

MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Special Meeting

July 21, 1976
12:00 NOON

Council Chambers
301 West Second Street

The meeting was called to order with Mayor Friedman presiding.

Roll Call:

Present: Councilmembers Himmelblau, Hofmann, Lebermann,
Linn, Trevino, Mayor Friedman, Mayor Pro Tem Snell

Absent: None

The Mayor stated that this was a called special meeting for the purpose of discussing two ordinances pertaining to items to be placed on the ballot for a special election on August 14, 1976.

WITHDRAWAL OF ITEM

Mayor Friedman stated that because of State law clarification which was not properly done earlier, it was impossible to place the Charter revision item on the ballot for August 14, 1976. The item was withdrawn from further consideration.

EXECUTIVE SESSION ACTION

Mayor Friedman announced that the Council had met earlier in the day to discuss with those persons who had been in contact with all customers on the LoVaca potential settlement that was being talked about. No decision had been reached and no authorization given to anyone to reach a settlement by the Council. The only decision made was that through its consultant the Council would announce to the Railroad Commission on Thursday, July 22, 1976, that the City would continue to study and research all of the proposals being made in conjunction with any settlement. The City was no closer to a settlement than it was a year ago.

Councilmember Linn agreed with Mayor Friedman. She had a number of questions regarding a settlement and felt that settlement could not be discussed at this point.

SOUTH TEXAS NUCLEAR PROJECT

Councilmember Linn asked if it would be possible to delay the nuclear election and in some other month have a non-binding referendum on the matter.

Mayor Friedman stated that the legal department and utility advisor, Don Butler, had reviewed the matter several weeks ago and had concluded that a binding referendum was necessary. The referendum could only be held on certain dates stipulated by the State legislature. In response to Mayor Friedman's question, Acting City Attorney Wolf reiterated that a binding referendum was required.

Mr. Wolf then read the following suggested proposition which would appear on an August 14, 1976, ballot:

"Shall the City Council of the City of Austin be authorized to sell the entire undivided interest of the City of Austin in the South Texas Project for an amount not less than the City's accrued costs, including interest."

To vote FOR or AGAINST that proposition.

Mayor Friedman stated that it was clear that if a sale were to be completed, it must cover any expense the City had had in conjunction with the Project up to the closing date. City Manager Davidson stated that the information had been relayed to any prospective buyers that Mr. Hancock and his staff had talked to over the past several weeks. Mayor Friedman asked if the City had any indication from the prospective buyers that they understood and would agree to reimburse the City totally.

R. L. Hancock, Director of the Electric Utility, stated that the submittal by the Lower Colorado River Authority was contingent upon their Board's approval and their financial capability, but that they clearly indicated in their proposal that Austin's costs plus incurred interest costs would be included.

The proposal received from Central Southwest was not clear in that area. It related to construction costs as opposed to interest costs. The City had not been able to clarify the matter, but Mr. Hancock presumed that Austin's incurred interest costs were included. The term used by Central Southwest was unfortunate, and it did need clarifying.

Mayor Friedman stated that if they decided not to buy Austin's share, then the option still remained with the other participants in the South Texas Project to buy it at the City's request of reimbursement.

Mr. Hancock stated that under the terms of the participation agreement, the other participants had the right of first refusal. The Central Southwest proposal was contingent upon completion of a feasibility study and financial planning which was expected to be completed in November, 1976.

Acting City Attorney Wolf stated that all of the people who received an invitation for proposal were notified that the costs in the project at the time of the sale would include all costs incurred by the City, plus incurred accrued interest.

Motion

Mayor Friedman introduced the following ordinance:

AN ORDINANCE ORDERING AN ELECTION TO BE HELD IN THE CITY OF AUSTIN ON AUGUST 14, 1976, FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED VOTERS, FOR ADOPTION OR REJECTION, A PROPOSITION AUTHORIZING THE SALE OF THE INTEREST OF THE CITY OF AUSTIN IN THE SOUTH TEXAS PROJECT, MAKING PROVISION FOR THE CONDUCT OF THE ELECTION AND OTHER PROVISIONS INCIDENT AND RELATED TO THE PURPOSE OF THIS ORDINANCE; AND DECLARING AN EMERGENCY.

Councilmember Hofmann moved that the Council waive the requirement for three readings, declare an emergency and finally pass the ordinance. The motion, seconded by Councilmember Linn, carried by the following vote:

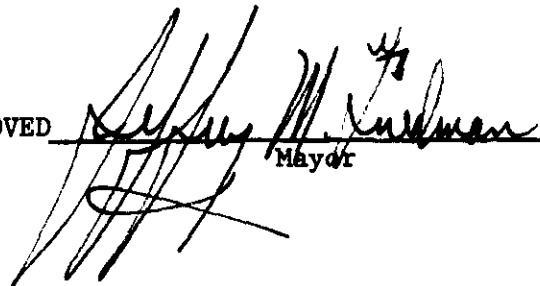
Ayes: Mayor Friedman, Mayor Pro Tem Snell, Councilmembers
Hofmann, Linn, Trevino
Noes: Councilmembers Himmelblau*, Lebermann

*Councilmember Himmelblau stated that she voted "no" because she believed that to sell our interest in the South Texas Project would jeopardize our future generating capacity and that there was still a need for diversified fuel in our system.

ADJOURNMENT

The Council adjourned at 1:15 p.m.

APPROVED



Jeffrey M. Friedman
Mayor

ATTEST:



Grace Monroe
City Clerk