MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Regular Meeting

December 15, 1966
10:00 A.M.

Council Chamber, City Hall

The meeting was called to order with Mayor Palmer presiding.

Roll call:

Present: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Absent: None

Present also: W. T. Williams, Jr., City Manager; Doren R. Eskew, City Attorney; Reuben Rountree, Jr., Director of Public Works; Robert A. Miles, Chief of Police

Invocation was delivered by REVEREND C. JORDAN MANN, Tarrytown Methodist Church.

Councilman White moved that the Minutes of November 22, 1966 and December 8, 1966 be approved. The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

Mayor Palmer stated it was 10:00 A.M. and bids would be received on City owned property on I.H. 35 between Flores and Clermont. No bids had been mailed in and no one was present to submit a bid.

Mayor Palmer introduced MR. JOE MALEC who in turn introduced MR. BOB MORRIS, AUSTIN BRAVES. Mayor Palmer read the proclamation citing the Austin Braves won the Texas Baseball League Championship Playoff, and this was the first time the Austin Baseball Club had ever won the Championship Playoff; naming BOB MORRIS as "Executive of the Year for the Texas League" this past season and designating December 15, 1966 as AUSTIN BRAVES DAY. Mayor Palmer expressed pride in that Mr. Morris had been nominated the Executive of the Year, and baseball had its place in the way of life in Austin. MR. MORRIS presented each Council Member a token to establish the image of the Austin Braves. Mr. Morris stated Atlanta wants to stay in Austin as long as Austin wants them to stay, and a telegram to that effect is on its way. He expressed thanks to the Council and City officials for all they had done. Mayor Palmer read the telegram

expressing appreciation for the proclamation in honor of the Austin Braves and hoping their fine relationship with Austin would continue for many years.

Mayor Palmer brought up the following ordinance for its third reading:

AN ORDINANCE PROVIDING FOR THE EXTENSION OF CERTAIN BOUNDARY LIMITS OF THE CITY OF AUSTIN AND THE ANNEXATION OF CERTAIN ADDITIONAL TERRITORY CONSISTING OF (A) 0.40 OF ONE ACRE OF LAND OUT OF THE JAMES P. WALLACE SURVEY NUMBER 57; (B) 6.21 ACRES OF LAND OUT OF THE GEORGE W. DAVIS SURVEY; AND (C) 15.73 ACRES OF LAND OUT OF THE SANTIAGO DEL VALLE GRANT, ALL IN TRAVIS COUNTY, TEXAS; WHICH SAID ADDITIONAL TERRITORY LIES ADJACENT TO AND ADJOINS THE PRESENT BOUNDARY LIMITS OF THE CITY OF AUSTIN, IN PARTICULARS STATED IN THE ORDINANCE. (Unplatted land, Lot 1, Research Boulevard Commercial Area and Brook Hollow Addition, Section 1 and a portion of Metcalfe Road)

The ordinance was read the third time and Councilman LaRue moved that the ordinance be finally passed. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Mayor announced that the ordinance had been finally passed.

Mayor Palmer brought up the following ordinance for its third reading:

AN ORDINANCE AMENDING ORDINANCE NO. 591029-D PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN, TEXAS, ON OCTOBER 29, 1959, PRESCRIBING RATES AND CHARGES FOR LOCAL EXCHANGE TELEPHONE SERVICE FURNISHED BY SOUTHWESTERN BELL TELEPHONE COMPANY.

The ordinance was read the third time and Councilman LaRue moved that the ordinance be finally passed. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Mayor announced that the ordinance had been finally passed.

Mayor Palmer introduced the following ordinance:

AN ORDINANCE ORDERING A CHANGE IN USE AND HEIGHT AND AREA AND CHANGING THE USE AND HEIGHT AND AREA MAPS ACCOMPANYING CHAPTER 39 OF THE AUSTIN CITY CODE OF 1954 AS FOLLOWS: A TRACT OF LAND, LOCALLY KNOWN AS 704-808 BEN WHITE BOULEVARD, AND 705-709 BANISTER

LANE, FROM "A" RESIDENCE DISTRICT AND FIRST HEIGHT AND AREA DISTRICT TO "GR" GENERAL RETAIL DISTRICT AND FIFTH HEIGHT AND AREA DISTRICT; SAID PROPERTY BEING SITUATED IN AUSTIN, TRAVIS COUNTY, TEXAS; AND SUSPENDING THE RULE REQUIRING THE READING OF ORDINANCES ON THREE SEPARATE DAYS.

The ordinance was read the first time and Councilman White moved that the rule be suspended and the ordinance passed to its second reading. The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The ordinance was read the second time and Councilman White moved that the rule be suspended and the ordinance passed to its third reading. The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The ordinance was read the third time and Councilman White moved that the ordinance be finally passed. The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Mayor announced that the ordinance had been finally passed.

Mayor Palmer introduced the following ordinance:

AN ORDINANCE ORDERING A CHANGE IN HEIGHT AND AREA AND CHANGING THE HEIGHT AND AREA MAPS ACCOMPANYING CHAPTER 39 OF THE AUSTIN CITY CODE OF 1954 AS FOLLOWS: A 35,437.5 SQUARE FOOT TRACT OF LAND, LOCALLY KNOWN AS 1702-1710 WEST AVENUE, FROM FIRST HEIGHT AND AREA DISTRICT TO SECOND HEIGHT AND AREA DISTRICT; SAID PROPERTY BEING SITUATED IN AUSTIN, TRAVIS COUNTY, TEXAS; AND SUSPENDING THE RULE REQUIRING THE READING OF ORDINANCES ON THREE SEPARATE DAYS.

The ordinance was read the first time and Councilman White moved that the rule be suspended and the ordinance passed to its second reading. The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The ordinance was read the second time and Councilman White moved that the rule be suspended and the ordinance passed to its third reading. The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The ordinance was read the third time and Councilman White moved that the ordinance be finally passed. The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Mayor announced that the ordinance had been finally passed.

Mayor Palmer introduced the following ordinance:

AN ORDINANCE ORDERING A CHANGE IN USE AND HEIGHT AND AREA AND CHANGING THE USE AND HEIGHT AND AREA MAPS ACCOMPANYING CHAPTER 39 OF THE AUSTIN CITY CODE OF 1954 AS FOLLOWS: (1) A TRACT OF LAND, LOCALLY KNOWN AS 2101-2107 WEST 7TH STREET, 613-615 UPSON STREET, AND 612-614 ATLANTA STREET, FROM "A" RESIDENCE DISTRICT AND FIRST HEIGHT AND AREA DISTRICT TO "B" RESIDENCE DISTRICT AND SECOND HEIGHT AND AREA DISTRICT; (2) A TRACT OF LAND, LOCALLY KNOWN AS 3107-3117 WEST AVENUE, 709-715 WEST 32ND STREET, AND 3106-3116 KING LANE, FROM "BB" RESIDENCE DISTRICT AND FIRST HEIGHT AND AREA DISTRICT TO "B" RESIDENCE DISTRICT AND SECOND HEIGHT AND AREA DISTRICT; ALL OF SAID PROPERTY BEING SITUATED IN AUSTIN, TRAVIS COUNTY, TEXAS; AND SUSPENDING THE RULE REQUIRING THE READING OF ORDINANCES ON THREE SEPARATE DAYS.

The ordinance was read the first time and Councilman Shanks moved that the rule be suspended and the ordinance passed to its second reading. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Shanks, White, Mayor Palmer
Noes: Councilman Long

The ordinance was read the second time and Councilman Shanks moved that the rule be suspended and the ordinance passed to its third reading. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Shanks, White, Mayor Palmer
Noes: Councilman Long

The ordinance was read the third time and Councilman Shanks moved that the ordinance be finally passed. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Shanks, White, Mayor Palmer
Noes: Councilman Long

The Mayor announced that the ordinance had been finally passed.

The Council had before it further consideration of the extension of the contract with the L.C.R.A. Councilman Shanks asked if the City had not been on real friendly terms with the L.C.R.A. and had these arrangements with the power pool, what would have happened when the outage occurred yesterday. The City Manager reported they started with 20,000 KW and built up to 130,000 KW for a few minutes. Mayor Palmer explained the value of the power pool with each utility's furnishing spinning reserve for emergencies and stated this was one of the first outages Austin has had. The major part of the City was back in operation within about 15 minutes. Austin has such a wonderful record on the very few outages experienced as a tremendous huge utility system, that it speaks well of all of the personnel that staff the Power Plants, Seaholm Plant and the Distribution System. He stated this Power Pool was a fine arrangement and all were pleased with this set up. The outstanding part of this arrangement is the hydroplant can be put on the line immediately, whereby in steam generating plants, it takes longer to get them started. The City Manager made a brief report on the outage, stating the problem had not been located at this time; that power was obtained from the L.C.R.A.; and that Bergstrom Field and most of South Austin and East Austin never lost any service.

As to the L.C.R.A. contract, Councilman Long pointed out on page 7, paragraph c, regarding "no use to be made of water in Town Lake which will add to or increase the temperature of the water", said this might apply to swimmers or boats. The City Attorney explained this provision referred to construction and a measurable amount of temperature. Councilman Long suggested using the wording,"....allow no industrial use which will appreciably increase....". It was agreed that this phrase be added. The Mayor asked the City Manager to review briefly the previous contracts with the L.C.R.A. of 1938, 1939, 1942, 1947, 1954 and 1960. The City Manager gave a brief history of the previous dams which had gone out, and the building of the system of dams along the Colorado River. The L.C.R.A. took over the project, rebuilt the dam and constructed a power plant. The 1938 agreement provided for the leasing of the dam and plant site to the L.C.R.A.; the lease to terminate in 1971. Provisions included an obligation of the City to purchase 12,000 KW firm power each year at $10.80 per KW per year, which was about $130,000 a year, for the little amount of energy the City had to take. The lease provided at the termination, the City would either extend the lease or buy the L.C.R.A. facilities at the depreciated value. A lease made in 1949 provided for the L.C.R.A. to construct an office building and continue occupancy until the termination date of 1971, at which time the City would either extend the lease or pay the authority the then appraised value of that building. The original contract provided that the City could take from Lake Austin 40,000,000 gallons of water per day. In answer to Councilman Long's inquiry as to how this amount affected the permit from the State, the City Manager explained the permit from the State gives the City authority to remove 456,000 acre feet of water per year that passes by Austin from the Colorado River; the contract with the L.C.R.A. provides for water which would not have passed by Austin except for the fact the L.C.R.A. stores the water. He explained the provisions in the contract in that the City was declaring all permits would remain as they are.

The City Manager stated other amendments to the contract through the years deal with scheduling of interchange of facilities for supporting each other in case of outages during maintenance of equipment. He discussed the South Texas Power Pool. The 1960 agreement provides for high capacity interchanges between the L.C.R.A. and the City; and that the L.C.R.A. will buy a certain amount of energy from the City, since the flow of the river is limited and they would not want to release water. Under that agreement, the L.C.R.A. pays the City 1/2 mil more than its fuel cost for the energy they buy. Councilman Long said Austin

pays the L.C.R.A. $135,000 and she wondered if the L.C.R.A. paid the City that much for its energy. The City Manager reported the amount varies; one year more than that amount was received and some years there is practically nothing. Last year the gross revenue (not profit) received was $686,000. When the City sells the L.C.R.A. energy, they carry the City's reserve in the pool and no extra unit is used by the City during this time; the fuel consumption goes up, and the Austin system is reimbursed for the fuel. Under the agreement the City buys "dump power" which the L.C.R.A. might have during a flood stage for one mil. During the past years the L.C.R.A. purchases have exceeded what they sold to the City. Councilman LaRue noted the amount for the firm power will be reduced from $135,000 to $21,600 a year. Councilman LaRue inquired about extra power for new industry. The Mayor stated the L.C.R.A. does not assure a constant load for a new industry. They furnish energy just for a few hours at a time.

Councilman Long asked about the provision where the City agrees that outside of Travis County it would not go over one half of 1%. The City Manager stated the L.C.R.A. would not want the City to take water from them and sell to someone outside of Travis County. The Water Districts served by the City would never sell to customers outside of Travis County in excess of one percent of the water requirements inside the City.

Councilman LaRue asked how many gallons were actually involved in the extended contract. The City Manager stated the City was limited to an average of 160,000,000 gallons a day out of 50,000 acre feet per year above the normal flow of the river.

Councilman Shanks moved to authorize the City Manager to execute the contract with the L.C.R.A. extending the lease to December 31, 2007. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

Mayor Palmer made the following statement concerning the extended contract:

> "I think this relationship always between the L.C.R.A. and the City of Austin has been such a very fine arrangement, and the L.C.R.A. have been very good citizens, and the City has tried to be the same. Austin, as a city, is extremely fortunate in that this is the city's 'storage battery' in effect up above the city and many, many cities would love to be in that same situation."

Following is a copy of the contract authorized by the Council:

1966 AGREEMENT
BETWEEN
LOWER COLORADO RIVER AUTHORITY
AND
CITY OF AUSTIN

THIS AGREEMENT (hereinafter referred to as the 1966 Agreement) between LOWER COLORADO RIVER AUTHORITY, a public corporation and State Agency created by and operated under and pursuant to the provisions of Chapter 7 of the General Laws enacted by the Forty-third Legislature of the State of Texas, Fourth Called Session, as amended (hereinafter called "Authority"), acting pursuant to Resolutions of its Board of Directors, and CITY OF AUSTIN, a municipal corporation situated in Travis County, Texas, duly organized, existing, enjoying and exercising the privileges of a municipality, by virtue of a charter duly adopted by the citizens thereof under the "Home Rule Amendment" of the Texas Constitution and acting herein under the provisions of such charter and pursuant to actions of its Council (hereinafter called "City"):

W I T N E S S E T H :

City desires to obtain a source of raw water to meet the needs of the water distribution system of City, and Authority has facilities whereby such needs can be met to the extent and in the manner set out hereinbelow; and

City desires to make arrangements for additional cooling water in Town Lake and for a source of water to be pumped into Decker Lake (if such is desirable); and

City desires to assure itself of a source of electric power and energy which will be available to City in cases of emergencies, including the possibility of total "black-out," and the availability of the hydro generation facilities, as well as transmission interconnection facilities of Authority, are the best source of such electric power and energy, and will enable City to have protection without the expenditure of large sums of money for installation of emergency generating units for dead start-up or dead shut-down purposes in the event of total area "black-out" and

Authority desires to continue to operate its hydroelectric generating facilities in such manner as to obtain effective water conservation consistent with proper control of flood waters in the Colorado River, and such can be better achieved by full cooperation between City and Authority as set out hereinbelow; and

City and Authority, as public agencies, can each achieve greater efficiency and greater economy of operation with respect to the properties and facilities of each by proper planning and joint uses of facilities, and purchases and sales of electric energy, all as set out hereinbelow; and

It is imperative to reach an understanding and agreement at the present time because of many factors such as (1) plans of City to enlarge its water facilities and to construct a new facility to take raw water from Lake Austin in greater quantities than that permitted by the 1938 Agreement, (2) City needs immediate assurances of electric power and energy in the event of a total "black-out" on City's electric system, (3) Authority has recently completed installation of a 125,000 Kw thermal generating unit near Bastrop and is in the process of installing a second such unit, and City is completing installation of a third unit at the Holly Street thermal generating plant and is in the process of constructing new facilities at Decker Lake for additional thermal generation, and it is necessary for the efficient and economical operation of such plants that additional transmission interconnections be made and existing interconnections be improved; and (4) additional cooling water may be needed in Town Lake

from time to time, and water may be needed to enable City to pump water from the Colorado River to Decker Lake, and Authority has facilities whereby such can be achieved as set out hereinbelow; NOW THEREFORE:

For and in consideration of the mutual benefits to be derived the parties enter into this contract and agreement (hereinafter referred to as the 1966 Agreement) as follows:

ARTICLE I
PREVIOUS AGREEMENTS

Agreements previously entered into between Authority and City and referred to in this 1966 Agreement are as follows:

A. The Lease Agreement between City of Austin and Lower Colorado River Authority, dated as of February 5, 1938, plus the letter from Guiton Morgan, City Manager of Austin, dated March 23, 1940, and covering 1.07 acre of land, (hereinafter referred to as the 1938 Agreement pertaining to the lease of Austin Dam (also referred to as Tom Miller Dam) and land adjacent thereto, and the purchase by City and the sale by Authority of power and energy.

B. Contract dated February 17, 1944, between Lower Colorado River Authority and City of Austin modifying and interpreting contracts of February 5, 1938, October 10, 1939, and June 6, 1942 (hereinafter referred to as the Modifying Agreement).

C. Contract dated March 17, 1947, between Lower Colorado River Authority and City of Austin (hereinafter referred to as the 1947 Land Lease Agreement) pertaining to the lease of a certain tract of land as a site for the then proposed General Office Building of Authority.

D. Agreement between Lower Colorado River Authority and City of Austin dated as of July 23, 1954 (hereinafter referred to as the 1954 Agreement).

E. Agreement between Lower Colorado River Authority and City of Austin dated as of August 18, 1960, (hereinafter referred to as the 1960 Agreement).

Except and to the extent that the above-mentioned Agreements and Contracts referred to in Sub-paragraphs, A, B, C, and D of this Article I are modified, amended and/or changed hereinbelow, said Agreements and Contracts shall remain in full force and effect in accordance with the provisions contained therein until December 31, 2007, and thereafter as set out in Sub-paragraph A of Article III hereinbelow. The 1960 Agreement referred to in Sub-paragraph E of this Article I shall be cancelled upon the effective date of this 1966 Agreement. The effective date of this 1966 Agreement shall be twelve o'clock midnight, December 31, 1966.

ARTICLE II
FACILITIES INVOLVED

No water production or supply facilities of the City are being leased hereby to Authority, and no payments to be made to Authority will be out of funds raised or to be raised by taxation, and nothing in this agreement restricts City from obtaining water from any source or supplier other than Authority. No major part of City's existing water production or supply facilities are being leased to Authority or are to be operated by Authority, but as to water, this agreement recognizes the right of the City to take from Lake Austin raw water from the then normal flow of the Colorado River supplemented by waters stored in reservoirs of the Authority as set out hereinbelow in Article III.

Authority has for over twenty-five years maintained warehouses, switchyard, and other structures on the 3.86 acre tract covered by the 1938 Agreement and on a 1.07 acre tract covered by a letter from Guiton Morgan, City Manager of Austin, dated March 23, 1940, and has for over fifteen years maintained an office building on the land covered by the 1947 Land Lease Agreement and all of such facilities constitute and are a part of the water and electric system of the Authority and also the Tom Miller Dam was constructed by Authority under the terms of the 1938 Agreement and has been operated by Authority as a part of the electric system of Authority since it was constructed and none of said facilities were at the time of construction or since such time, and none are now any part of the electric system or water system of City. Nothing herein constitutes any encumbrance of the electric or water system of City, or any encumbrance of the electric or water system of Authority.

The purpose of this agreement is to provide for the most efficient and economical operation by the City of the properties constituting the electric system and the properties constituting the water system of City, and for the most efficient and economical operation by the Authority of the properties of Authority.

Any payments to be made by Authority to City hereunder shall be payable solely from operating revenue of Authority as an operating expense; and any payment to be made by City to Authority shall be payable solely from operating revenue of City as an operating expense except that capital additions to the system of either party may be paid for in any manner deemed desirable by the party making such capital addition.

ARTICLE III
TERM OF AGREEMENTS

A. The 1938 Agreement, the Modifying Agreement, the 1947 Land Lease Agreement, the 1954 Agreement, and this 1966 Agreement shall be in full force and effect from the date of execution hereof by the parties down to and including December 31, 2007, and thereafter until terminated as provided in this Article III. So long as this agreement remains in effect Authority will hold and will annually make available for City's use as set out in Article IV hereof not less than 50,000 acre feet (16,292,500,000 gallons) of water per year over and above the then normal flow of the Colorado River from waters stored in reservoirs of Authority; provided, however, either party hereto may terminate this Agreement at any time after December

31, 2007, by giving the other party three (3) years prior written notice. In the event of termination of this Agreement as set out hereinabove, then upon such termination becoming effective:

1. City shall not be obligated to purchase power from Authority as set out in Article V hereinbelow, however, City shall purchase and pay for the improvements plus additions, as described in said 1938 Agreement, to the extent any payments have not been offset by depreciation credits.

2. Authority shall not be obligated to make any further payments under the 1947 Land Lease Agreement and City shall purchase and pay for the improvements, plus additions, described in the 1947 Land Lease Agreement, in the manner and to the extent provided in said Agreement;

3. Both parties shall continue to have the right to use the facilities described in Article XI hereof to the extent and on the conditions set out in such Article XI;

4. Authority shall have no further obligations to allow City to use any of the waters stored by Authority in reservoirs of Authority as provided herein, and in the event of such termination Authority will negotiate with City for the sale of any water City may wish to have made available to it by Authority from the reservoirs of Authority.

As stated above, the 1960 Agreement shall be of no further force and effect after midnight, December 31, 1966. City may earn full allowable depreciation under the 1938 Agreement after December 31, 1970, and Authority waives its right to require City to purchase and pay for the improvements described in said 1938 Agreement prior to termination of this Agreement.

B. City and Authority agree that the terms of the 1947 Land Lease Agreement shall be extended to December 31, 2007, and thereafter as set out in Sub-paragraph A of this Article III, and that Authority shall have the right to use and occupy the property described in Exhibit "A" attached to said 1947 Land Lease Agreement for the purposes set out therein, (until this Agreement is terminated as set out above), provided however, that Authority shall make the rental payment of One Hundred Sixty and No/100 ($160.00) Dollars per year to City for each year after the thirty-first day of December, 1971, in accorance with Subdivision VI of said 1947 Land Lease Agreement.

ARTICLE IV
WATER

A. 1. It is understood and agreed that City does not relinquish any water rights now owned by the City, nor shall this Agreement diminish or amend any of said rights, but same shall remain intact and in full force, and this Agreement provides that from the waters stored by Authority additional waters will be made available to City to the extent and in the manner set out in this Agreement.

2. It is understood and agreed that Authority does not relinquish any water rights now owned by the Authority, nor shall this Agreement diminish or amend any of said rights, but same shall remain intact and in full force, and this Agreement provides for the Authority's making available to City water from that stored by the Authority, such storage being done in accorance with the legislative Act creating the Authority, and/or in accordance with permits issued by the Board of Water Engineers of the State of Texas (now Texas Water Rights Commission).

3. The 1938 Agreement provides the City may withdraw raw water from Lake Austin at a rate not to exceed 40,000,000 gallons per day. It is agreed that said figure of 40,000,000 shall be and the same hereby is increased to not to exceed an average of 160,000,000 gallons per day each calendar year with a maximum use during the months of May through September not to exceed 320,000,000 gallons per day. City agrees such water shall be used solely for the purposes of meeting the requirements of the water distribution system of the City for municipal water purposes and for final consumption in Travis County, Texas, except City may continue to make water available to water distribution systems which are located partially in Travis County and partially in a county having a common boundary with Travis County but not to exceed a total of one per cent of the amount of water being used from City's water distribution system in Travis County.

4. If, at any time during the term of this Agreement, City needs additional water from the storage facilities of Authority over and above that provided for herein, and if Authority has such water available over and above the then obligations and commitments of Authority (and Authority shall be the sole judge of whether same is available) then Authority will offer to sell so much of such excess water to City as City may desire to purchase upon such terms and conditions as may be agreed upon at such time by City and Authority.

B. City contemplates pumping water from the Colorado River in the initial filling of Decker Lake. Should the flow of the Colorado River at the pumps of City be less than the capacity of such pumps, then during the initial filling Authority will, upon request from City, release sufficient water through the turbines at Tom Miller

Dam and Mansfield Dam so that such flow will be increased to the capacity of said pumps during said initial filling. After the initial filling if City needs additional water at Decker Lake and is pumping same from the Colorado River and the flow at the pumps of City is less than the capacity of such pumps then Authority may (if in the sole judgment of Authority there is sufficient water available in the storage reservoirs of Authority to meet all obligations of Authority) release additional water through said turbines as may be needed to increase the flow of the Colorado River at the pumps of City to an amount equal to said capacity, provided that if the water in the reservoir at Lake Travis is above 674 feet M.S.L. then during the time such level remains above said figure Authority will release such additional water during the time City is operating its pumps. It is understood that the capacity of the pumps of City covered by this Sub-paragraph B shall not exceed 15,000 gallons per minute.

C. City agrees that no additional facilities on or adjacent to Town Lake will be constructed, and City will allow no industrial use to be made of water in Town Lake, which will appreciably add to or increase the temperature of the water of said lake (provided City may add a fourth unit at Holly Street Power Plant and replace one 20,000 Kw unit at Seaholm with one unit not to exceed a capacity of 50,000 Kw if City so desires); however, in the operation of the present facilities at the Seaholm Power Plant and the present facilities at the Holly Street Power Plant (including the third and fourth units at such plant) if there is an inadequate supply of cooling water the cost of producing electricity at such plants will materially increase, and the ability to produce electricity may be curtailed. If at any time during the term hereof the inlet water temperature at Seaholm Power Plant exceeds 82° F or 85° F at Holly Street Power Plant, then Authority may (if in the sole judgment of Authority there is sufficient water in the storage reservoirs of Authority to meet all obligations of Authority) release additional water through the turbines at Tom Miller Dam and Mansfield Dam so that the said inlet water temperature at City's Seaholm Plant will not exceed 82° F or at Holly Street Plant will not exceed 85° F, and if the water in the reservoir at Lake Travis is above 674 feet M.S.L., then during the time such level remains above said figure Authority will release such additional water, provided at no time will Authority be obligated to release more than an average of 250 cfs for more than seven hundred twenty (720) hours in any one calendar year, and provided further City shall (1) maintain the existing dam creating Town Lake, and (2) no additional facilities will be constructed on or adjacent to Town Lake which will appreciably increase the temperature of the water in said lake, (3) no additional industrial use of water in Town Lake will be made or permitted which will appreciably increase the temperature of the water in said lake, and (4) dikes will be maintained to that at Seaholm Plant the heated water must travel a distance of not less than 500 feet before it is returned to the main body of Town Lake, and so that at Holly Street Plant the

heated water must travel a distance of 800 feet before it is returned to the main body of Town Lake.

ARTICLE V
PURCHASE OF POWER AND ENERGY BY CITY UNDER FEBRUARY 5, 1938 AGREEMENT

A. The 1938 Agreement and the Modifying Agreement provide that:

1. City may purchase during each calendar year, and Authority shall sell and deliver to City, up to 12,500 kilowatts of power with 50,000,000 kilowatt hours of energy, if City has given notice on or before December first of the preceding year of such requirement; and

2. City shall pay to Authority a minimum monthly bill for power and energy each month and in addition thereto make a payment to Authority at the end of each calendar year in the event the provisions for minimum demand actually established during said year have not been fulfilled and/or the provisions for minimum energy (kilowatt hours) to be taken by City have not been fulfilled; and

3. City shall earn full allowable depreciation during any calendar year only if City purchases and pays to Authority for power and energy during said year an amount equal to or greater than $100,000 plus the allowable depreciation.

B. City and Authority hereby agree City will continue to be obligated to purchase power and energy from Authority under the 1938 Agreement and the Modifying Agreement EXCEPT that beginning January 1, 1967, in lieu of the conditions referred to in Sub-paragraphs A-1, A-2, and A-3 of this Article V, Authority agrees to sell to City and City agrees to purchase from Authority:

1. During each of the calendar years 1967, 1968, 1969, and 1970
   (a) 12,500 kilowatts of Primary Power each month
   (b) Primary Energy (kilowatt hours) to the extent and for the purposes required after City operates its generating plants as provided for in Article VI hereinbelow, PROVIDED HOWEVER, that Authority shall not be obligated to make available during any calendar year more than 50,000,000 kilowatt hours of Primary Energy under this 1966 Agreement. City will take only such amount of Primary Energy as may be required for peaking and emergency purposes.

2. During each year of the term remaining after December 31, 1970, of the 1938 Agreement as such term is herein extended:
   (a) 2,000 kilowatts of Primary Power each month

(b) Primary Energy (kilowatt hours) to the extent and for the purposes required by City for emergency shut-down and/or emergency start-up in its steam-electric generating plants in case of total "black-out". Authority shall make such capacity available from the Austin Plant or from such other first source which becomes available to Authority, and such will eliminate the need for City to install emergency generating units for dead start-up or dead shut-down purposes in the event of total area "black-out." In addition, City may use the 2,000 kilowatts of Primary Power for other emergency use provided Authority shall not be obligated to make available during any calendar year after December 31, 1970, more than 8,000,000 kilowatt hours of Primary Energy under the 1938 Agreement.

ARTICLE VI
COORDINATION OF POWER PLANT ADDITIONS AND INTERIM ENERGY PURCHASES

A. It is recognized by the parties hereto that greater economy can be effected by purchasing and installing large generating units. Proper coordination of the installation of generating units by the parties to this agreement can provide additional savings. Staggered installation of units may become an effective means to achieve greater economy in the production of electric power and energy. Since Authority owns and operates a number of hydro-electric power plants with water supplied from the Colorado River which has a variable flow, Authority will probably purchase greater amounts of energy from City than City will purchase for Authority. The parties hereto agree to continue to study load forecasts and to project generating requirements in order to provide schedules for plant additions which are calculated to result in greater economy and assure electric service security; however, in such matters each party shall be the sole judge of what is desirable to be done by such party, and neither Authority nor City shall have or exercise any rights insofar as the installation of units by the other party is concerned.

B. Authority and City agree the respective generating plants and units of each Authority and City which may be available will be operated within economical load limits, for the purpose of carrying each system's gross load; it being undersood, however, that the hydro units of Authority will be available for generating electric power and energy only to the extent, in the sole opinion of Authority, water is available; provided further, that when the water level in Lake Travis reservoir is above 674 feet M.S.L. then Authority agrees such units are available for generating electric power and energy. By mutual consent of the parties hereto City may furnish and sell to Authority and Authority may receive and purchase from City electric energy during certain periods, and at other times, Authority may furnish and sell to City and City may receive

and purchase from Authority electric energy all to the end that the most efficient and reliable electric service will be achieved by each City and Authority.

C. Since Authority's hydro units are available for spinning reserve while operating as synchronous condensers even during periods of low stream flow which will be of benefit to City, and since City will have electric energy (kwh) from its available capability, which City can deliver to Authority, then City agrees to sell to Authority on the terms set out hereinbelow such electric energy as the City will have available and which Authority will request and take. The term "available" as used herein includes any and every generating unit of City (except those units up for retirement) which is or can be put in service; and City agrees to use due diligency to keep all of its units in good operating condition, so that same can be, and City agrees that any available unit or units upon request from Authority, will be put in service to the extent needed so that City can deliver energy in the amount same is requested by Authority; and to this end City and Authority will co-operate in scheduling annual overhaul in a manner that will result in the least amount of needed capacity being rendered unavailable; however, each party reserves to itself the right to make the decision as to the time for overhaul and as to all other matters with respect to its equipment. Any deficit of the spinning reserve of the two systems of the parties hereto will be provided by the system of the party receiving power and energy from the system of the other party.

D. In order to control the flow of the Colorado River, Authority may tender Dump Energy in varying quantities and City shall take and receive Dump Energy so tendered by Authority within the practical operating limits of City's transmission system and the practical load limits of City's generating stations.

ARTICLE VII
CLASSIFICATION OF ENERGY PURCHASES

At the end of each clock hour the meters at the Tom Miller (Austin) Dam, HiCross, McNeil, and/or Travis-Bastrop County Line points of interconnection that are now or may be established by mutual consent of the parties hereto, and as provided for in Article X herein shall be read and netted. All energy shall be classified as follows:

A. Energy purchased each month by Authority shall consist of all energy scheduled by Authority during any and all hours of the month.

B. Energy purchased each month by City shall consist of all energy scheduled by City during any and all hours of the month, such energy to be classified in accordance with the classifications under Article VIII as

Primary Energy	Article VIII-A
Interim Energy	Article VIII-B
Dump Energy	Article VIII-C

In the event (1) City does not classify energy as Primary Energy or (2) City has already reached its maximum take of Primary Energy 50,000,000 Kwh during any calendar year 1967, 1968, 1969, and/or 1970, and 8,000,000 Kwh during any calendar year after 1970, and (3) Authority does not offer Dump Energy, then all energy taken by City shall be classified as Interim Energy, provided any energy delivered during any clock hour by either party to the other party which is in excess of the amount scheduled during such clock hour shall be classified as regulation energy. Likewise, any deficit in kilowatt hours delivered during any clock hour by either party to the other party from that scheduled during said clock hour shall be classified as regulation energy. Power and energy flows deviating from schedule caused by emergency outages or curtailment of capability of any one member of the Interconnected Systems will be classified as regulation energy for the clock hour in which the emergency occurred and for the five (5) clock hours following.

Regulation energy may be cleared by agreement between the parties hereto by paying one(1) kilowatt hour per each kilowatt hour of regulation energy received and same shall be cleared not more than six (6) months from the month same accrued.

ARTICLE VIII
RATE SCHEDULED
POWER AND ENERGY PURCHASED BY CITY

A. City shall pay Authority monthly for Primary Power and Primary Energy purchased by City hereunder at the following rates:

Primary Power $0.90 per kilowatt per month

Primary Energy:

First	100,000 Kwh per month @ 4	mills per Kwh
Next	200,000 Kwh per month @ 3	mills per Kwh
Excess over	300,000 Kwh per month @ 2.5	mills per Kwh

Monthly Minimum

During the calendar years, 1967, 1968, 1969, and 1970 City shall pay to Authority each month the sum of Eleven Thousand Two Hundred Fifty and No/100 ($11,250.00) Dollars for Primary Power (90 cents per kilowatt month for 12,500 kilowatts) regardless of whether such power is scheduled; and during the term remaining after December 31, 1970, City shall pay to Authority each month the sum of One Thousand Eight Hundred and No/100 ($1,800.00) Dollars for Primary Power (90 cents per kilowatt month for 2,000 kilowatts) regardless of whether such power is scheduled.

B. The demand of 12,500 Kw of Primary Power during the years 1967, 1968, 1969, and 1970, and 2,000 Kw of Primary Power during the remaining term as specified above shall not be exceeded by City

except as set out in this Sub-paragraph B of Article VIII. During temporary periods of emergency arising on the City's system caused by breakdown or loss of effective use of an electric generating unit or units, and during periods when electric generating units of the City are out of service for inspection, overhaul, or repairs, and during periods mutually agreeable to the parties hereto as provided for in Sub-paragraph B and C of Article VI above, Authority shall make available to City over the then existing facilities power in excess of said specified amount of Primary Power without additional demand charge, to the full extent of Authority's ability to do so consistent with the meeting of the Authority's own requirements and the discharge of Authority's then existing contracts and commitments to other power purchasers. To meet City's requirements during such temporary emergency or shut-down periods Authority will make available Authority's entire excess power resources, Authority's electric generating facilities, and its rights to purchase power from others, all to the extent that such excess power can be made available to City over the then existing facilities, and consistent with Authority's obligation to serve its own requirements and the discharge of Authority's then existing contracts and commitments to other power purchaser. The energy (kwh) delivered under this Sub-paragraph B of Article VIII is classified as Interim Energy and City shall pay Authority for each kilowatt hour so scheduled and delivered either:

1. The product of the heat rate (BTU) per gross Kwh generated at all thermal plants of Authority during the billing month times the cost per BTU of fuel during the month preceding the billing month plus one-half (1/2) mill per kilowatt hour; or

2. 2.5 mills per kilowatt hour, whichever is the greater; and

3. Provided further, it is agreed and understood that if at the request of City, Authority exercises Authority's right to purchase power from others, then City shall pay for such additional energy supplied by others at City's request during the temporary period as set out above, at either (a) the rate set out in 1 and 2 above, or (b) the amount which Authority is required to pay for the power and energy purchased from others, whichever is greater.

C. City shall pay to Authority for all Dump Energy delivered to City 1.0 mill per kilowatt hour.

If Authority shall be compelled to pay any taxes with respect to the electric energy (kwh) delivered to City under this 1966 Agreement, the amount of such taxes so paid by Authority shall be reflected by an adjustment in the rate for electric energy (kwh) in the monthly bill rendered by Authority to City.

ARTICLE IX
RATE SCHEDULE
POWER AND ENERGY PURCHASED BY AUTHORITY

For all energy (kwh) scheduled by Authority hereunder, Authority shall pay City for each kilowatt hour so scheduled either:

A. The product of the heat rate (BTU) per gross Kwh generated at all plants of City during the billing month times the cost per BTU of fuel during the month preceding the billing month, plus one-half (1/2) mill per kilowatt hour, or

B. 2.5 mills per kilowatt hour, whichever is the greater.

If City shall be compelled to pay any taxes with respect to the electric energy (kwh) delivered to Authority under this 1966 Agreement, the amount of such taxes so paid by City shall be reflected by an adjustment in the rate for electric energy (Kwh) in the monthly bill rendered by City to Authority.

ARTICLE X
ADDITIONAL INTERCONNECT POINTS

In order to achieve efficient and economical benefits under this 1966 Agreement, it is agreed that Authority and City will need to establish 138 Kv and 69 Kv ties at McNeil (Fiskville) and a 138 Kv tie at the Travis-Bastrop County Line in addition to the existing HiCross and Miller ties as set out below. A 69 Kv point of metering and interconnection in the Montopolis Switching Structure may be established by City at some future date by mutual agreement of the parties. City agrees to install appropriate metering equipment at each point of interconnection that will meter the power (demand) and electric energy (kwh) delivered by either City or Authority. Additional points of metering and interconnection may be established by mutual consent of the parties hereto, such as a possible 345 Kv tie near the Travis-Bastrop County Line.

City will telemeter the values of each interconnect point and transmit same to a central location where all of the values will be totalized. Such total (net) values will be used by City to actuate its load control equipment, and such total (net) values will also be transmitted by City to Tom Miller (Austin) Dam for use by Authority in conjunction with its telemetering and load control equipment.

ARTICLE XI
JOINT USE OF FACILITIES AND PROPERTIES

A. In order to achieve efficient and economical benefits that may result from the coordination of power plant additions and interim energy purchases provided for hereinabove and to provide each system with transmission lines and interconnect points to serve each system's load under normal or emergency operating conditions, certain transmission lines, substations, and interconnect points will be required in addition to the existing facilities. Joint use of existing and new rights-of-way as well as substation sites will result in economical construction and more efficient operation. A few of the facilities that may be desirable during the next few years under the joint use principle include:

1. Strong 138 Kv tie between Sim Gideon Steam Plant of Authority near Bastrop, Texas, and Decker Lake Steam Plant of City in Travis County,

2. Heavy 138 Kv outer loop of City of Austin consisting of a line from Decker Lake Plant to HiCross thence to McNeil via West Lake Hills and near Balcones Research Center and thence back to Decker Plant,

3. Large ampere carrying capacity 138 Kv lines of Authority from Sim Gideon Steam Plant to Mansfield (Marshall Ford) Hydro Plant, such lines to interconnect with lines of City from Bastrop County Line to Decker Lake Plant, Hi-Cross and McNeil Substations with 138/69 Kv auto transformers at HiCross Substation and at McNeil Substation.

Exhibit "A" attached hereto and made a part hereof gives a general lay-out of the above-described facilities.

It is agreed that joint studies will be made by City and Authority from time to time during the period of this agreement for the purpose of exploring the possibilities of joint use facilities, but each the City and the Authority retains the right to be the sole judge as to what each such party will do with respect to any future participation in joint use of facilities, except to the extent agreed upon in Sub-paragraphs B, C, and D of this Article XI.

B. City has purchased a tract of land whereon the proposed McNeil Substation will be located. There is sufficient acreage in this site to accommodate a substation for each party to this agreement. Each party will be the sole owner of the substation facilities installed by it and no charge will be made by the City for the use of the land by Authority.

C. Authority has purchased an additional tract of land adjacent to the Authority's existing HiCross Substation site and the combined acreage of the two tracts is sufficient to accommodate Authority's enlarged substation and City's expanded substation which enlargements are contemplated to serve increased load requirements of the two systems. Each party will be sole owner of the substation facilities installed by it and no charge will be made by the Authority for the use of the land by City.

D. It is agreed by the parties hereto that:

1. The 138 Kv line from Sim Gideon Steam Plant to Austrop will be constructed and owned by Authority and will be built on right-of-way provided and paid for by Authority. The steel towers will accommodate two 138 Kv circuits with 795 MCM aluminum conductors; however, it is planned that only one circuit will be installed during the 1968 construction period. The space for the second 138 Kv circuit is reserved by Authority for future use to be utilized at such time as Authority in its sole discretion may determine.

2. The right-of-way for the 138 Kv line from Austrop to Decker Lake Plant will be provided and paid for by City. Steel towers to accommodate two 795 MCM aluminum circuits will be installed by City and such towers will be owned by City and Authority in the percentage set out in Sub-paragraph G-4 of this Article XI. It is planned that one 138 KV circuit will be installed by City during 1968 and City shall be the owner of such circuit. The space for the second 138 Kv circuit is reserved for Authority for future use to be utilized at such time as Authority in its sole discretion may determine.

3. The 138 Kv line from Decker Lake to McNeil will be constructed by City during 1968 and completed by January 1, 1969. This line will utilize a portion of the Authority's right-of-way of a 69 Kv line between McNeil and Manor (such portion of line not to exceed four (4) miles). It is contemplated that the steel structures on the section of line having new right-of-way purchased by City will accommodate three 138 Kv circuits (two 138 Kv circuits for City and one 138 Kv circuit for Authority) and the steel towers on the section of line with existing right-of-way will accommodate four circuits (two 138 Kv circuits for City, one 138 Kv circuit for Authority and one 69 Kv circuit for Authority).

4. The parties to this agreement agree to proceed with due diligence and endeavor to complete the necessary facilities listed in this Sub-paragraph D-1, D-2 and D-3 of this Article XI, by January 1, 1969.

E. The remainder of the 138 Kv lines described in Sub-paragraph A of Article X hereinabove shall be constructed by mutual agreement under the following basis:

1. City will provide and pay for the right-of-way on all sections of the proposed 138 Kv loop which will not be constructed on right-of-way of Authority's existing lines. (See Exhibit "A" attached.)

2. Authority has paid for the easements on which Authority's existing lines are located. If, in order to construct the proposed 138 Kv loop described in Sub-paragraph E-1 above (also described in Sub-paragraphs E-3 and E-4 below) it is necessary to acquire rights in addition to those already owned by Authority, then City will provide and pay for such additional rights.

3. On the line between Decker Lake Plant and HiCross Substation it is contemplated that the steel structures on the section of line having new right-of-way provided and paid for by City will accommodate three 138 Kv circuits and the steel towers on the section of line with existing right-of-way provided and paid for by Authority (if additional rights are needed in order to construct such towers and place said circuits thereon then City will provide and pay for such additional rights) will accommodate four circuits. Space for two circuits

would be reserved for City over the entire line section. Space for two circuits would be reserved for Authority over the section of line on existing right-of-way and one circuit would be reserved for Authority over the Section of line over the right-of-way provided by the City.

4. On the line between HiCross Substation and McNeil Substation it is contemplated that the steel structures on the section of line having new right-of-way provided and paid for by City will accommodate two 138 Kv circuits and the steel towers on the section of line with existing right-of-way provided and paid for by Authority (if additional rights are needed in order to construct such towers and plan said circuits thereon, then City will provide and pay for such additional rights) will accommodate four circuits. Space for two circuits would be reserved for City over the entire line section, and space for two circuits would be reserved for Authority over the section of line to be constructed on existing right-of-way.

F. It is further agreed by the parties hereto that each of the projects listed in E above must have specific authorization by both parties after detail design and cost estimates have been made and prior to construction. It is understood that the projects as outlined hereinabove may be necessary, and may need to be amended, as loads and capabilities increase in accordance with Calculating Board Studies for the two systems; however, each party hereto reserves the right to determine the period during which any line will be required and when it should be built.

G. The following method of sharing cost on transmission structures which are to be jointly used shall be applied:

1. On right-of-way with an existing line installed and owned by one of the parties hereto (called the owner), the other party (called the user) shall pay the cost of labor, equipment time, transportation, engineering, and overhead in removing the existing line. The user shall not be charged with the cost of materials removed except to the extent that such items as (1) abandoned tower bases which are not reused, and (2) material damaged during removal establish a just charge. The material removed shall remain the property of the owner. The owner shall then construct steel towers or other appropriate structures (after same have been approved by both parties to this agreement) upon which the necessary new circuits are to be installed and shall charge the user for construction on such steel towers or other appropriate structures in proportion to the number of circuits that the user will ultimately utilize to the total number of circuit positions available on the towers or other appropriate structures. For example, if towers or other

appropriate structures are designed for four circuits and two circuit positions are assigned to the user then the user shall pay fifty (50%) per cent of the cost of each tower or other appropriate structure. Such payment shall be made within 30 days after presentation of itemized statement showing such costs. Upon such statement being made the ownership of the tower or towers or other appropriate structures shall be as set out in Sub-paragraph G-4 hereinbelow. Each party shall provide, pay for, and install at his own cost the conductors, insulators, accessories and other items which are not jointly used.

2. For construction on new right-of-way a method of cost allocation similar to Sub-paragraph G-1 immediately above shall be used except there shall be no charge for line removal as no line exists, and City shall provide the right-of-way as set out above.

3. With respect to maintenance of said facilities each party shall operate and maintain its respective circuits. Joint expenses such as tower replacements and maintenance of right-of-way shall be shared in proportion to circuit assignments.

4. Each party shall own a per cent interest in right-of-way easements, and a per cent interest in each tower or other structure equal to the per cent of the cost contributed by that party, and shall own the full 100 per cent interest in the conductors, insulators and other accessories installed by said party. Each party shall have the right to use such towers or other structures as long as said party desires to maintain any circuit or circuits thereon, regardless of whether this agreement has been terminated, all on the basis set out in this Article XI of this agreement. In the event the City desires to abandon any one or more of such transmission structures, then it shall (a) give three (3) years prior written notice to Authority of such intent to abandon, and (b) at the end of said three (3) year period offer to sell the interest of City in any right-of-way involved to Authority at original cost to City, and the interest of the City in the transmission structure or structures, involved at 50% of the original cost to City less depreciation as reflected by the records of the City. Authority agrees that at the end of said three (3) year period it will either purchase such rights and interest or allow said transmission structure or structures to be removed. Likewise, if the Authority desires to abandon one or more of such transmission structures then it shall (a) give three (3) years prior written notice to City of such intent to abandon, and (b) at the end of said three (3) year period offer to sell the interest to Authority in any right-of-way involved to City at the original cost to Authority, and the interest of Authority in the transmission structure or structures, involved at 50% of the original cost to Authority less depreciation as reflected by the records of the Authority. City agrees that at the

end of said three (3) year period it will either purchase such rights and interests or allow such transmission structure or structures to be removed. In the event of removal of any transmission structure, the salvage value, above cost of removal, shall be divided between the City and Authority in the proportion said parties owned the transmission structure.

5. The conductors, insulators and accessories and other items not jointly used shall belong to the party originally providing same and may be repaired, replaced or removed by said party from any transmission structure or structures at any time. In the event of sale or removal of any transmission structure as set out in Sub-paragraph G-4 immediately above, the party owning said conductors, insulators and accessories and other items shall remove same at the time of consummation of such sale or at the time of removal of such structure whichever may be the case.

6. The provisions of this Section G shall be applicable to the transmission structures described in Sub-paragraphs D-2, D-3, and Paragraph E.

7. There is attached hereto and made a part hereof Exhibit B which examplifies the application of this Sub-paragraph G-4 to the facilities described in Sub-paragraphs D-1, D-2, D-3, E-3 and E-4.

ARTICLE XII
GENERAL STATEMENT

It is understood and agreed that each party to this agreement reserves the sole power and right to operate its respective properties, and each party shall be responsible for the operation of its facilities in a manner consistent with the duties and obligations to the public of each party.

City reaffirms the right of Authority under the provisions of the 1938 Agreement to fluctuate the water level of Lake Austin, provided the level of the lake will not be lower than three (3) feet below the crest of the dam, except in cases of emergency when the water level may be five (5) feet below the crest of the dam. Should Authority find it economical and feasible to install additional generating capacity of the "pump-generator" type at Mansfield (Marshall Ford) Dam, City recognizes the right of Authority to fluctuate the water level of Lake Austin for such purposes as long as such type of operation may exist as City anticipates the sale of additional nighttime energy to Authority for the operation of pump storage units thereby affecting additional economies in the operation of City's steam-electric power plants. City and Authority from time to time may provide for the lowering of the water level in Lake Austin to a greater degree than provided above.

ARTICLE XIII
MODIFICATIONS, AMENDMENTS, AND CHANGES IN EXISTING AGREEMENTS

A. After this 1966 Agreement becomes effective and during the time same remains in full force and effect, City will not be obligated to:

1. Furnish Authority notice of the amount of demand (kw) and electric energy (kwh) to be reserved for any year on or before December first of the preceding year as provided in Article VII of the 1938 Agreement, or

2. Fulfill the provisions of the minimum monthly bill for power as provided in Paragraph 3 of the Modifying Agreement, or

3. Take the minimum monthly and/or annual electric energy (kwh) requirements set forth in the 1938 Agreement and in Paragraph 3 of the Modifying Agreement.

B. After this 1966 Agreement becomes effective and while same remains in full force and effect, City shall be credited with full allowable depreciation. The allowable depreciation each year shall be calculated in the manner set forth in the 1938 Agreement.

C. As provided for in Article VI of the 1938 Agreement, Authority shall continue to pay to City during the term of said 1938 Agreement the sum of Twenty Thousand and No/100 ($20,000.00) Dollars for each calendar year, payments to be in the form of a credit on the amount due and owing by City to Authority for electric power (kw) and/or electric energy (kwh).

ARTICLE XIV

Each party to this 1966 Agreement shall be relieved of performance by it when and to the extent such performance is prevented by force majeure. The term "force majeure" shall mean flood, drouth, earthquake, storm, landslide, lightning, fire, epidemic, accident, failure of facilities, war , act of the public enemy, riot insurrection, civil disturbance, strike, labor disturbance, arrests and restraints of rulers and people, or other causes, whether of the kind enumerated or otherwise, beyond the control of the party affected, which by the exercise of due diligence such party could not reasonably have been expected to avoid. It is agreed that the settling of any strike or labor disturbance shall be at the sole discretion of the party having the strike or labor disturbance; and in the event of failure of facilities whether such facility or facilities shall be replaced or repaired shall be in the sole discretion of the party operating said facility or facilities.

IN WITNESS WHEREOF the parties hereto have caused this 1966 Agreement to be executed by their duly authorized officers, this the ___ day of _____, 1966.

ATTEST: CITY OF AUSTIN

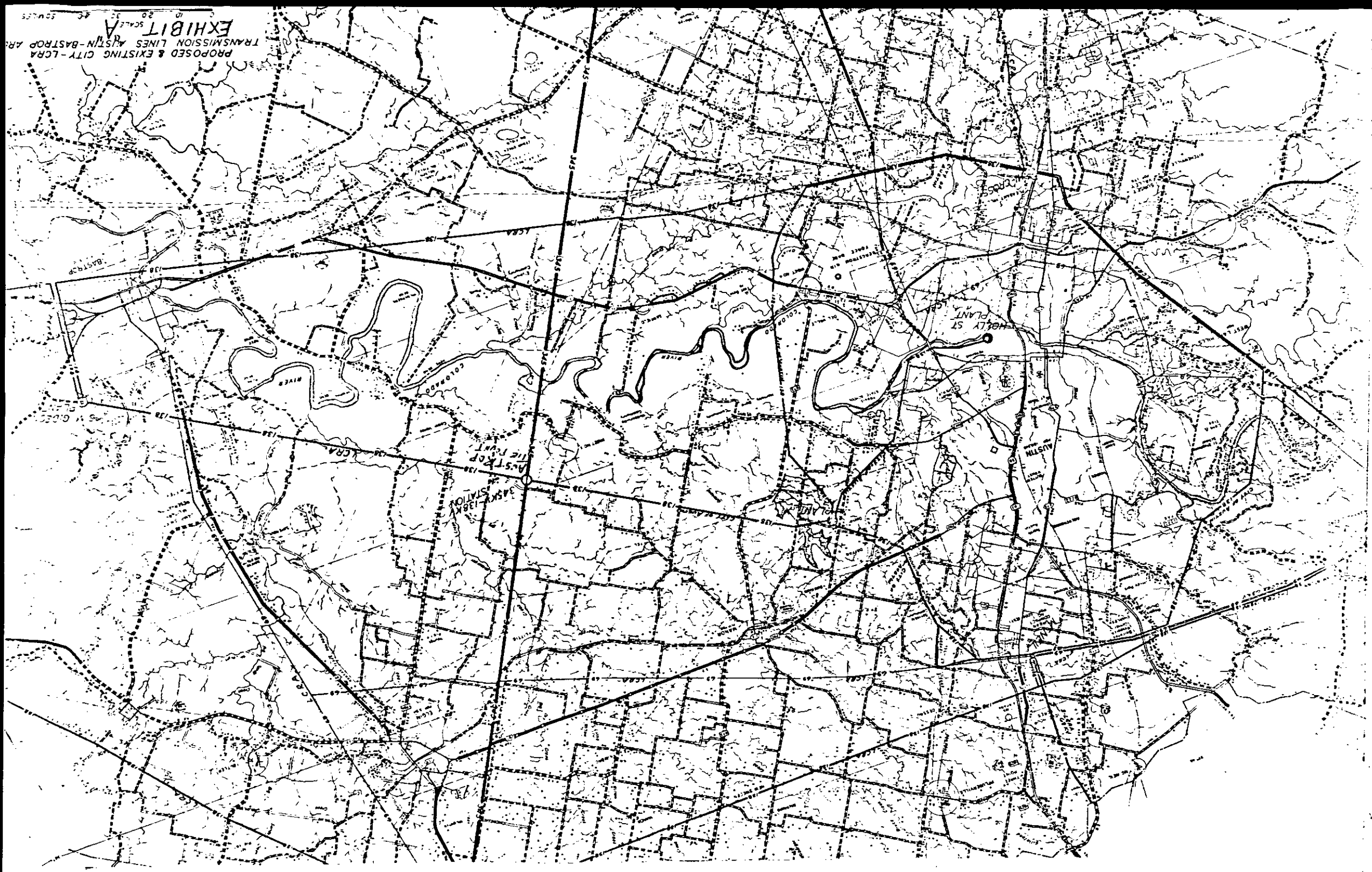
_____ BY _____
City Clerk City Manager

ATTEST: LOWER COLORADO RIVER AUTHORITY

_____ By _____
Secretary General Manager

EXHIBIT A

PROPOSED & EXISTING CITY-LCRA TRANSMISSION LINES AUSTIN-BASTROP AR



ALLOCATION OF COSTS
OF FACILITIES TO BE JOINTLY USED

Contract Reference	Section of Line From	Section of Line To	Circuits to be Provided by Ultimate Construction LCRA	Circuits to be Provided by Ultimate Construction City	Right of Way to be Provided Existing	Right of Way to be Provided Additional	Payment of Costs Related to Removal	Allocation of Costs and Percentage of Ownership Right of Way Existing	Allocation of Costs and Percentage of Ownership Right of Way Additional	Allocation of Costs and Percentage of Ownership Steel Towers	Sharing Ratio for Maintenance of Jointly Used Facilities
XI, D-1	Sim Gideon Plant	Austrop	2-138 Kv	-0-	-0-	LCRA	-0-	-0-	100% LCRA	100% LCRA	100% LCRA
XI, D-2	Austrop	Decker Lake	1-138 Kv	1-138 Kv	-0-	City	-0-	-0-	100% City	(50% LCRA (50% City	(50% LCRA (50% City
XI, D-3	Decker Lake	LCRA Line 12 approx. 4 miles from McNeil	1-138 Kv	2-138 Kv	-0-	City	-0-	-0-	100% City	(33-1/3% LCRA (66-2/3% City	(33-1/3% LCRA (66-2/3% City
	LCRA Line 12 approx. 4 miles from McNeil	McNeil	(1-138 Kv (1- 69 Kv	2-138 Kv	LCRA	City	City	100% LCRA	100% City	(50% LCRA (50% City	(50% LCRA (50% City
XI, E-3	Decker Lake	LCRA 138 Kv Line 10A	1-138 Kv	2-138 Kv	-0-	City	-0-	-0-	100% City	(33-1/3% LCRA (66-2/3% City	(33-1/3% LCRA (66-2/3% City
	LCRA 138 Kv Line 10A	Hi Cross	2-138 Kv	2-138 Kv	LCRA	City	City	100% LCRA	100% City	(50% LCRA (50% City	(50% LCRA (50% City
XI, E-4	Hi Cross	West Lake Hills area	2-138 Kv	2-138 Kv	LCRA	City	City	100% LCRA	100% City	(50% LCRA (50% City	(50% LCRA (50% City
	West Lake Hills area	LCRA 69 Kv Line 4	-0-	2-138 Kv	-0-	City	-0-	-0-	100% City	100% City	100% City
	LCRA 69 Kv Line 4	McNeil	(1-138 Kv (1- 69 Kv	2-138 Kv	LCRA	City	City	100% LCRA	100% City	(50% LCRA (50% City	(50% LCRA (50% City

The Mayor opened the hearing on request for change of Master Plan on Research Boulevard where it crosses the T & NO Railroad at 10:30 A.M. MR. WAYNE GOLDEN, Planning Coordinator, pointed out on a map the area being considered for commercial services and semi-industrial uses, between what would be a prolongation of Peyton Gin Road as the south boundary line, to Burnet Road on the west and Highway 183. Mr. Argus Fox's property is approximately 26 acres, located along the railroad, leaving out a three acre tract including the Longhorn Theatre over to the northern Peyton Gin Road back to the highway. He pointed out a church location and a residential area behind this property. The area presently is proposed as low density residential and the land north is designated as industrial. Each individual owner had been contacted about his proposed plans. Plans and existing uses were commercial and the property owners, generally speaking, were not interested in residential use for this property. The subdivision south of the property under consideration, Lanier Terrace, is being developed as residential by Mr. Tom Attal. The Planning Director pointed out retail and customer or family services could be developed in a low density residential area. The commercial and semi-industrial designations cover warehousing, lumber yards, wholesaling, contractors' yards, etc., and some types of processing or limited manufacturing. He showed the commercial and proposed commercial developments on the map. The only area in question was the triangular tract of land adjacent to Highway 183 and Peyton Gin Road, which would probably be a retailing facility. The recommendation of the Planning Commission was that the triangle be left in its present residential designations with the idea it would be developed into retail, and that the balance of the tract over to Burnet Road be designated for commercial facilities and semi- industrial. This is agreeable with all of the property owners within the area. He said Mr. Attal had no objection, but was concerned with the development of the triangle. No one expressed objection to the change. The Council wanted to drive out and look at this area. Later in the afternoon meeting the Mayor brought up the requested changes in the Master Plan, stating it was the feeling of the Council that the entire area outlined on the map and as presented, including the triangle, be changed. Councilman Long moved that the Austin Development Plan be amended to change the designation from low density residential to commercial or semi-industrial uses for this 50 acre tract. The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, Mayor Palmer
Noes: None
Absent: Councilman White (in the afternoon meeting)

Councilman LaRue moved that Brown and Root, Consulting Engineers be heard on their recommendation on the bids for Combustion Controls, Contract X-123, Decker Power Station Unit I. The motion was seconded by Councilman White. Roll call showed a unanimous vote.

The City Manager read a letter from Brown & Root, Inc., Consulting Engineers, as follow:

"December 13, 1966
File: M-322-DVB

"Mr. W. T. Williams, Jr., City Manager
City of Austin
Post Office Box 1088
Austin, Texas 78767

"COMBUSTION CONTROLS, CONTRACT NO. X-123
DECKER CREEK POWER STATION
UNIT NUMBER ONE
OUR JOB CA-0003

"Dear Mr. Williams:

"Brown & Root, Inc. has examined the bids opened by you at 10:00 A.M. December 8, 1966 in open City Council Meeting for Decker Creek Power Station, Unit Number One, Combustion Controls, Contract No. X-123.

"Proposals were submitted by the following firms:

Foxboro Company
General Electric Company
Republic Division - Rockwell Mfg. Co.
Bailey Meter Co.
Fischer and Porter Co.

"The Hagan Corporation and the Leeds & Northrup Company were also asked to bid but failed to submit proposals.

"In review of the proposals received, we found that exceptions (as stated and some not stated) taken by all of the bidders made a systematic evaluation impossible. Since we cannot evaluate any two bids on the same basis, it is requested that all bids be rejected and new proposals be obtained.

"Yours very truly,
BROWN & ROOT, INC.
s/ D. V. Boyd
D. V. Boyd
Project Engineer

"APPROVED:
s/ D. C. Kinney
D. C. Kinney
Director of Electric Utilities
City of Austin"

They perhaps would revise the specifications so there would not be so many exceptions taken. MR. DEVORAK, Rockwell Manufacturing Company inquired if it were possible for the bidders to look at all of the bids for informational purposes. The Mayor stated they were all being rejected and would be returned to each bidder. Councilman White moved to accept the recommendation of the Consulting Engineers and rejected all of the bids received on Combustion Controls, Contract X-123. The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Council set January 19, 1967 as the date for receiving new bids. (10:00 A.M.)

Councilman LaRue moved that the Council continue with other items on the Agenda. The motion, seconded by Councilman Shanks, carried by the following vote:

Ayes: Councilmen LaRue, Shanks, White, Mayor Palmer
Noes: None
Not in Council Room when roll was called: Councilman Long

The City Manager submitted the following:

"December 12, 1966

"TO: Mr. W. T. Williams, Jr., City Manager SUBJECT: SALE OF HOUSES

"Bids were opened in my office December 12, 1966 at 10:00 A.M. for the sale of four (4) houses that Urban Renewal has turned over to us for disposal by demolition.

"Bids from five different individuals were received and a breakdown of the bidding is as follows:

BIDDERS	1415 East 12th	1190½ Angelina	1192½ Angelina	1812 Pennsylvania
A. Heyer	$18.00	$ 67.00	$15.00	$20.00
H. N. Sims	----	137.50	---- -	----
Ralph Williams	----	50.00	----	----
Weldon Johnston	22.50	47.50	27.50	22.50
M. T. Powell	----	46.50	17.50	17.50

"The high bid on each house is underscored in red. Due to the fact that these structures are dilapidated and also the fact that it would cost this office several hundred dollars if we had to demolish them, it is recommended that these bids be accepted.

"If the bids are acceptable, the contracts will be forwarded to you for your signature, and should be returned to me for attestation and distribution.

"FROM: Dick T. Jordan, Building Official
s/ Dick T. Jordan"

Councilman White asked if these houses were empty or if anyone were living in them at the time they were taken over. The City Attorney stated the occupants were relocated before the houses were offered for sale. Councilman White reported calls from people who had been moved out and put in other places with a big debt put on them, and they cannot pay the balance. The City Attorney stated they could not be moved unless they could be relocated in decent houses within their means.

Councilman White offered the following resolution and moved its adoption:

(RESOLUTION)

WHEREAS, bids were received by the City of Austin on December 12, 1966 for the sale of four (4) houses that Urban Renewal Agency turned over to the City for disposal by demolition; and,

WHEREAS, the bids of Weldon Johnston, in the sum of $22.50 for the house located at 1415 East 12th Street, and in the sum of $27.50 for the house located at 1192½ Angelina, and in the sum of $22.50 for the house located at 1812 Pennsylvania; and the bid of H. N. Sims in the sum of $137.50 for the house located at 1190½ Angelina, were the highest and best bids therefor, and the acceptance of such bids has been recommended by the Building Official of the City of Austin, and by the City Manager; Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

That the bids of Weldon Johnston and H. N. Sims, as enumerated above, be and the same are hereby accepted, and that W. T. Williams, Jr., City Manager of the City of Austin, be and he is hereby authorized to execute contracts, on behalf of the City, with said parties.

The motion, seconded by Councilman LaRue, carried by the following vote:
Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The City Manager submitted the following:

"December 12, 1966

"Mr. W. T. Williams, Jr.,
City Manager
Austin, Texas

"Dear Mr. Williams:

"Sealed bids were received until 11:00 A.M., Friday, December 9, 1966, at the Office of the Director of the Water and Sewer Department for the INSTALLATION of 1690 feet of 12-INCH CAST IRON WATER MAIN in BEVERLY HILLS DRIVE from MT. BARKER DRIVE to HIGHLAND PARK RESERVOIR. The purpose of this installation is to tie the Highland Park and Balcones Booster Stations together to give more efficient operation in this area. The bids were publicly opened and read in the City Council Chamber of the Municipal Building, Austin, Texas.

"The following is a tabulation of bids received:

FIRM	AMOUNT	WORKING DAYS
Capitol City Utilities	$13,787.50	25
Bland Construction Company	17,812.00	50
Bill Tabor Construction Company	18,073.00	40
J. C. Evans Construction Company	21,627.00	25
Ford-Wehmeyer, Inc.	23,554.00	50
A & P Construction Co.	24,420.00	30
Walter Schmidt Construction Company	30,483.00	50
City of Austin (Estimate)	22,845.00	30

"It is recommended that the contract be awarded to Capitol City Utilities on their low bid of $13,787.50 with 25 working days.

"Yours truly,
s/ Victor R. Schmidt, Jr.
Victor R. Schmidt, Jr.
Director, Water and Sewer Department

Councilman Long offered the following resolution and moved its adoption:

(RESOLUTION)

WHEREAS, bids were received by the City of Austin on December 9, 1966, for the installation of 1690 feet of 12-inch cast iron water main in Beverly Hills Drive from Mt. Barker Drive to Highland Park Reservoir; and,

WHEREAS, the bid of Capitol City Utilities, in the sum of $13,787.50, was the lowest and best bid therefor, and the acceptance of such bid has been recommended by the Director of Water and Sewer Department of the City of Austin, and by the City Manager; Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

That the bid of Capitol City Utilities, in the sum of $13,787.50, be and the same is hereby accepted, and that W. T. Williams, Jr., City Manager of the City of Austin, be and he is hereby authorized to execute a contract, on behalf of the City, with Capitol City Utilities.

The motion, seconded by Councilman LaRue, carried by the following vote:
Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The City Manager submitted the following:

"December 13, 1966

"TO: Mr. W. T. Williams, Jr., City Manager SUBJECT: Emergency Fire Reporting System

"Bids were received in the Office of the Construction Engineering Division at 2:30 P.M. for the construction of a Switch Gear Building for Emergency Fire Reporting System located at Central Fire Station.

"These bids are as follows:

C & H Construction Company, Inc.	$ 9,134.00
Floyd Gibson Construction Company	$ 9,489.00
A. W. Bryant Construction Company	$11,975.00

"All bids were accompanied by a satisfactory bid bond.

"Completion date set out in the specifications is February 10, 1967.

"This project has been coordinated with Mr. Heaton, Chief Dickerson, and Telephone Company representatives.

"We join with Chief Dickerson and Mr. Heaton in recommending the award of this contract to the low bidder C & H CONSTRUCTION COMPANY, INC. for the lump sum price of $9,134.00.

"From: A. M. Eldridge, Supervising Engineer
Construction Engineering Division
s/ A.M. Eldridge

Councilman Long offered the following resolution and moved its adoption:

(RESOLUTION)

WHEREAS, bids were received by the City of Austin on December 13, 1966 for the construction of a Switch Gear Building for Emergency Fire Reporting System located at Central Fire Station; and,

WHEREAS, the bid of C & H Construction Company, Inc. in the sum of $9,134.00 was the lowest and best bid therefor, and the acceptance of such bid has been recommended by the Supervising Engineer, Construction Engineering Division of the City of Austin, and by the City Manager; Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

That the bid of C & H Construction Company, Inc., in the sum of $9,134.00, be and the same is hereby accepted, and that W. T. Williams, Jr., City Manager of the City of Austin, be and he is hereby authorized to execute a contract, on behalf of the City, with C & H Construction Company, Inc.

The motion, seconded by Councilman LaRue, carried by the following vote:
Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The City Manager submitted the following:

"December 13, 1966

"TO: Mr. W. T. Williams, Jr., City Manager SUBJECT: Oak Springs Branch Library
Tabulation of Bids

"We are transmitting herewith copies of letter from Coates & Legge, Architects, along with their tabulation of bids for Oak Springs Branch Library.

"We join with Miss Rice, the Austin Public Library Commission Building Committee and Coates & Legge in recommending the award of the contracts to the low bidders as follows:

General Construction Contract

J. C. EVANS CONSTRUCTION CO., INC. $167,435.00 (Base Bid)

Heating, Ventilating, Air Conditioning
and Plumbing Construction

BRADY AIR CONDITIONING $ 33,918.00 (Base Bid)

"Electrical Construction

J & J ELECTRIC COMPANY, INC. $22,367 less Alt. E-1 @ $1,920.00 = $ 20,447.00

"The total of the above bids is $221,800.00.

"One half of this construction cost will be met by a Federal Grant to the Austin Public Library administered through the Texas State Library. Miss Rice advises that adequate funds are available for this project.

"FROM: A.M. Eldridge, Supervising Engineer
Construction Engineering Divisin
s/ A.M. Eldridge"

"December 13, 1966

"Mr. A. M. Eldridge
Supervising Engineer
Construction Engineering Division
City of Austin
P.O. Box 1088
Austin, Texas 78767

"Re: Austin Public Library
Oak Springs Branch

"Dear Mr. Eldridge:

"Proposals for construction of the Oak Springs Branch of the Austin Public Library to be located on Oak Springs at Tillery Street, Austin, Texas, were received and publicly opened December 13, 1966, at 2:00 P.M.

"Attached hereto is a tabulation of all proposals received. We recommend the proposals of the low bidders in each category be accepted. These are:

General Construction	J. C. Evans Construction Co., Inc. P. O. Box 9027, Austin, Texas $167,435.00
HVAC & Plmb	Brady Air Conditioning 920 Banyon, Austin, Texas $33,918.00
Electrical	J & J Electric Company, Inc. 2515 South First Street, Austin, Texas $22,367.00

"Yours truly,
COATES & LEGGE, ARCHITECTS
s/ DON EDW LEGGE
Don Edward Legge, AIA"

GENERAL CONSTRUCTION TABULATION

BIDDER	B	A	I. BASE BID A. General	I. BASE BID B. Combined	II. ALTERNATE BIDS Alt. G-1	Alt.P-1	Alt.E-1	DAYS
Austin Bldg.Mat.								
A. C. Bryant	X	1 2	$179,460.00		+$2,520.00			210
A. W. Bryant	X	1 2	$177,277.00		+$2,221.00			210
C & H Const.	X	1 2	$178,720.00		+$2,630.00			220
Harold Eitze								
J.C. Evans	X	1 2	$167,435.00		+$2,142.00			190
Everhard Const.	X	1 2	$189,583.00		+$2,000.00			240
Robt.C. Gray	X	1 2	$174,404.00		+$3,123.00			220
J.C. Peterson	X	1 2	$197,700.00	$259,900.00	+$3,000.00	+10,900.00	-1,600.00	280
S & G Const.	X	1 2	$211,700.00		+$2,810.00			210

"NOTE: A - Shows acknowledgement of receipt of Addenda.
B - Satisfactory Bid Bond.

HVAC, PLMB & ELEC BID TABULATION

BIDDER	B	A	I. PLMB,HVAC BASE BID	II. ALT.P-1	I. ELECTRIC BASE BID	II ALT.E-1	DAYS
Air Cond. Inc.	X	1 2	$41,357.00	+$8,955.00			
H.L. Arnold Co.	X	1 2	$36,378.00	+$14,300.00			
Brady Air Cond.	X	1	$33,918.00	+$9,894.00			
Fox and Hearn,Inc.	X	1 2	$36,282.00	+$14,950.00			
Fox-Schmidt **	X	1 2	$35,154.00	+$9,981.00	$26,880.00	-$1,600.00	
V.R. Wattinger	X	1 2	$36,100.00	+$13,800.00			
**Fox-Schmidt - Combined bid			$61,534.00				
B & B Elec.	X	1 2			$25,770.00	-$1,865.00	
City Electric							
Friday Electric							
J & J Electric	X	1 2			$22,367.00	-$1,920.00	

BIDDER	B	A	I. ELECTRIC BASE BID	II. ALT. E-1	DAYS
Walter E. Johnson	X	1 2	$26,260.00	-$1,650.00	
Kanetzky Electric	X	1 2	$25,286.00	-$1,600.00	
Lamb Electric	X	1 2	$23,510.00	-$1,600.00	
Lone Star Electric	X	1 2	$23,822.00	-$1,600.00	
Tecapa Electric	X	1 2	$24,795.00	-$1,600.00	
Wilkins Electric	X	1 2	$24,580.00	-$1,600.00	

"NOTE: A - Shows acknowledgement of receipt of Addenda.
B - Satisfactory Bid Bond."

Councilman Long inquired if the soil were ever stabilized. The City Manager stated it was satisfactory now to support the building. Mr. Paul Coates, Architect, assured them the soil was satisfactory. Councilman Long offered the following resolution and moved its adoption:

(RESOLUTION)

WHEREAS, bids were received by the City of Austin on December 13, 1966 for the construction of Oak Springs Branch Library; and,

WHEREAS, the bid of J.C. Evans Construction Co., Inc., in the sum of $167,435.00 for General Construction Contract; the bid of Brady Air Conditioning in the sum of $33,918.00 for heating, ventilating, air conditioning and plumbing construction; and the bid of J & J Electric Company in the sum of $20,447.00 for electrical construction, were the lowest and best bids therefor, and the acceptance of such bids has been recommended by the Supervising Engineer, Construction Engineering Division of the City of Austin, and by the City Manager; Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASUTIN:

That the bids of J.C. Evans Construction Co., Inc., Brady Air Conditioning and J & J Electric Company, Inc., in the sums recited above, be and the same are hereby accepted, and that W. T. Williams, Jr., City Manager of the City of Austin, be and he is hereby authorized to execute contracts on behalf of the City with said companies.

The motion, seconded by Councilman LaRue, carried by the following vote:
Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

Mayor Palmer introduced the following ordinance:

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO A CERTAIN CONTRACT WITH ACE BUILT HOMES, INC. FOR THE APPROPRIATION OF MONEY PAID TO THE CITY OF AUSTIN UNDER SUCH CONTRACT; AND DECLARING AN EMERGENCY.

The City Manager explained this was the subdivision which Mr. McCandless is developing on land he purchased from the City at an auction. The refund contract is regular in all respects; but in connection with the sale of the property, there were certain conditions placed on the purchaser and certain things the City was to do in connection with later development; and one of those was participation in a water line on boundary streets. The total amount is $64,275.00, and the City will participate in water lines, to the extent of $2,858.78 and sewer lines $1,475.78, and the amount of the refund contract would be around $59,940.00.

The ordinance was read the first time and Councilman Shanks moved that the rule be suspended and the ordinance passed to its second reading. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The ordinance was read the second time and Councilman Shanks moved that the rule be suspended and the ordinance passed to its third reading. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The ordinance was read the third time and Councilman Shanks moved that the ordinance be finally passed. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Mayor announced that the ordinance had been finally passed.

MR. SAM R. PERRY, represented MR. J. R. SLOVER, President, Manor Apartments, Inc. and distributed a memorandum and five exhibits, stating Lot No. 2 (Shown as Tract 1 on the plat he submitted - on file in City Clerk's Office - Contract File No. 1937-C) was rezoned with a restrictive covenant that no more than 61 apartment units would be constructed on Lot 2. Subsequently, a tract of land adjoining, designated as Tract 2, was acquired, and the area was resubdivided, Tracts 1 and 2 becoming Lot 2 of the resubdivision. Tract 2 was rezoned "B" 2nd Height and Area with no restriction. Mr. Slover proposes to build 24 apartment units on what had been designated as Tract 2. Mr. Perry said it was the position of the Building Official that by virtue of the resubdivision whereby the two tracts were combined, the restrictions placed on Tract 1 would apply and would prevent the construction of 24 units on Tract 2. The 48 units on Tract 1 plus the proposed 24 would make an excess of 61. Mr. Perry said their position was the restriction was placed on Tract 1 and would not apply to the additional land purchased later and resubdivided. The City Attorney stated access to the 23 apartments on Tract 2 would be on Tract 1. The Building Official stated restrictions were placed on Lot 2 that units would not exceed 61. The Mayor explained the question at the time of zoning was the density; but now with the additional land area, and access it would be appropriate to reconsider the matter. The City Attorney explained it was the faithfulness of the Building Official to maintain the Council's wishes and he did not want to make a different interpretation. After discussion, Councilman White moved to authorize the filing of a revised restriction covering 72 units for the resubdivided tract. The motion, seconded by Councilman Shanks, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Building Official stated a special permit would still need to be obtained.

The City Manager said it was proposed to sell the remainder of the 1960 bond authority for Revenue Bonds, and the Bond Consultant had reviewed this proposal. The 1960 issue was programmed to last five years, and it has worked out that the last of the issue will be sold in the seventh year. Councilman Shanks offered the following resolution and moved its adoption:

(RESOLUTION)

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

That the City Manager be and he is hereby authorized and directed to advertise for bids on the sale of bonds of the City of Austin at 10:00 A.M. February 9, 1967, as follows:

Electric Light and Power System Revenue Bonds, authorized at an election August 6, 1960	$2,700,000.00
Waterworks Revenue Bonds, authorized at an election August 6, 1960	$3,200,000.00
Sewer System Revenue Bonds, authorized at an election August 6, 1960	$2,100,000.00
Revenue Bonds Total	$8,000,000.00

Advertisements for such bids shall be in the usual and customary form and shall be published at least once in The Austin Statesman, Austin, Texas, and in The Bond Buyer, New York, New York, and in addition shall be given such circulation as will invite attention to the proposed sale. The right shall be reserved to the City of Austin to reject any and all bids, and advertisements shall direct the filing of sealed bids to be opened by the City Council at a regular meeting held for such purpose in the City Hall at the time and date hereinbefore set forth.

The motion, seconded by Councilman White, carried by the following vote:
Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

Councilman LaRue moved to grant the requested permit for the parade. (For the Governor's Inaugural Ceremonies) The motion, seconded by Councilman Long, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Council had received a memorandum reporting on limited bus service between Bergstrom Air Force Base and Downtown Austin, on information that the Austin Transit Company had no objections as it could not provide that type of service, and that the Staff Transportation Officer of Bergstrom Air Force Base had written in that this would be in accord with Base Regulations and would be a convenience to base personnel. The City Attorney stated under the licensing ordinance, recently passed, the applicant had to provide insurance and make certain reports. Councilman Long was interested in establishing a maximum charge. The City Attorney stated the Council had asked for this report, and it would be necessary for MR. JOSEPH E. TAKACS now to file a formal application. Councilman Long suggested that he proceed with his application as the Council looked upon the request with favor.

MAYOR PALMER said the Council was supplied late last Thursday with additional requested statistics of the taxicab companies. (ROY'S TAXI CAB COMPANY, HARLEM CAB COMPANY, and the YELLOW CAB COMPANY and CHECKER CAB COMPANY which had filed previously)

Mayor Palmer introduced the following ordinance:

> AN ORDINANCE AMENDING THAT ORDINANCE ENTITLED "AN ORDINANCE REGULATING TAXICAB SERVICES IN THE CITY OF AUSTIN AND PRESCRIBING RULES AND STANDARDS FOR THE OPERATION AND CONTROL OF SUCH SERVICES IN THE PUBLIC INTEREST; PROVIDING FOR THE GRANTING OF FRANCHISES FOR TAXICAB SERVICES AND CREATING THE TAXICAB FRANCHISE COMMISSION; REQUIRING THE REGISTRATION OF ALL DRIVERS OF TAXICABS; REQUIRING THE INSTALLATION OF TAXIMETERS ON ALL TAXICABS AND FIXING MAXIMUM FARES; PROVIDING FOR ADMINISTRATION AND ENFORCEMENT OF THIS ORDINANCE REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH; PROVIDING A SAVING CLAUSE; PRESCRIBING PENALTIES FOR VIOLATION OF THIS ORDINANCE; AND DECLARING AN EMERGENCY," RECORDED IN BOOK "P", PAGES 321-345, OF THE ORDINANCE RECORDS OF THE CITY OF AUSTIN, BY AMENDING SECTION 34, THEREOF PERTAINING TO TAXICAB FARES.

The ordinance was read the first time and Councilman LaRue moved that the ordinance be passed to its second reading. The motion, seconded by Councilman Long, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, Mayor Palmer
Noes: None
Not in Council Room when roll was called: Councilman White

The Council postponed appointing the auditors until the following week.

Councilman Long moved that the Council recess until 2:30 P.M. The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

RECESSED MEETING 2:30 P.M.

Councilman White was absent.

At 2:30 P.M. the Council resumed its business.

The Council heard a report on the Community Renewal Program.

Mayor Palmer welcomed the large number of Austin citizens present to hear this report on a matter which so vitally affects the long range planning of Austin, and stated this report would be concerned primarily with the areas that will be affected in the Urban Renewal Plan.

MR. HOYLE OSBORNE, Director of Planning, made the report stating it was not complete, but was ready for the Council for their criticism and comments; and also for the public. He recognized those who had worked on the project, the Building Official, MR. DICK JORDAN; Director of Water Utilities, MR. VIC SCHMIDT; Director of Public Works, MR. REUBEN ROUNTREE; and a number of City Departments and staff people; Planning Consultant, ERLING HELLAND; Associate Sociological Consultant, BILL HAZZARD; Architects and Design Consultants, BOB HARRIS and TOM SHEFFLEMAN; and the Economics Consultant, MARTIN HOFFMAN; and from the Planning Staff, MRS. HELEN MITCHELL, MR. DICK LILLY, and MRS. EVELYN BUTLER and others. Information had been furnished from the Chamber of Commerce, Bureau of Business Research, developers and many private and professional sources. He said this report today was in the first draft stage and dealt with Urban Renewal and Code Enforcement. The final report ultimately will be published. He asked for comments and information from the public.

Reviewed first was the Chart, Nature of Community Development, which concerned redevelopment including private redevelopment, State, University activities Highway construction, etc. Renewal is developing a program related to the resources in the community, including identification of slums and blight, evaluation of economic structure and projection of the economic pattern in the community; population factors, social and cultural factors; physical development and design features; finances; and scheduling of renewal and redevelopment activities; and establishment of goals. This study included data on population, transportation; financing and housing, economics, employment, hospitals, and social and economic structure.

Statistics were given on population increases from 1960 to 1985; on employment distribution of income; and on housing. Statistics on number of housing, percentage of deterioration and dilapidation, and number of low cost houses and apartment rentals were given, indicating the production of low cost housing units either for rental or for sale is very limited.

Under Urban Renewal, the Planning Director, listed the five projects, and the relocation loan as follows:

	Units	Relocation
Kealing Project	275	154
Glen Oaks	504	497
Blackshear	380	360
Brackenridge	480	320
University East	1172	871

He displayed a map showing the location of the urban renewal projects, and the area under the Code Enforcement.

The Planning Director discussed the Community Development Program, and the Renewal and Code Enforcement Phase, pointing out in the ten year period through 1976 there will be nine projects plus four Code Enforcement Projects, and listed the priorities, Phase I, subject to alternatives and decisions of desirability to the community as follows:

Community Development Plan	Code Enforcement
Glen Oaks No. II	Meadow Brooks
Tenth Ward, 1st part	Deloney and Hyde Park Area
South 1st Street and Bouldin Creek	Hyde Park north of 45th in the vicinity of Duval
Ledesma	Bouldin Creek East and Montopolis area
Downtown General Neighborhood Renewal Program (Planning and Surveying)	
Rainey Project	
Tenth Ward, 2nd part	
Prospect	
Montopolis area	

Areas in the second phase, from 1977-85 were listed.

In addition to Urban Renewal and Code Enforcement activities, there will be other relocation needs during these periods due to highway construction, fires, private development, conversion of buildings, resulting in a loss of 1200 houses in the first 10 year period. In the next eight year period, about 3,200 houses will be eliminated, due primarily to the extensive highway development, after 1976. During the next 18 years, 13,000 families, or 52,000 individuals will need to be relocated.

He summarized the cost of Code Enforcement and Urban Renewal Projects as follows:

Gross	$102,095,000
Net Project Costs	54,000,000
Local Share	18,000,000
Non cash or local grants	14,600,000
Cash outlay	3,500,000

A total of 6500 acres in Renewal and Code Enforcement projects are involved.

The major concern was housing and what could be done. The Planning Director said it had been demonstrated that 3,800 dwelling units a year could be produced. Over the next 18 years, there will be needed 3000-3500 moderate and higher cost units and 300-600 lower cost units. Costs could be affected by row houses, or town houses; but the cost of housing will not be significantly reduced over the next 15 years, as land costs and development will increase. He listed the variety of Federal programs and the City's refund contract policy as aids but housing problems are still not being solved, due to continued deterioration, income level, etc. He suggested a possible solution on a local level--the guaranteeing or insuring private low cost housing loans possibly through the formation of some form of non profit corporations, which probably would involve local banks, mortgage companies, businesses, or perhaps the City. He pointed out

there were certain individuals and certain kinds of families which are not able to obtain loans through the customary services to rehabilitate their homes. The recommendation included the extension of refund policies or actual participation of the City in providing utilities, streets and drainage in low cost housing subdivisions. In certain critical kinds of cases, the City would actually subdivide the land and sell the lots for low cost houses on a private basis. These are problems in Austin as well as in other communities.

The Mayor discussed Code Enforcement and asked for a clear explanation of what was being done. The Building Official explained the two categories in Code Enforcement--the deteriorated houses, and those that need demolishing. He explained when the Council declares an area as a Code Enforcement Project, the people living in the area are entitled to certain benefits. Low cost loans for rehabilitation can be obtained; public improvements can be put in with Federal assistance, etc. This program is set up to solve today's renewal and redevelopment problem, but does not include the future deterioration.

The discussion was opened to the public.

MR. HALSEY TICHENOR inquired why there were so few units in the low cost homes when so many were being relocated. The Director of Planning explained there would be income modifications where families would move from the low echelon into the moderate cost houses, and many of the families would move into "used" houses. There is not an attempt to produce enough brand new houses to take care of the low income displacement. Various inquiries were discussed. MRS. SAUER was interested in figures of those being relocated, who were home owners and tenants. It was stated in the first 10 year period there are 3214 owners and 22,166 tenants. Mayor Palmer mentioned the 1100 student relocation which seemed to present no problem. Former Councilman HUB BECHTOL asked about transportation problems brought about by the student relocation. It was stated the transportation solution was not included in this study, and a report on this would be forthcoming. MR. HARMON HODGES, Austin Housing Authority was present. MRS. ELOISE MILLER and MR. BOB MORGAN inquired about the status of the University East Urban Renewal, and the percentage of dilapidation in that area. The Planning Director said there were 55% dilapidation and deterioration and about 60% tenant occupants. In answer to MR. F. A. LAWRENCE'S question, the Planning Director stated about 300-500 new units would be needed per year. MRS. MITCHELL reported on the relocation efforts, particularly to relocate people in the same area. MR. HERMAN NEUSCH asked about human relation problems that might be involved in relocations. The Planning Director said a report on these features would be made soon and that a sociological study was a part of the program. It had been found a very high percentage of these people wanted to own their own homes; generally there was a desire to remain in the area; some people followed racial and ethnical patterns, some did not. He pointed out one problem was that of the elderly people in all races. MR. LAWRENCE asked about zoning in the Urban Renewal projects, and this was explained that zoning was included in the development plan. MRS. HOLLY B. BROWN inquired about the persons who were unable to purchase homes. The Planning Director discussed this, stating the elderly would be faced with this problem and the lowest income group would turn to public housing. Another alternative would be rent supplement where private houses could be utilized. MAYOR PALMER said one basic principle of the whole program was in the event a person could not be relocated in a better house within his means to pay, he could not be moved. A newcomer from New Haven commented on the "Model City" program there. Councilman LaRue noted $350,000,000 had been expended in ten years on that renewal program.

The Planning Director displayed a map of all the various projects. Mayor Palmer inquired about the status of the downtown area. The Planning Director said this area would be eligible under the new law, and a report would be made to the Council on this. He said more housing was needed in downtown Austin, perhaps some row houses or town houses. The downtown project is estimated at $25,000,000. Besides the cost, staff problems in relation to housing and relocation problems would be involved. MR. WESLEY PEARSON, Urban Renewal Board, stated there were a limited number of projects under way, and it is up to the citizens of Austin and the City Council to implement recommendations from the Planning Department; then the Urban Renewal Agency would try to implement the program in accordance to the wishes of the Council and the people. He asked the Planning Director to give the status time wise of the projects now under way. The Planning Director reviewed each of the projects as it stands in a near completion stage or in the survey and planning stage. He stated there was about $60-$80 million dollars of private construction generally each year.

MR. DAVID BARROW said it occurred to him that there is some danger in looking to the Federal Government for all of the money, and that more thought should be given to inserting private interest and private initiative into this matter. He suggested that some new group of private businessmen could look at these projects with the Urban Renewal people with a veiw of seeing what the best use of the property might be. It would save money and help build up the city. A specific suggestion was that the Council should subsidize subdivisions in the low cost areas. It costs as much to put in the paving and utilities in the low cost subdivisions as in the others.

The Mayor summarized the matter, stating this is one phase of the Community Development Program, and that economic, sociological and architectural studies had been made. He inquired about the date the entire concept would be in shape. The Planning Director stated it was desirable to incorporate the contradictions or problems, etc., before the plan is printed which will be in about three months. In answer to Councilman Long's and CouncilmanLaRue's inquiries, the Building Official reported the intensive code enforcement should begin within the next 60 days; and with the regular code enforcement that has been going on, his office had received good cooperation. Mayor Palmer thanked the citizens for attending this meeting and stated if they had any suggestions to call MR. OSBORNE.

The City Manager said the Council had authorized him to sign a grant agreement with the Federal Government by the terms of which $1,500,000 would be received for construction of Water Treatment Plant No. 3. The grant agreement had been reviewed thoroughly by the Legal Department and some changes in wording were suggested and returned the document to the Fort Worth office which incorporated these changes. A resolution authorizing the execution of this "revised" contract is necessary. Councilman LaRue offered the following resolution and moved its adoption:

(RESOLUTION)

RESOLUTION AUTHORIZING EXECUTION OF REVISED GRANT AGREEMENT

WHEREAS, The City of Austin, Texas, organized and existing under and by virtue of the laws of the State of Texas, herein called the 'Applicant", has heretofore submitted an application to the United States of America, acting by and through the Secretary of Housing and Urban Development, herein called the "Government", for a grant under Section 702 of the Housing and Urban Development Act of 1965, for the purposes designated in the said application; and,

WHEREAS, the Government has approved the said application subject to certain conditions and has submitted to the Applicant a certain Revised Grant Agreement dated as of December 8, 1966, herein called the "Grant Agreement", for approval and execution by the Applicant, which said Grant Agreement is satisfactory;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL of the Applicant that the said Grant Agreement, a copy of which is attached hereto, be and the same is hereby approved. The City Manager is hereby authorized and directed to execute the said Grant Agreement in the name and on behalf of the Applicant, in as many counterparts as may be necessary, and the City Clerk is hereby authorized and directed to affix or impress the official seal of the Applicant thereon and to attest the same. The proper officer is directed to forward the said executed counterparts of the said Grant Agreement to the Government, together with such other documents evidencing the approval and authorization to execute the same as may be required by the Government.

The motion, seconded by Councilman Shanks, carried by the following vote:
Ayes: Councilmen LaRue, Long, Shanks, Mayor Palmer
Noes: None
Absent: Councilman White

The City Manager distributed a report on the Roberts Brothers' request to remove vegetation from the site there the I.B.M. office would be located on Lamar Boulevard. The request was referred to the Recreation Board and the Parks and Recreation Department. The Recreation Director had discussed this with Mr. Bob Bright suggesting that he come up with a general proposal of what they would do and review that with the Parks and Recreation and come back to the Council. It is now left up to Mr. Bright and his client as to what they propose and the Board and Recreation Department will pass on it and send it to the Council.

After discussion on the request of Dr. McAllister about certain property on Greenwood Avenue, Councilman Long moved that until such time as Pershing Drive is cut through, that no property be disposed of. The motion, seconded by Councilman Shanks, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, Mayor Palmer
Noes: None
Absent: Councilman White

The City Attorney said he would have a report on a real estate proposal on Lamar Boulevard between 25th and 26th Streets by next week.

MAYOR PALMER read a letter from the CREST MOTOR INN commending the Fire Department on its prompt and efficient manner in responding to their call of this date and stating that knowing what to expect from the Austin firemen is a definite comfort.

MAYOR PALMER noted that each member of the Council received a report from the Austin Equal Citizenship Corporation along with the Agenda.

The Mayor reappointed MRS. LOUISE HAYNIE and MR. HUBERT JONES to the Austin Housing Authority for a two year term extending to December 23, 1968.

MAYOR PALMER read the following letter:

"December 13, 1966

"Mayor Lester Palmer
Municipal Building
124 West 8th
Austin, Texas

"Dear Mayor Palmer:

"Last week I had occasion to accompany a young graduate student to the Night Corporation Court of Austin in order to plead not guilty on a moving traffic violation. The young lady was convinced that she was not guilty of the offense and since it would have been the only one on her record, she chose to plead her case in court. This is the first chance I have had to see our Night Court in action, and I wanted you to know that it made me very proud of our fine city when I saw the procedure. The officer who was a witness handled himself with poise and in a very professional manner; and the attorney representing the city did the same. Judge Williams gave the case his undivided attention and conducted the court in a manner befitting any court at any level in our land.

"Through the years many of us have many reasons to be proud of the kind of city government we have in Austin, and I just wanted you to know that I have another reason to take pride in what you and so many others are doing for those of us who live here. This young lady I mentioned resides in Fort Worth and although she was extremely frightened at the prospect of court, she came away with a feeling of real respect for the way we do things in Austin. I just wanted to take this opportunity to say thanks.

"Sincerely,
s/ Jitter
C.C. Nolen
Associate Director"

Councilman Shanks said he would deliver a copy of this letter to the press. Councilman LaRue moved that this letter be made a matter of record and a copy be sent to JUDGE WILLIAMS. The motion, seconded by Councilman Long, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, Mayor Palmer
Noes: None
Absent: Councilman White

MAYOR PALMER read a letter from MR. LLOYD W. PAYNE expressing appreciation to the Council in its assistance to the South Austin Optimist Club in providing for a ball park in Zilker Park.

MAYOR PALMER read a letter from MR. TELFORD FERGUSON on the Howard Brunson special permit.

COUNCILMAN LaRUE had a letter from the Advisory Committee Information and Referral Center No. 3, a part of the O.E.O. Program, at 1309 East 12th Street, setting out in writing some suggestions made by many people at a meeting sometime ago. He outlined their requests:

Need of street lights and marking of school crossings on 12th Street, Cedar, Hargrave and Harvey (Anderson, Oak Springs and Rosewood Schools)

Request for street lights at Chestnut Street and 12th; Chestnut and 19th; and Chicon and 19th.

Request for placing street lights in the middle of long blocks.

Requesting strict enforcement of ordinance requiring cleaning and clearing of lots.

Councilman LaRue referred the letter to the City Manager who could give some information on these requests.

The City Manager confirmed the Council Meeting date during Christmas week to be held on the regular day.

There being no further business Councilman LaRue moved that the Council adjourn. The motion, seconded by Councilman Long, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, Mayor Palmer
Noes: None
Absent: Councilman White

The Council adjourned at 4:45 P.M. subject to the call of the Mayor.

APPROVED _____
Mayor

ATTEST:

_____
City Clerk