

MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Special Meeting

May 8, 1975
10:30 A.M.

Council Chambers
301 West Second Street

The meeting was called to order with Mayor Pro Tem Dryden presiding.

Roll Call:

Present: Councilmen Binder, Friedman, Snell, Lebermann,
Mayor Pro Tem Dryden

Absent: Mayor Butler, Councilperson Dr. Linn

Mayor Pro Tem Dryden announced that this was a Special Called Meeting of the Council for the purpose of opening and receiving bids and passing an ordinance authorizing the issuance of \$7,500,000 Electric Light and Power, Waterworks and Sewer System Revenue Bonds, Series 33. He 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. 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 Chamber. He announced that it was now 10:30 a.m., and the time for receiving bids was closed.

Mr. Norman Barker, Finance Administrator, opened and read bids on \$7,500,000 Electric Light and Power, Waterworks and Sewer System Revenue Bonds, Series 33.

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

CITY OF AUSTIN, TEXAS

TABULATION OF BIDS RECEIVED ON
 \$7,500,000 ELECTRIC LIGHT AND POWER, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 33
 MAY 8, 1975

| <u>Name of Bidder</u> | <u>Maturity Dates</u> | <u>Nominal Interest Rate</u> | <u>Gross Interest Cost</u> | <u>Premium Offered</u> | <u>Net Interest Cost</u> | <u>Effective Interest Rate</u> |
|-----------------------|----------------------------------|------------------------------|----------------------------|------------------------|--------------------------|--------------------------------|
| Weeden & Co., Inc. | April 1, 1982 thru April 1, 1989 | 8.00% | | | | |
| | April 1, 1990 thru April 1, 1992 | 6.75% | | | | |
| | April 1, 1993 thru April 1, 1994 | 6.90% | | | | |
| | April 1, 1995 thru April 1, 1996 | 7.00% | | | | |
| | April 1, 1997 thru April 1, 1998 | 7.10% | | | | |
| | April 1, 1999 thru April 1, 2000 | 5.50% | \$9,111,991.61 | \$19,466.90 | \$9,092,524.71 | 6.8473% |

NOTE: ALL OTHER BIDS RECEIVED REJECTED AS NOT CONFORMING TO OFFICIAL NOTICE OF SALE.

It was noted that six bids were received; but Mr. Barker noted that only one bid conformed to the specifications, and that was the bid of Weeden & Co., Inc., for a net interest cost of \$9,092,524.71 and an effective interest rate of 6.8473%. He pointed out that there was a low bid that did not conform to the City's specifications of the official notice of sale and that was the bid of First Boston Corporation for a net interest cost of \$8,887,262.73 and effective interest rate of 6.6927%.

Mr. Barker pointed out that the Council, in the official notice of sale, reserved the right to waive any and all irregularities, which would be up to but would not include the waiving of the time of closing off the bids. He added that after talking with the City Attorney and the Bond Counsel, they were of one mind that the intent of that was to waive minor irregularities which would not tend to give preferential treatment to any one bidder. He noted that the more breaks there were in interest rates, the more nearly one could make the interest break conform to actual market.

Mr. Barker noted that the error came about through no fault of Austin or Austin's Bond Counsel or fiscal advisor. From talking with people in New York, he found that the Bond Buyer, a publication, put out a work form which had more interest coupons than Austin's official notice of sale. Therefore, he submitted that it was an honest mistake in the case of five of the six bidders; but he reiterated that the bids did not conform to the City's official notice of sale.

In response to Mayor Pro Tem Dryden's question, Mr. Barker recommended the bid of Weeden & Co., Inc., in response to Councilman Lebermann's question, Mr. Barker commented that the City must issue nearly \$500 million more in the next five years; and the measures of whether Austin would ultimately pay its debts was pretty tenuous, except for the word of the City. He submitted that the word of Austin was at stake; and even though it would cost Austin \$200,000 to award this bid, he felt it should be done.

MINUTES PERTAINING TO PASSAGE AND ADOPTION OF
ORDINANCE AUTHORIZING ISSUANCE OF \$7,500,000
"CITY OF AUSTIN, TEXAS, ELECTRIC LIGHT AND POWER,
WATERWORKS AND SEWER SYSTEM REVENUE BONDS,
SERIES NO. 33," DATED JUNE 1, 1975

THE STATE OF TEXAS X
 X
COUNTY OF TRAVIS X
 X
CITY OF AUSTIN X

ON THIS, the 8th day of May, 1975, the City Council of the City of Austin, Texas, convened in special session at the Council Chambers, Municipal Annex, the meeting being open to the public and notice of said meeting having been given as prescribed by Article 6252-17, Section 3A, V.A.T.C.S., with the following members present and in attendance, to wit:

DR. S. H. "BUD DRYDEN

MAYOR PRO TEM

BOB BINDER)

LOWELL H. LEBERMANN)

JEFFREY M. FRIEDMAN)

JIMMY SNELL)

COUNCILMEN

and with the following absent: Mayor Roy Butler and Councilperson Linn, constituting a quorum; at which time the following among other business was transacted:

The Mayor presented for the City Council's consideration an ordinance authorizing the issuance of \$7,500,000 "CITY OF AUSTIN, TEXAS, ELECTRIC LIGHT AND POWER, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES NO. 33," dated June 1, 1975, the caption of said ordinance being as follows:

"AN ORDINANCE by the City Council of the City of Austin, Texas, authorizing the issuance of \$7,500,000 "CITY OF AUSTIN, TEXAS, ELECTRIC LIGHT AND POWER, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES NO. 33," dated June 1, 1975, for the purpose of extending and improving the City's Electric Light and Power System (Participation up to 16% in the South Texas Nuclear Project to be constructed in Matagorda County by City of San Antonio, Houston Lighting and Power and Central Power and Light of Corpus Christi)--(being the first parcel or installment of a total voted authorization of \$161,000,000 for Electric Light and Power 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 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 Friedman and carried by the following vote:

Ayes: Councilmen Dryden, Binder, Lebermann, Friedman, Snell

Noes: None

Absent: Mayor Butler, Councilperson DinnLinn

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: Councilmen Dryden, Binder, Lebermann, Friedman, Snell
Noes: None
Absent: Mayor Butler, Councilperson Linn

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: Councilmen Dryden, Binder, Lebermann, Friedman, Snell
Noes: None
Absent: Mayor Butler, Councilperson Linn

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

Mr. Curtis Adrian, First Southwest Corporation, regretted that these things happen; and it was obvious that five of the six bidders did not read the prospectus closely. He submitted that had they done that, regardless of what may have appeared in the Bond Buyer, they would have ignored that and prepared their bid in accordance with the bidding instructions as set out in the prospectus. He concurred in Mr. Barker's recommendation and felt that it was the right approach. He commented that the City was dealing today in known money factors and knew what this was going to cost the City in interest. He felt that if all the bids were rejected, the City would be speculating with public funds in a future market; and quite possibly the City could pay more than the \$200,000 in added interest costs because there is a declining market at the present. He commented that the Council's decision was a wise one, and it would be his recommendation.

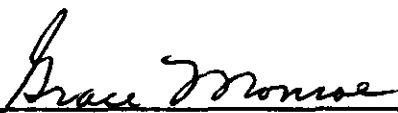
The Council adjourned at 11:20 a.m.

APPROVED



Mayor

ATTEST:



City Clerk