered	Net Interest Cost	Effective Interest Rate
		Interest Rate	Rate				
4. Republic National Bank of Dallas, First National City Bank, Joint Managers & Associates	July 1, 1975 thru July 1, 1984 July 1, 1985 July 1, 1986 thru July 1, 1989 July 1, 1990 thru July 1, 1991 July 1, 1992 thru July 1, 1995 July 1, 1996 thru July 1, 1998	7.00% 5.90% 5.70% 5.80% 6.00% 4.50%		\$16,412,046.00	\$2,000.00	\$16,410,046.00	5.7286%
5. The Northern Trust Company and Associates	July 1, 1975 thru July 1, 1986 July 1, 1987 thru July 1, 1988 July 1, 1989 thru July 1, 1991 July 1, 1992 thru July 1, 1994 July 1, 1995 thru July 1, 1996 July 1, 1997 thru July 1, 1998	6.50% 5.50% 5.75% 6.00% 6.00% 4.00%		\$16,447,893.75	\$6,845.50	\$16,441,048.25	5.73947%
6. First National City Bank of Houston (manager; National Bank of Commerce, Dallas; Blyth Eastman Dillon & Co., Inc., N.Y.; Cullen Center Bank & Trust, Houston; Capital National Bank, Austin; McClurg & Knickerbocker, Inc., Houston	July 1, 1975 thru July 1, 1982 July 1, 1983 thru July 1, 1993 July 1, 1994 July 1, 1995 July 1, 1996 July 1, 1997 thru July 1, 1998	6.50% 6.00% 6.10% 6.20% 6.25% 6.75%		\$16,524,310.41	\$ 76.10	\$16,524,234.31	5.76852%

(Note: Incorrect Bid)

Motion

Mr. Barker announced that the low bid for the Revenue Bonds was that of Halsey, Stuart & Co., Inc., for an effective interest rate of 6.4618%. Councilman Lebermann moved the Council accept the bid of Halsey, Stuart & Co., Inc., for an effective interest rate of 6.4618%. The motion, seconded by Councilman Dryden, carried by the following vote:

Ayes: Mayor Butler, Mayor Pro Tem Love, Councilmen Binder, Dryden,
Friedman, Handcox, Lebermann
Noes: None

Motion

Mr. Barker also announced that the low bid for the General Obligation Bonds was that of First National Bank in Dallas and Associates for an effective interest rate of 5.68258%. Mayor Pro Tem Love moved the Council accept the bid of First National Bank in Dallas and Associates for an effective interest rate of 5.68258%. The motion, seconded by Councilman Friedman, carried by the following vote:

Ayes: Mayor Pro Tem Love, Councilmen Binder, Dryden, Friedman, Handcox,
Lebermann, Mayor Butler
Noes: None

Motion

Councilman Friedman moved the Council accept the letter of agreement from the Texas Water Development Board, signed by Danny Burger, Development Fund Manager, for the purchase of \$4,070,000 in Revenue Bonds at the State's current statutory interest rate of 4.85636%. The motion, seconded by Councilman Dryden, carried by the following vote:

Ayes: Councilmen Binder, Dryden, Friedman, Handcox, Lebermann,
Mayor Butler, Mayor Pro Tem Love
Noes: None

The Mayor presented for the City Council's consideration an ordinance authorizing the issuance of \$4,070,000 "CITY OF AUSTIN, TEXAS, ELECTRIC LIGHT AND POWER, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES NO. 32," dated December 1, 1974, the caption of said ordinance being as follows:

"AN ORDINANCE by the City Council of the City of Austin, Texas, authorizing the issuance of \$4,070,000 'CITY OF AUSTIN, TEXAS, ELECTRIC LIGHT AND POWER, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES NO. 32,' dated December 1, 1974, for the purpose of extending and improving the City's Sewer System (being the eighth and final parcel or installment of a total voted authorization of \$27,000,000 for Sewer System purposes), 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 the 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 Councilman Friedman moved 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 Councilman Lebermann and carried by the following vote:

AYES: Mayor Butler and Councilmen Love, Dryden, Binder, Lebermann, Friedman and Handcox

NOES: None

The ordinance was read the second time and Councilman Friedman moved that the rules be further suspended and that the ordinance be passed as an emergency measure to its third reading. The motion was seconded by Councilman Lebermann and carried by the following vote:

AYES: Mayor Butler and Councilmen Love, Dryden, Binder, Lebermann, Friedman and Handcox

NOES: None

The ordinance was read the third time and Councilman Friedman moved that the ordinance be finally passed as an emergency measure. The motion was seconded by Councilman Lebermann and carried by the following vote:

AYES: Mayor Butler and Councilmen Love, Dryden, Binder, Lebermann, Friedman and Handcox

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 \$24,000,000 "CITY OF AUSTIN, TEXAS, ELECTRIC LIGHT AND POWER, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES NO. 31," dated December 1, 1974, the caption of said ordinance being as follows:

"AN ORDINANCE by the City Council of the City of Austin, Texas, authorizing the issuance of \$24,000,000 'CITY OF AUSTIN, TEXAS, ELECTRIC LIGHT AND POWER, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES NO. 31,' dated December 1, 1974, of which the sum of \$17,235,000 is for the purpose of extending and improving the City's Electric Light and Power System, the sum of \$4,710,000 is for the purpose of extending and improving the City's Waterworks System, and the sum of \$2,055,000 is for the purpose of extending and improving the City's Sewer System (being the fourth parcel or installment of a total voted authorization of \$60,000,000 for Electric Light and

Power System purposes; the fourth parcel or installment of a total voted authorization of \$37,400,000 for Waterworks System purposes; and the seventh parcel or installment of a total voted authorization of \$27,000,000 for Sewer System purposes), 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 the 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 Councilman Lebermann 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 there in, 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 Councilman Friedman and carried by the following vote:

AYES: Mayor Butler and Councilmen Love, Dryden, Binder, Lebermann, Friedman and Handcox

NOES: None

The ordinance was read the second time and Councilman Lebermann moved that the rules be further suspended and that the ordinance be passed as an emergency measure to its third reading. The motion was seconded by Councilman Friedman and carried by the following vote:

AYES: Mayor Butler and Councilmen Love, Dryden, Binder, Lebermann, Friedman, and Handcox

NOES: None

The ordinance was read the third time and Councilman Lebermann moved that the ordinance be finally passed as an emergency measure. The motion was seconded by Councilman Friedman and carried by the following vote:

AYES: Mayor Butler and Councilmen Love, Dryden, Binder, Lebermann, Friedman, and Handcox

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 \$21,695,000 "CITY OF AUSTIN, TEXAS, GENERAL OBLIGATION BONDS, SERIES 1974-A (NO. 255)," dated December 1, 1974, the caption of said ordinance being as follows:

"AN ORDINANCE by the City Council of the City of Austin, Texas, authorizing the issuance of \$21,695,000 'CITY OF AUSTIN, TEXAS, GENERAL OBLIGATION BONDS, SERIES 1974-A (NO. 255),' dated December 1, 1974, for the purpose of providing funds for permanent public improvements, to wit: \$240,000 for constructing, equipping and improving suburban Fire Stations in and for the City of Austin and acquiring necessary lands therefor; \$2,100,000 for constructing, equipping, improving and repairing Hospital buildings of the City of Austin; \$14,160,000 for constructing and improving streets, including bridges and drainage incidental thereto in and for said City of Austin and for acquiring necessary lands therefor; \$895,000 for improving and equipping the existing Municipal Airport, including buildings and other facilities incidental to the operation thereof and acquiring necessary lands therefor; \$2,920,000 to acquire or improve, or both land for park purposes for the City of Austin; \$1,145,000 to purchase, construct and equip buildings and other permanent improvements for Library purposes and acquiring necessary lands therefor; \$235,000 for constructing and equipping a Police and Courts Building in and for the City of Austin and acquiring necessary land therefor; prescribing the form of the bonds and the form of the interest coupons; levying a continuing direct annual 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 Councilman Friedman 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 Councilman Lebermann and carried by the following vote:

AYES: Mayor Butler and Councilmen Love, Dryden,
Binder, Lebermann, Friedman and Handcox.

NOES: None.

The ordinance was read the second time and Councilman Friedman moved that the rules be further suspended and that the ordinance be passed as an emergency measure to its third reading. The motion was seconded by Councilman Lebermann and carried by the following vote:

AYES: Mayor Butler, and Councilmen Love, Dryden,
Binder Lebermann, Friedman and Handcox.

NOES: None

The ordinance was read the third time and Councilman Friedman moved that the ordinance be finally passed as an emergency measure. The motion was seconded by Councilman Lebermann and carried by the following vote:

AYES: Mayor Butler and Councilmen Love, Dryden,
Binder, Lebermann, Friedman and Handcox.

NOES: None

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

Mr. Curtis Adrian, First Southwest Company, reviewed this sale by stating that from yesterday's opening, the market had improved some 25 to 30 basis points. He gave the following reasons:

1. Federal Reserve had bought over \$200 million worth of agencies of the Government, which meant carpet bonds available for sale were immediately bought up along with municipals, creating a real vacuum in the market.
2. The Federals lowered the reserve requirements to be put up with the Federal Reserve by member banks, which made more money available in the banking fraternity for additional municipal bonds.
3. There was some "cleaning up" of the Certificate of Deposit requirements.


Mr. Adrian reiterated that it was because of the afore-mentioned reasons that this brought about a demand in the market that had not been enjoyed for the last few weeks. He pointed out that in the 15 years of records that he had kept on the City of Austin sales, the General Obligation Bonds sold at the greatest spread between the Dow Jones Average and the actual interest rate as of today by 1.03 percentage points. He noted that in dollars this represented something in excess of \$4,029,000 in interest costs for today's sale. In conclusion, he commented that this was a remarkable sale; and he concurred with Council's action in awarding the sale of these bonds.

Mayor Butler pointed out that there had been a little bit of confusion about the ratings of these bonds in that the people had thought Austin's rating had slipped. He noted that the City had maintained its AAA rating with Moody's on General Obligation Bonds and its AA rating with Standard & Poor's. Mr. Adrian added that the City was fortunate to maintain its ratings on Revenue Bonds in view of what was known among the utility industries throughout the country.

The Council adjourned at 11:40 a.m.

APPROVED: 

Mayor

ATTEST: 

City Clerk