

MINUTES OF THE CITY COUNCIL
CITY OF AUSTIN, TEXAS
Special Called Council Meeting
September 30, 1981
12:00 Noon

Council Chambers
301 West Second Street

The meeting was called to order with Mayor McClellan presiding.

Roll Call:

Present: Mayor McClellan, Councilmembers Deuser, Goodman, Mullen,
Urdu

Absent: Mayor Pro Tem Trevino, Councilmember Duncan

Mayor McClellan announced, "The purpose of this meeting is to receive bids on our \$43,000,000 City of Austin, Texas Utility System Revenue Bonds, Series 10 and, \$8,000,000 City of Austin, Texas General Obligation Bonds, Series 263." She also noted Council has a resolution to consider concerning invoking the three-fourths rule and increasing the membership of the Board of Directors of the Travis County Appraisal District to nine members.

Mr. Sheps said he is pleased with the bids. Although there are only two on the Utility Bonds but "I think they are pretty good bids compared to what I was expecting. We would have all fallen over backwards if we had these figures in front of us three months ago."

Mayor McClellan introduced the following ordinance:

AN ORDINANCE SETTING STATE OF SALE OF \$43,000,000 "CITY OF AUSTIN, TEXAS, UTILITY SYSTEM REVENUE BONDS, SERIES 10" AND \$8,000,000 "CITY OF AUSTIN, TEXAS, GENERAL OBLIGATION BONDS, SERIES 263," AND AUTHORIZING THE GIVING OF NOTICE OF PUBLIC SALE OF SAID BONDS; ENACTING PROVISIONS INCIDENT AND RELATING TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE AND DECLARING AN EMERGENCY.

Councilmember Mullen moved that the Council waive the requirement for three reading, declare an emergency and finally pass the ordinance effective immediately. The motion, seconded by Mayor McClellan, carried by the following vote:

Ayes: Councilmembers Goodman, Mullen, Urdy, Mayor McClellan,
Councilmember Deuser

Noes: None

Absent: Mayor Pro Tem Trevino, Councilmember Duncan

The Mayor announced that the ordinance had finally been passed.

At the time of the voting, Councilmember Goodman registered his objections to the South Texas Nuclear Project.

Mr. Curtis Adrian, Austin's Financial Advisor, stated, "I have placed before you a Dow-Jones average sheet which goes to the year 1975. These are weekly averages. I thought it would be of interest to the Council to see what has happened during 1981. Beginning the first week in January the Dow Jones interest rate was 10.53 and this week it is 13.43. Even though the bonds sold at a rate of interest we would have liked to have seen better, but as you see it is well within Dow-Jones averages, as has been the case through the years Austin enjoys a good market in their bonds and this reduced to dollars for the total interest cost versus Dow-Jones averages on the General Obligation Bonds this represents a savings of \$1,959,000, 2.39 basis points under Dow-Jones averages. On the Revenue Bonds the difference in interest cost of your sale today and Dow-Jones represents \$5,863,688. This is .66 basis points difference. These are good sales in the current market. I congratulate the City on another good sale. My recommendation would be, as you have done and as your financial advisor, would be to award the sale of the bonds."

Mr. Phil Scheps, Director of Finance, referred Council to the list of bids received as follows:

General Obligation Bonds, Series 263

BIDDER	TRUE INTEREST COST
First Nat'l Bank in Dallas	11.0373
Consortium lead by Republic Bank Dallas	11.15142705
Merrill Lynch White Weld Capital Markets Group	11.1650
First Boston Corporation	11.215520
Bache Halsey Stuart Shields, Inc.	11.2463
Morgan Guaranty Trust	11.3340

Utility System Revenue Bonds, Series 10

BIDDER	TRUE INTEREST COST
Bache Halsey Stuart Shields, Inc.	12.771076
Lehman Brothers Kuhn Loeb, Inc.	12.9726

Mr. Scheps said all of the rates have been confirmed with the low rate for GO bonds provided by First National Bank in Dallas and low rate for Revenue Bonds provided by Bache Halsey Stuart Shields. "I need to tell you about a problem we had. The way these bids are prepared, they are prepared in New York and flown down under the auspices of the company preparing it and in this case Bache called a representative at City Bank, I believe. They made an error on their bid and submitted us a bid form which was a rate they now say they did not intend. I've given you copies of this. It is the Revenue Bonds and you see four coupons at 14% each. They intended those to be 14.5% each. The reason we discovered this is because the true interest cost rate they provide on the bid, 12.861548 is not a part of the bid. We set up our computer and compare these and came up with a discrepancy and in asking the Bache representative why our true interest cost rate didn't match his, we figured out they had just made a mistake on the telephone, was all it amounts to. I talked to the Bache people and they would like us to go back and change the bid. It makes a difference of about \$475,000.00 and it is in our favor the way it is now to accept the bid as provided. My recommendation is that we do just that. We do not have the legal flexibility to go back and make changes to the bid form after it has been turned in."

Mayor McClellan said, "I totally concur, there is no way you can read intentions on bid forms."

There was some discussion. Mr. Scheps said Mr. Curtis Adrian "called the people in Dallas and he feels like we would be making a mistake legally to even allow them to change the bid, even if we fully believe that it was purely a mistake, which I personally do." Mayor McClellan reiterated she does not think the bid can be changed and that their \$475,000.00 error is the City's gain.

Mayor McClellan said even though the interest rates look different than they did a few years ago, it looks better than she expected today. She told Council there was another item for consideration which follows.

TRAVIS COUNTY APPRAISAL DISTRICT

Council had before them a resolution invoking the three-fourths rule and increasing the membership of the Board of Directors of the Travis County Appraisal District to nine members.

Mayor McClellan said, "Realizing that the School District has not approved their resolution on the Tax Appraisal Board, Council I think we should go on record with a resolution approving the situation as is."

Motion

Councilmember Mullen moved that the Council adopt a resolution pursuant to Section 6.03 (b) of the Property Tax Code invoking the three-fourths (3/4) rule and increasing the membership of the Board of Directors of the Travis County Appraisal District to nine members, elected in accordance with the provisions of Section 6.03 of the Property Tax Code. The motion, seconded by Mayor McClellan, carried by the following vote:

Ayes: Councilmembers Deuser, Goodman, Mullen, Urdy, Mayor McClellan

Noes: None

Absent: Mayor Pro Tem Trevino, Councilmember Duncan

ADJOURNMENT

Council adjourned its meeting at 12:50 P.M.

APPROVED

Carole Keeton McClellan
Mayor

ATTEST:

Grace Monroe

City Clerk