

SPECIAL MEETING OF THE CITY COUNCIL
OF THE CITY OF SAN ANTONIO HELD IN
THE COUNCIL CHAMBER, CITY HALL, ON
WEDNESDAY, SEPTEMBER 17, 1975.

* * * *

75-55 The meeting was called to order at 2:00 P. M. by the presiding officer, Mayor Lila Cockrell, with the following members present: PYNDUS, BILLA, CISNEROS, BLACK, HARTMAN, ROHDE, TENIENTE, NIELSEN, COCKRELL; Absent: None.

75-55 The following discussion took place:

MAYOR LILA COCKRELL: Let's see, is the City Manager coming in? The meeting has been called to order and there is a quorum present, and we were waiting to see if the City Manager was available. Fine. The purpose of this meeting as was stated in the posted notice is the consideration of the sale, the enabling resolutions and so forth, relating to the sale and authorization of \$50 million worth of bonds for City Public Service. Mr. Granata, should we call first on our City Finance Director or how do you wish to proceed?

CITY MANAGER SAM GRANATA, JR.: Yes, I think Carl and then he will introduce Mr. Harris, and who's going to make the presentation, Carl? Mr. Harris or yourself? All right then Mr. Harris will you please come up and address the Council?

MAYOR COCKRELL: Let me announce this procedure. We have two citizens that have requested the opportunity to be recognized. We will have the staff report and I do wish to not only have the report of the attorney, I would like to have a definition of the staff report in terms of what is recommended by the City management and staff. Then after that time, I will hear the citizens and then we will hear any other comments. All right, Mr. Harris.

MR. RICHARD HARRIS: Thank you Mayor. I have prepared and have submitted to the Council my report in connection with my review of the proposed bond ordinance containing indentures for the new series revenue bonds. I have made copies of my report available to the representatives of City Public Service Board, and I understand that they made these available to the trustees for their review. The report, I think, speaks for itself. I would prefer that the Council ask any questions that it might have in connection with the report if that is satisfactory, or I would summarize it, Mayor, if the Council so desires.

MAYOR COCKRELL: All right, Mr. Granata, in terms of the reports of the consultant, have there been any further meetings to try to arrive at an understanding or meeting of the minds between the two staffs, and are there any areas where there are joint recommendations in terms of staff?

CITY MANAGER GRANATA: It is my understanding that the CPS staff and our staff met from 10:00 this morning until what time, Carl? Till about noon. Were there any points of understanding reached because I haven't had, ...and if there are and if you know what they are, Mr. Harris, will you point them out?

MR. HARRIS: Thank you, Mr. Granata, yes.

CITY MANAGER GRANATA: Then primarily, if you can, get to the points that you could not resolve and differentiate between the administrative or policy decisions that have to be made by the Council.

September 17, 1975

img

MR. HARRIS: Fine. Yes there were some areas that we discussed that we felt there is no controversy or disagreement between. Particularly in my report, I question those provisions of the ordinance that in effect require the approval of the Board of Trustees and the City Public Service Board to consent to the exercise by this Council of the right to redemption of outstanding bonds issued pursuant to this ordinance.

MAYOR COCKRELL: Now what page, will you kind of clue us in to the page so we can follow this?

MR. HARRIS: All right, I am referring to page....

MR. BOB BILLA: Are you referring to the draft, Mr. Harris?

MR. HARRIS: I'm sorry I'm looking at the final letter which I think was handed out to the Council just before the meeting started.

MAYOR COCKRELL: The one that we received this morning?

MR. BILLA: Was there a change?

MR. HARRIS: No, that's correct there has been no change between that and the draft which was originally submitted to the Council. On the bottom of page 2 where referring to Section 2 of the ordinance and also as I recall Section 6 of the ordinance which sets out the form of the bond, states that the City is authorized to redeem the bonds maturing in the years of 1987 through 1998 but that the redemption of the bonds must be approved both by resolution passed by the governing body of the City and approved by the Board of Trustees and City Public Service Board. Similar languages in Section 6. I think such language is probably required by virtue of the indenture of these old series bonds. The outstanding first lien bonds, but I think consensus agrees that we could modify the language in the present bond ordinance to provide and make it clear that once the old series bonds are called in and redeemed, then it will no longer be necessary to secure the approval of the redemption of the outstanding new series bonds. I think that we reached a consensus on that. I think generally we were able to reach a consensus on my objection to Section 18 of the ordinance governing the issuance of additional bonds. The ordinance drafted here is to indicate that it is a mandatory duty of this Council to issue bonds upon request and my suggestion is that this be modified to read that when a request for additional capital improvement funding is made by the Board of Trustees of City Public Service that this Council have the right to review that request and to issue such additional bonds that they feel are necessary after their review.

MAYOR COCKRELL: Now, was this point discussed with the staff?

MR. HARRIS: It was.

MAYOR COCKRELL: Was this one of the areas agreed to or not agreed to?

MR. HARRIS: As I recall a substantial agreement was reached on that.

MAYOR COCKRELL: I see. We will call on City Public Service to make their comments if they, particularly in the areas where they differ.

MR. HARRIS: The next section of my letter relating to flow of bonds is really not an objection and I don't think as I understand the situation, that has been agreed upon by representatives of the two staff before I was requested to review the ordinance.

MAYOR COCKRELL: It was something that was discussed actually between the Board chairman and myself. I would not say that the Council is bound

to it although I did request the comment of our Finance Director who said he thought it was acceptable. So based on that, I was certainly prepared to recommend it to the Council.

MR. HARRIS: Well, in that section of my report I merely comment on the difference in the flow of bonds between the old first lien indenture and this ordinance, no recommendation.

MAYOR COCKRELL: You did not mention the percentages in terms of the old percentage which required I think 12 1/2 per cent and the new of 6 per cent. I think you mentioned the new 6 per cent figure.

MR. HARRIS: That's correct.

MR. PHIL PYNDUS: Mayor Cockrell.

MAYOR COCKRELL: Yes, Mr. Pyndus.

MR. PYNDUS: There might have been a typographical error on your draft. I don't know if it's been cleared up on your final letter but on page 5 of your draft at the top with regard to the flow of bonds you have, "Fourth, to the payment of an amount equal to 6 per cent of the gross", and then further down about half of the page you have, "6 per cent of the net revenues".

MR. HARRIS: That's correct, that's just a typographical error.

MR. PYNDUS: That has been corrected on your latest report in letter form?

MR. HARRIS: No it has not.

MR. PYNDUS: I see, but that will be?

MR. HARRIS: We didn't catch that. One says net, one says gross. Six per cent of gross revenues.

CITY MANAGER GRANATA: It should be 6 per cent of the gross.

MAYOR COCKRELL: All right, specifically what areas need at this time additional policy consideration if any and where are we not in agreement?

MR. HARRIS: The two principle areas of non-agreement between, in the staff conference this morning really are areas that we cannot either agree or disagree on them because they would reflect policy decisions of this Council and they relate to principally Section 20 of the ordinance governing management and in that section there are actually two areas. The first area relates to nomination or selection of members of the Board of Trustees in the event vacancies occur which of course they will. Second relates to the power of the management to be delegated by this City Council to the Board of Trustees.

MAYOR COCKRELL: All right, will you review then the problems as you see them?

MR. HARRIS: Yes, I certainly will.

CITY MANAGER GRANATA: Mr. Harris, you'll be speaking on page 6 of your draft. I don't have your final copy. On page 16 of the proposed new indenture of the other report. Page 6 of the draft, I don't know hwere...and page 20 of the other document before you, page 16, excuse me, Section 20, I'm sorry.

MR. HARRIS: Section 20 and the draft ordinance that I have that will be page 19 of the ordinance.

MR. HARRIS: That's correct. That's the section we're discussing. Now, the Management of the System is governed generally by Article 1115 Texas Civil Statutes. This statute authorizes a City to either exercise the management and control of its utility systems during the periods that these systems are encumbered such as through the issuance of a bond ordinance containing a bond indenture and one or two maps. The statute provides that the systems can be managed by the City Council or it can be managed by a board of trustees to be named in the encumbrance contract which is this ordinance we're considering, by a board of not more than five members, one of whom should be the Mayor of the City, which is of course the manner in which the system is presently managed. The statute provides that the Council can do one of several things.

If it determines that the system shall be managed by a Board of Trustees, it enumerates what options the Council have. Generally, they are as follows. The Council can determine the compensation of the trustees. They can determine, the Council can determine in the contract of encumbrance the terms of office of the Board of trustees. Their powers and duties, the manner that the Board of Trustees shall exercise these powers, the method of election of the successors on the Board of Trustees and any other matters that may pertain to their organization and duties which may be specified in the contract. The statute further provides that those matters that are not specified in the contract shall be governed by the laws and rules that generally govern the Council. The ordinance is written, of course, generally just tends to delegate all powers that this Council might have to manage the system to the Board. In my letter I have made no recommendations. I think it would be presumptuous of me to do so, but I have pointed out to the Council the matters contained in Article 1115 and have explained in my report that it is the prerogative of this Council to determine what management responsibilities it wishes to delegate to the Board of Trustees in the indenture as well as if the Council "so desires any limitations this Council...inaudible. This is purely a policy matter to be determined by the Council.

MAYOR COCKRELL: Specifically, what are some of the areas that you would be talking about? In other words, under the present system we operate under, with all of our utilities under the Board System where the Board is empowered to manage the systems, and now other than just the standard management, what other areas would there be involved?

MR. HARRIS: Well, again, that would depend upon the policy of the Council, but I can mention some of the things. For example, if this Council does determine that the gas and electric utilities of the City shall be in the future continued under the management of a Board of Trustees, the City Public Service Board, then certainly the Council should delegate to this Board the powers necessary for the effective management of the system. This is one factor that would be considered as I pointed out in my report, by the rating agencies that are going to rate the bonds. You can't organize a Board and not give them any power. Beyond that point, once this Council determines what powers it must of necessity give the Board of Trustees to effectively manage the system then the Council can determine what checks, powers of review, or other matters of this nature this Council would wish to reserve, if they wish to reserve any.

MAYOR COCKRELL: Well, it would just seem to me that that the entire discussion up to this point has been predicated on the fact that the Board system would be continued, and that the point that was up for discussion was simply the manner in which the Board of Trustees were to be appointed, and beyond that I need some further definition from you of what further there is in question.

MR. HARRIS: All right, I, of course, have not recommended any changes in what's been discussed so far. The method of governing the system is a policy decision of the Council. In reviewing the proposed ordinance, I merely have pointed out the possibilities, without recommendation. That would not be within my prerogative.

MAYOR COCKRELL: Mr. Hartman, would you like to ask a question?

MR. GLEN HARTMAN: Mr. Harris, as I understand you, you're saying, in effect, that statutorily this Council if it so wishes could elect to dissolve the Board of Trustees of the City Public Service Board at the time that the current indenture expires? Am I understanding you correctly?

MR. HARRIS: That's correct.

MR. HARTMAN: Under the statutes, we can elect to 1984, the present CPSB?

MR. HARRIS: That's correct. That could be done if the Council elected to manage it. The Council could theoretically elect to manage the gas and electric utility as an administrative branch of the City. Some larger cities do that. I think Los Angeles.

MR. HARTMAN: Austin, Texas, does.

MAYOR COCKRELL: Mr. Granata, is there any staff recommendation that the City take over the City Public Service as an administrative department?

CITY MANAGER GRANATA: Not to my knowledge, there's never been that kind of a recommendation that we take over it. No, madam.

MAYOR COCKRELL: I just wanted to clarify that.

MR. AL ROHDE: Mayor, do we want to go into this line of thought? I'd like to stay on the thoughts that were made here, and not try to look down the line that far.

MAYOR COCKRELL: Mr. Pyndus.

MR. PHIL PYNDUS: I'm concerned with regard to this new statute on the book that was passed by the last legislature. Now, if we follow the present current manner of keeping the Board of Trustees in complete management of the system, and we change the manner of selection, or if we do not change the manner of selection of trustees, will we be in conflict with the new legislative act that would bring our Board of Trustees under the State Utilities Act? If we do not change the method of selection, will we be brought under that act automatically?

MR. HARRIS: As I interpret the language of the Public Utility Regulatory Act, the utility is already under the act by virtue of the definition of public utilities. Unless the statute is either amended at a later date, the utility act or that portion setting the artificial designation date of May 1, 1975, is determined to be invalid, that you would be under the act now.

MR. PYNDUS: May I ask you this question? Would you recommend that we change the selection of our trustees in order to circumvent that act if it's possible?

MR. HARRIS: As I pointed out in my report that the Council might want to consider the possibility of reserving in the ordinance the right to change the method of appointments specified in the ordinance at this time. If by doing so, at a later date the Council could effectively remove the electric and gas utility system from the operation of the act.

In other words, I'm not suggesting any change in the method of appointment at all, but I'm suggesting that there might be, possibly be a reservation, the right to change at a later date. If you do not reserve it at this time, then you cannot change it so long as these bonds...

MR. PYNDUS: Mayor Cockrell, the answer I received and it kind of alarms me is the fact that our utility will go under the State Act, if we do not change the method of appointment of trustees, and certainly I...

MAYOR COCKRELL: Do you mean, are you talking in the future or now?

MR. PYNDUS: Now.

MAYOR COCKRELL: They're already under the act now. They're under the act now. That's not what we were talking about, of course, in this ordinance.

MR. PYNDUS: As of May 1, 1975, those that have not been changed, and this is several months later. Now, under the new liens, if we changed it would this make it effective this date, rather than have to wait nine years anyway?

MAYOR COCKRELL: You'd have to wait until the old bonds were retired, whenever that is.

MR. HARRIS: Excuse me, Mayor, I did not mean to interrupt you. Beyond that I think that you would not only have to wait until the old series bonds are redeemed, but also it would probably require an amendment of the Public Utility Regulatory Act, because it locks you in based upon your status as of May 1, 1975, with no option of later changing and then releasing yourselves from the coverage of the act. But that's a very harsh section which upon reading appeared that it would apply only to San Antonio's gas and utility system and possibly might be later changed by the legislature.

MAYOR COCKRELL: Let me clarify and try to help us define the area that we have under discussion. It is my strong position and I just want to find out if there's any disagreement on this point. I strongly support the continuation of a separate board managing the utilities, and particularly in this case of the City Public Service. As you know, I have strongly worked and supported the concept, that the City Council should have more of a role in helping to select the Board of Trustees, but I in no way wish to change the fact that we have a Board and Management of the Utilities. I think with the complexities that this City Council has to be responsible for to try to undertake in addition utility management would just be a totally impossible task, and I want to know if there's any disagreement on that point since the issue has been raised.

MR. HARTMAN: Yes, madam Mayor, I would not be able to state that I would strongly support, you know, for all hereafter the operation of the electric and gas utility by a Board. I would certainly like and I think it would be absolutely essential that we recognize that we may want to exercise an option of changing that, and I think it should be so that we should reserve that option within this Ordinance. When you state that the Council would be undertaking the management of this utility, it would be no more so than the fact that the Council undertakes the management of the Public Works Department and with regard to the specific management area. In other words, it would mean that the policy decisions which have now been delegated to the CPSB, would be reassumed by the Council. I would and that doesn't particularly frighten me as a policy board. I'm saying merely that I would like to reserve that opportunity to hold that option open. I think it should be seriously considered.

MAYOR COCKRELL: Let's see, Reverend Black was next I believe.

REV. CLAUDE W. BLACK: While I certainly would support the idea of the board management at this time, I have a similar concern that we would not lock in other Councils to the decisions that we are making now. I think it's extremely important that in a future such as we have confronting us, a future that has so many uncertainties in the area of utilities, in the area of energy, so many areas at which there is a diversity of input in terms of what can happen that we should put forth a very special effort to see that the citizens are protected with options and this does not mean that we are now taking, but we are allowing them. I think the very fact that we are faced with a problem that we are faced now is that we were locked into a situation in which there were no, the options were very limited. So, I would certainly think in this revision that one of the concerns that we would have is that those who follow after us in an area that is so nebulous as the whole energy area that they would have options in this whole matter.

MAYOR COCKRELL: Mr. Pyndus.

MR. PYNDUS: I would second your comments, Mayor Cockrell and I would speak contrary to Councilman Hartman and Councilman Black's opinions. I feel that the energy question is a technical one and I think that there is no question that our Board of Trustees is competent and in fact, I don't know if we can legally change the setup of the Board of Trustees without endangering the indenture or the second lien bonds. I'm not sure of that fact but regardless of that fact, I think the utility is one that requires expertise; it requires experience beyond the knowledge of Council people that are elected every two years on a part-time basis and I wholeheartedly support the fact that we must maintain this Board of Trustees operation.

MR. RICHARD TENIENTE: Mrs. Cockrell, I'd like to have the City Attorney answer some of the concerns that Mr. Pyndus brought out because if bonds are in danger and I would certainly have reservations. I don't see that as it has been presented here today but if they are in danger, I'd like to find out. If not, I'd like to have him hear from the attorney.

ACTING CITY ATTORNEY JIM PARKER: It will not endanger the old bonds that are outstanding at the present time. What you're talking about is a new set of bonds that goes forward from that point on.

MR. TENIENTE: I think I understand it but I just wanted to hear this.

MR. PARKER: They were not endangered. Now if you're talking about marketability or something else, now that's something else.

MR. TENIENTE: I wanted to hear it again.

MR. PARKER: From the legal viewpoint, it will not impair those other bonds.

MR. TENIENTE: I don't think, my position is that I want to take over the entire utilities and the Transit Company and the whole thing, Water Board and all, but I think that there is definitely a situation at this point that has been cleared up in the discussion by Mr. Hartman and Reverend Black. I would have to look at that, in that direction before I would decide. I certainly want to go in that area before I, and knowing that there is no danger to the bonds.

MR. PARKER: What in effect you're doing is setting up rules that are to be followed when the other indenture terminates in effect.

MAYOR COCKRELL: All right, now then, several, we have not gone all the way around. Several members have expressed interest in the possible future options. Now how do you see this as being possible? May I ask the City Attorney?

MR. PARKER: I'm sorry, Mrs. Cockrell....

MAYOR COCKRELL: Yes, I said several Council members appear to have responded to Mr. Harris' comments that perhaps had some staff origin to that there might be future options reserved for future councils. Now how do you see that as being...?

MR. PARKER: That would be the wording or whatever the new indenture or the new ordinance would provide. You have the authority at this time to put whatever provisions you want in there as you see fit.

MR. TENIENTE: Mrs. Cockrell, may I ask Mr. Harris then if because it seems to me that he presented several options but no recommendations. If you get a reading from the Council as to what we're thinking, what would be your recommendations then and we don't want you to think for one minutes that you're stepping on anything that's real sensitive but we want to hear this.

MR. HARRIS: Well, I'll be frank with you Councilman, that is a policy decision that should be made by the Council. I would be hesitant to even make a recommendation expressing my views.

MR. TENIENTE: Well, recommendations then with options.

MR. HARRIS: Well, my recommendation definitely is that the Council very definitely consider a flexible policy for the future. I have only addressed myself in my report to the possible option as to the method of appointment of members of the Board of Trustees in the future. I just take it as assumed that the Board of Trustees will be the method of operating the system. But I had pointed out in my report that perhaps the Council should consider reserving the right to change the method of election of trustees.

MAYOR COCKRELL: At what time in the future, if that were to be followed. Then how would you see that as being implemented?

MR. HARRIS: At such time in the future as the Council determined that they might remove themselves from under the operation of the Public Utilities Regulatory Act, if that act were later changed to make this possible. You see, the way the act is presently written, Mayor Cockrell, it says that any municipally-owned utility system is not within the definition of a public utility, therefore is not subject to the regulatory act. However, there is a section that says that any gas and electric system that was managed by a Board of Trustees that as of May 1, 1975 was not directly appointed by the Council would be considered a public utility and therefore be regulated. We are locked in at this time, however, if that definition might later be changed and the City reserved the right to appoint directly or whatever method they have to do to make sure that the criteria was met, then that might be a point of consideration because the method of appointment, even after the first indenture expires or is terminated, the method of appointment set out in this ordinance is that when a vacancy occurs on the Board of Trustees, that the remaining trustees shall elect a nominee who shall be submitted to the Council for consideration.

That method does not fulfill the requirement of the act as presently drafted, the Regulatory Act, which says a Board of Trustees directly appointed by the Council. That still would not be a direct appointment. I'm not making any objection to that method of appointment but I'm saying that it might be wise for the Council to consider the possibility of reserving the right, not to change this form of management, but merely the method of appointment to a vacancy so as to make certain that it will be a direct appointment if that is the criteria that you must meet to be removed in the Regulatory Act.

MAYOR COCKRELL: Dr. Nielsen.

DR. D. FORD NIELSEN: The only way that could happen is with the legislature. As long as we're still under this old indenture, there's no way without their legislation or two-thirds, whatever it is of the bond...inaudible...So, we still have an option regardless of how this is worded, it is a little bit limited option. We have an option in terms of what can be done through the legislature. We still have that option.

MR. HARTMAN: In response to that, of course Ford, as you know, under legislative action, our options that would be strictly up to the options of the legislature. What we're talking about here is retaining for ourselves some options that we have the opportunity to do and all we're saying is flexibility. We're not saying that we're doing anything at this time. We're saying that we want to retain that option to do something in the future and whether or not the legislature acts, it would be certain options that we would retain.

MAYOR COCKRELL: All right, Mr. Pyndus.

MR. PYNDUS: I would like to know how the salability of the bonds would be affected if this option were used.

MR. HARRIS: In my opinion, the reservation of the option changing the method of appointment to fill vacancies would not have any affect on the marketability.

MR. PYNDUS: Not the method of appointment but the doing away with the Board of Trustees. How will this affect the sale of the bonds?

MR. HARRIS: I could not frankly fully answer that question because I... many large utilities are sold where it's a system managed by the City Council through a branch of the City and many large cities have a Board of Trustees so I could not answer that with any degree of certainty.

MR. BILLA: Mayor, I'm concerned because I thought when I came to this meeting today that possibly we would get specific recommendations. I think there's certain objectives that this Council set out to obtain, and one, I believe, was some say in the appointment of trustees. I think my main, I favor the Board of Trustees method of management, but I would like to see the Council have some control. But since we're limited by the legal aspects of it, I would hope that we would get the recommendations from these people and keep uppermost in our minds that what our real concerns are beyond this control bit is that somehow we would be able to give the citizens the best possible rates so that they wouldn't over expand and things of that nature would certainly affect the rates that the citizens pay for the utilities. So, I think we haven't gotten any specific recommendations from our Council so that we could move on and hear our own staff recommendations and the objections of the CPS Board so we could maybe arrive at a vote and have come up with some viable things that would obtain those objectives that we had talked about. Specifically, I think the only thing is whether this Council is going to have some say in the selection of the trustees, and I don't see any other real problems.

MAYOR COCKRELL: Now, then, let me just isolate the area of discussion. Is there any question or discussion about reserving for the future the right to change from having a board management structure, is that an area still under discussion? Or is the primary area under discussion, the area relating to reserving the right to change the method of appointment of the Board? Mr. Hartman.

MR. HARTMAN: Mayor Cockrell, in answer to that question, I wouldn't see why we should in any way narrow or reduce our options. I think according to our counsel if he cannot foresee any difficulty with regard to the salability of the bonds, I'm sure there are other opinions on this, and I won't prejudge that portion of it, but my view is that we should keep our options as flexible as we can legally, and within the reasonable expectation that we would be able to sell bonds. I think that responsibility, I think we should exercise.

MAYOR COCKRELL: Well, it seems to me that we're going to have to work toward a decision in terms of which areas and what the consensus of the Council is. The first area is whether or not the Council desires to retain in the bond indenture a reservation to reconsider in the future the method of having a board operate as a management agency, the CPS. That is the first area. Up until today, I might say very honestly I did not realize this was an area that was to be discussed. This is the first time this area has been introduced for discussion in my presence. I have not heard this area raised, and I want to find out if there is any sentiment on the Council, a majority sentiment that this is an area which the Council desires to have considered, if it is all right.

MR. HARTMAN: I second it if this is in the form of a formal motion. I will second that motion that we retain the maximum flexibility.

DR. NIELSEN: From a, maybe we overuse the word, from a legal standpoint, but from a legal legislative standpoint, is that option still not available to the legislature?

MR. PARKER: Well, I'm not exactly sure what...you have a contract here and if you're impairing the obligations or benefits under that contract, you're going to have serious constitutional questions right quick, the legislature may run into. Basically what this is, I think, somebody is trying to find out what the policy is that the Council wants to follow when the old bond expires. Because with the issuance of these new series bonds, you're setting that policy now.

MR. PYNDUS: I would like if possible to get your opinion as to what options we could use. Now, we've had it operating under Board of Trustees for since 1942, very successfully, and you propose options which might endanger the bonding capacity, and I'm wondering what options you are vying for? Clarification?

MAYOR COCKRELL: Mr. Harris, do you have any response to that? Were you addressing it to Mr. Harris?

MR. HARTMAN: All I'm saying, Phil, is simply this. That we have at this time the responsibility to decide as to how much flexibility we want to reserve for any future Council action after 1984 in the manner in which the board appointments and in fact whether or not there be a board at that time, and I can't look ahead nine years and see what option we want to exercise at that time. I'm saying that we should reserve those options to the maximum recognizing as Reverend Black has pointed out that the exigencies of the energy situation are such, a future Council may very well wish to exercise that. We're talking about nine years down the road to begin with, because there's nothing we can do about the current indenture. So, all I'm saying let's retain the maximum flexibility that we legally can, and I think the options that we can exercise at that time will be determined to quite an extent as to the nature of the bond sale.

MAYOR COCKRELL: I would like to just speak to the whole area of procedure, and I am quite concerned about the way we are doing this. First of all, this matter has been before the Council for some weeks now. The Council, when it was agreed that we would use these junior lien bonds approach, and that we concurred in accepting the recommendations of both

consultants, that we would use this approach appointing two persons from this Council to sit with the CPS appointed trustees and two citizen representatives to agree and negotiate the final terms of the contract. I think both Mayor Pro-Tem Teniente and I have been available to the Council for any raising of issues of this type. Now, we have worked through, I have as one member appointed, I have done my best to reflect all known concerns of the Council in these negotiations. We are at the point where we have before us what was hoped to be at least approaching a final draft and we are hearing any technical problems with that draft. I am stating, it is a little bit late to start reviewing all of the basic fundamental problems on which this was predicated. I think if we have a whole series of major policy areas that we're going to do almost, we're saying we're going to almost scrap what we've done and start out all over again. I think this is a problem. Mr. Hartman.

MR. HARTMAN: Mayor Cockrell, your point is well taken. I realize this has been around for a good while, however, this is the first time I've heard any one of legal authority tell me that this option was even open to us. I'm guided by what I have been assuming that we didn't have that option. Now, that Mr. Harris has indicated that we have this option, I think to act responsibly, I think, that the Council should consider that option.

MAYOR COCKRELL: All right, did I understand that that was motion and a second that the Council desires to retain the flexibility for the future of determining whether or not to retain the Board structure, was that the motion?

REV. BLACK: I'd like to make the motion, but I'd like to preface that motion by simply stating that I think it is an obligation that we have as a Council and should not be delegated to any other legislative body, even though that other legislative body might have some authority to deal with this matter. We should not delegate our responsibility to any other legislative body and should assume our responsibility for that flexibility. Therefore, I offer that it would include that kind of flexibility.

MAYOR COCKRELL: All right, there is a motion and a second, which is that the Council desires if this motion passes, to retain for the future the flexibility in reviewing the management system of delegation to a Board, the management responsibility. All right, Dr. Nielsen.

DR. NIELSEN: I think the principle is there. I think I understand what you're driving at but unless it's couched in very, very specific language to the effect that upon adequate cost benefit analysis, it should be determined that we should change the method of operation from a Board appointment structure. I couldn't go along with it. We would have to be very, very specific just to leave it...Well, I just couldn't.

MR. CISNEROS: What bothers me, well first of all, the language that we have used to this point is unarguable. Obviously, we want to be able to hold flexibility. I mean, how do you vote against having options in the future? But, what does that mean? What I don't understand is the how of it. What is the language of that going to look like in the contract and without something like that, it's impossible to vote at this stage. I mean, I don't see how we can do it.

DR. NIELSEN: Perhaps what can be done, we could do some quick research to find where some legal authority has acted to change, I don't know...

MR. CISNEROS: What I'm saying that a vote, what's it going to do after we finish with that vote?

MAYOR COCKRELL: It would be an indication of Council's desires in terms of policy that we review...

MR. CISNEROS: Does that mean that the rest of the discussion of today is moot then and we would quit for the day?

MAYOR COCKRELL: No, it would just be one point that has to be reviewed. Mr. Teniente.

MR. TENIENTE: Yes, okay, Mrs. Cockrell, the remarks that Mr. Cisneros made are basically my view and that we can't argue that we do want to make sure that future Councils do as much and have as much of a say so, but the other option that possibly if this doesn't pass is that they also have the option to name the trustees rather than just dissolve the board. Now would we have that option or could we write that in there?

MAYOR COCKRELL: That would be a second or a separate motion, that we are going to take next, right now.

MR. TENIENTE: All right, I don't want to vote against this, if that is not possible. Then I'll have to be against this particular one.

MAYOR COCKRELL: All right, Mr. Rohde.

MR. ROHDE: Mayor, I'm going to speak against the motion. We're dealing here with one of the finest managed Public Service Utilities in the United States; the bond rating is Triple A. I've had my ups and downs with this particular management, but I think they come in here with accountability. They came in here and worked in very close partnership with this Council since it's taken office. I will vote against this motion.

MRS. COCKRELL: Mr. Hartman.

MR. HARTMAN: Madam Mayor, I would like to also state that as far as the present CPSB is concerned, I would certainly in no way wish to impart to anyone the fact that I have any sort of distrust or mistrust of the current Board. I certainly have no concern in this regard. I daresay that by the time we have the opportunity to exercise this option all members of this Council and all five members of the CPSB will be retired and unless Dr. Cisneros wishes to continue at that time. But the point is that we're talking about leaving ourselves an option for the future and it's not something that we're doing now. It's not something that this Council is going to do or this Council could possibly do. It's something we're talking about nine years down the road and I would like to maintain that flexibility.

MAYOR COCKRELL: All right, I think most everyone has been heard. We'll ask a roll call. Now, the vote is on a policy indication by the City Council. The motion is that the Council desires to retain in the ordinance the flexibility to change from the board of management structure in the future. Clerk will call the roll.

AYES: Black, Hartman, Nielsen; NAYS: Pyndus, Billa, Cisneros, Rohde, Teniente, Cockrell; ABSENT: None.

MAYOR COCKRELL: All right, the second issue that was raised in this connection was whether or not the Council desires to retain the flexibility in the future particularly in connection with the State legislation regarding utility regulation of a change in the method of selection of the Board of Trustees to bring it in conformity with those utilities that are exempt from the State Utility Board if that's the.....

MR. ROHDE: I don't understand you, Mayor. I'm sorry.

MAYOR COCKRELL: All right. The point was made that under the definitions of those utilities which are exempt from being managed or reviewed by the State Utility Commission that a municipal corporation, a municipal utility which, in which the City Council directly appoints the trustees may be one of those exempt or would have been exempt had that been into as of May 1st. Now, if the State legislature would give - enabling legislation to alter the May 1st date of 1975, then does the Council desire to retain the flexibility for direct appointment of the trustees which would then bring it in line with the provisions to be exempt. Mayor Pro-Tem Teniente.

MAYOR PRO-TEM TENIENTE: Mrs. Cockrell, if I don't have to repeat the wording of that which you have described, I would so move.

MR. BILLA: I second it.

MAYOR COCKRELL: There is a motion and a second and we'll have discussion on the motion. Mr. Pyndus.

MR. PYNDUS: Mayor Cockrell, I have the wording, if anyone desires I'll read it, which really clarifies the point if it's necessary. From Mr. Harris it says, "the legislature recently passed the Public Utility Regulatory Act which act regulates public utilities in the State of Texas. The act excludes from its operation utilities owned by a City but does, however, include and govern a gas and electric utility owned by a city and operated by a board of trustees as of May 1st, 1975, and was not directly appointed by the governing body of the municipality." If our Board of Trustees was not directly appointed by the City Council it is apparent, therefore, that San Antonio's electric and gas system being operated by a board of trustees, which as of May 1st was not directly appointed by the City Council is therefore covered by and subject to the regulatory act.

MAYOR COCKRELL: All right.

MAYOR PRO-TEM TENIENTE: I think that this should be taken into consideration with the issuance of the new bonds. I second your motion.

MAYOR COCKRELL: All right, is there further discussion? This is to retain as a policy matter that would have to be reflected in the language, language that would permit a future City Council to review the method of appointment of the Board of Trustees. In other words,

to go direct appointment by the Council. Should there be this change in the state, is the motion tied to the change in the State law or is it simply leaving it open?

DR. NIELSEN: Would the ordinance - Mr. Harris, in the ordinance we have to mention the legislature as such?

MR. HARRIS: No, the ordinance could be amended to merely provide that the Council reserves the right in the future to change the method of appointment. If by doing so and by insuring that by direct appointment the gas and electric system could be removed from the operation of the act you can reserve that option. You don't have to tie up the legislature.

MAYOR COCKRELL: All right. I might point out to the Council that since this was a matter which was negotiated with the CPSB that should the Council pass this policy request, I think it would call for some comment or discussions with the City Public Service Board.

MR. ROHDE: Yes, I agree with the Mayor, in fact that was the reason I raised my hand.

MAYOR COCKRELL: It was one of the matters that we negotiated and this particular point of reserving an option in the future was not brought out as a matter to be discussed at that time.

MR. ROHDE: Question. Would this wipe out Section 20 all together on nominations?

MAYOR COCKRELL: No, it is a

MR. HARRIS: A reservation of something.

MR. ROHDE: I'd like to hear comment on the Public Service on this.

MR. PYNDUS: Well, as I understand - pardon me, Mayor Cockrell, as I understand it if you change the wording of Section 20 we will automatically accomplish his motion, will we not?

DR. CISNEROS: That's what I'm wondering.

MR. PYNDUS: That's correct. I mean, all we have to do is settle on the method of appointment that the Council has the authority to appoint the trustee members and period.

MAYOR COCKRELL: Well, this is the matter which the Council did agree to in terms of the negotiated agreement that we had with the CPSB.

CITY MANAGER GRANATA: That's Section 20, Management of the System.

DR. NIELSEN: Oh, but I think Mr. Harris is suggesting, however, is that if we would agree to that fundamentally, however, we want to add a general clause stating that in light of any future legislative actions that would, in fact, encumber the CPSB, not encumber but place under the State Utilities Commission City Public Service, the Council would have the right to amend its method of nomination to so prevent that possibility. I think that's what I heard you say.

MAYOR COCKRELL: Mr. Pyndus, however, was pointing out that should we go immediately to this other system and I felt that that would not be carrying out the negotiations that have been carrying on with the CPS.

ACTING CITY ATTORNEY PARKER: You can't for nine years go to that other system anyhow.

MR. HARRIS: That's correct. That section of the ordinance I'm addressing in Section 20-B, I think it is.

CITY MANAGER GRANATA: Yes.

MR. HARRIS: It makes it clear in A that the method of appointment, operation will be untilinaudible....., then it will be continued the way it is they'll appoint their own successors.

MAYOR COCKRELL: All right. Yes, Mr. Granata.

CITY MANAGER GRANATA: May I make a statement? I really don't understand but this ordinance that we're, that's before you today, as I understand it, as it's written the new junior lien bond which comes into effect after nine years primarily is nearly the same as the old indenture where the only rights you have, as a Council, is to approve the rates and future bond sales and the only change is on page 16 whereby you define a new way of naming vacancies to the Board. That is all that - that's the ordinance that's before you.

Then, now, the thing that you're going to have to decide, in my opinion, as you read Section 20, Management of the System on page 16 where it says, "The complete management and control of the system be vested in the Board of Trustees", goes on and on. Then on page 17, "that the Board of Trustees shall have absolute complete authority and power with reference to the control, management, operation of the system and the expenditure and application to the revenue of the system subject to the provisions contained in this ordinance." Also it goes on - "the Board of Trustees shall be vested with all the powers of the City with respect thereto including all powers necessary or appropriate for the performance of all the covenants undertakings and agreements of the City contained in this ordinance and shall have full power and authority to make rules and regulations governing the furnishing of electric and gas service to customers." About the last three lines - "to the extent to authorize by law shall have full authority with reference to making extensions, improvements, and additions to the systems and the acquiring by purchase or condemnations of properties of every kind in connection therewith."

Now as I see it, does this Council want to change that and exercise any restraints or review before any of these things are done? Or do you want to leave it as it is, and I recall to your attention too, as Mr. Harris has, as I read it that the power of condemnation I don't think we can delegate now to the Board. Something has to be changed there due to the recent Birch Case and it's that kind of thing that I think we should talk about.

MAYOR COCKRELL: Well, let me just say that the motion that is now before us is again the motion which would reserve for a future decision the right to change the method that is written into this ordinance of the appointment of the Board of Trustees.

CITY MANAGER GRANATA: Yes, madam, I

MAYOR COCKRELL: Is there any further discussion on that motion?

MR. ROHDE: Yes, Mayor.

MAYOR COCKRELL: Yes, Mr. Rohde.

MR. ROHDE: Mr. Harris, was this agreed to or the substitutes that you're trying to make on 20 nominations, was this agreed this morning?

MR. HARRIS: Not at all.

MR. ROHDE: Well, I want the Council to be aware of that.

MR. HARRIS: No, we have - we merely discussed them and I think both representatives of the Public Service Board realize that is a matter that they would have to submit to their Board.

MR. ROHDE: They're here now, so let's get them submitted.

MR. HARRIS: Mr. White, I realize that this is a policy decision for this Council, it would not be fair

MR. ROHDE: That's the reason I'd like to hear the CPS.

MAYOR COCKRELL: Would you - would the Council like to call on the gentlemen of the City Public Service Board on this issue?

MAYOR PRO-TEM TENIENTE: I'd like to hear - I don't want this to be, if we do pass on this, to be interpreted as another delay on the part of the Council. I think that at this point they would then be the CPS that would be looking at this question as to whether they would want to accept this or not. I don't know what the decision of this Board will be, but I think we ought to hear from them before we take any vote and see exactly what they have to say.

MAYOR COCKRELL: All right. Mr. Berg, of course, you have been sitting here and listening to this discussion and I don't know if you had an opportunity to get any sense of how the other members of the City Public Service Board feel about this issue. In particular, what is being - the point that is being raised is to review - is the fact that under present state legislation the City Public Service Board does come under the regulating power of the new State Public Utilities Commission and that should legislation be provided at the state level which would change that May 1st date and make it possible for the City Public Service Board not to be regulated by the state agency. At that time the Council was considering the wisdom of reserving the power for direct appointment of the Trustees by the City Council. So, that is the nutshell of the question, and do you have any feel or recommendation?

MR. TOM BERG: Yes, I have several comments I would like to make, and as long as I'm here let me make all the comments and address myself to the total questions and issues that we had before us. Yes, I do have the sense of the other Board members in connection with the discussions that have been going on.

I would like to first suggest that I have not heard anybody address themselves to the main issue. The main issue is, how are we going to get utility bills down, that's the question and that's the problem. We're nitpicking on a series of sentences under a pressure cooker situation. With all due respect to Mr. Harris, he's been put in a position of, in less than a week to become a utility lawyer, a utility bond expert. People have been studying this for years and years and years have been disregarded from that standpoint. It's not possible for such a complex business as the utility business is with all the rules and regulations - not only statewide but federal. There's a tremendous amount of federal regulations involved in this for him to suddenly have to come up with something, and then you know, we've had five minutes to study a nine page report. Again, I say the main issue has been totally ignored, and I think that's wrong. The main issue is how are we going to get the utility bills down and I don't care who is sitting on the Board of Trustees. It doesn't have anything to do with that as long as you've got gas supplies that cost 80 percent of the operating cost of the utility. That's where the cost is, and that's what you've got to address yourself to and we've got countless lawsuits trying to rectify that. But that's what we all should be talking about.

Now, it seems to me that about three weeks ago, Mayor Cockrell, Mayor Pro-Tem Teniente and I believe, one or two other Council people were there. The Trustee, Mr. Glenn Biggs was with me at that meeting called by Mayor Cockrell and a public statement and public pronouncement of approval of a compromise having been reached in connection with the management section of the indenture involving the Board of Trustees. I don't know what we're talking about here, it's all been approved and settled. Let me call

Let me call your attention to something the Council through the Mayor has total and complete authority, you've got the flexibility you want. You always had it. You never were in a situation where you did not have it, but what we did this time is that we wrote it into the indenture. It was always understood, it was never a unilateral situation. The Mayors have always had a veto power over a Council appointment, always, it's never been any different. Just as other Board members, likewise, have veto power over a name that is submitted and we've gone through periods when many, many, many names have been submitted and dropped and dropped immediately if the Mayor or one of

the other Trustees are not willing to accept this particular person. So you have the control, you have the power, it's never been anything differently. I just don't understand why this kind of discussion and furthermore, a public pronouncement has been made by the Mayor, supported by the Mayor Pro-Tem. As far as we're concerned the issue is closed. It was done at the good graces of the Mayor when she called that meeting. I again repeat, you have the flexibility, you have the control, you've got the power. You never were in a situation where you did not have it.

Now I'd like to address myself to the Public Utility Commission. The law will undoubtedly be revised and revised and revised. It's probably one of the poorest written laws we've had around. No one's quite sure what it really means, yet. Expert lawyers in utility law have been discussing it back and forth. Nobody is sure but don't forget one very important thing, this Council has got to recognize and that is the people of this community under great pressure to the entire Bexar County delegation have the entire Bexar County delegation vote in Austin that the City Public Service Board be under the Public Utility Commission, and I don't care whether they pick May 1st or - the fact that Trustees are appointed or elected by some way or another, that's besides the point. They wanted CPS under the Public Utility Commission and the Bexar County delegation responded to the people and put us under that way. For you to say, well, we're going to change around and see if we can get around that, it's going against what the people wanted and what your delegates did in Austin. I don't think that's right. The entire Bexar County delegation without exception voted 100 percent for this to be under the Public Utility Commission.

MR. ROHDE: Mayor, point of order. We've asked Mr. Berg to come here and speak about the nominations and we're speaking about everything but to the point.

MR. BERG: I've spoken exactly to the point.

MR. ROHDE: You have not.

MR. BERG: I've spoken exactly to the point and the answer to the Public Utility Commission is that what you do is not significant because the Public Utility Commission and the Bexar County delegation are under great pressure from the people that we should be under that and I think you should not ignore that. As far as the Board is concerned we are happy to be under the Public Utility Commission. We're satisfied for it to be that way and to continue in that manner. I'll be glad to answer any questions specifically.

MAYOR COCKRELL: Yes sir, what is the cost, the estimated costs of being under the Utility Commission?

MR. BERG: The last moment of the Austin legislature put in one sixth of one percent as the administrative costs and the Bexar County delegation voted for that 100 percent.

MAYOR COCKRELL: In dollars what does that total?

MR. BERG: Well, one sixth of one percent will probably be about \$300,000, \$350,000 the first year and as our revenues go up, so does it go up. It goes up just like the 14 percent goes up.

MAYOR COCKRELL: \$350,000 or so per year

DR. NIELSEN: Inaudible.

MR. BERG: One sixth percent stays one sixth percent also.

MAYOR COCKRELL: There is only one statement that you made, sir, that I do feel needs a comment from me and that is the fact that it is true that we did meet and I stated that so far as I knew all policy matters had been resolved. At the same time, I made the statement that we had not had the completed reviews by the City Legal Department and the City Finance Department, and they were completing

their reviews and would make final recommendations to the Council, and I believe that what is happening today is a part of the final review of those two departments.

MR. BERG: Well, Mayor Cockrell, I don't think so because this is not a legal review, this is a policy review that you're making now, not legal, there is no legal change being made.

MAYOR COCKRELL: Well, it's covered by a legal person.

MR. BERG: Well, a policy review is different than a legal.

DR. NIELSEN: Mrs. Cockrell.

MAYOR COCKRELL: Dr. Nielsen.

DR. NIELSEN: I think it's interesting and, Tom, I appreciate the frustration and the long hours and the monumental work you've been doing. In the midst of not only that on-going operation of the utility but, you know, the planning that has had to go on. I just think, however, that it's going to take a great deal of patience on everyone's part in the next several years that as we all wrestle with this. I'm - to be very candid and very personally not so sure, however, that I as just one person in San Antonio would necessarily want to see this - our gas and electric company under the State Utilities Commission and I'm not so sure

MR. BERG: Let me clarify. It's not under it - it has the rates control under it.

DR. NIELSEN: Well, that's what I mean. It's still regulated by - I'm not so sure from some legal interpretations been granted that it's all an inevitable - that we do come under the Commission. I think there will have to be some determination made as I understand it to whether we fully do come under their rate setting structure. I still

MR. BERG: All the lawyers are arguing about that and it will be a long while.

REV. BLACK: Madam Mayor.

DR. NIELSEN: Wait, just one last thing. Also I think it's tough, perhaps for CPS, the Trustees in particular, maybe even the management to, you know, I don't know if there's a pressure cooker here, I don't feel any, and I hope you don't either, that we're at some point trying publicly to deal with a very serious problems. I know they have been dealt with from time to time in the past but I've also observed that in many cases, very serious matters dealing with Council and utility operations that have been dealt with behind the scenes. Maybe it's easier that way, maybe you don't or somebody doesn't feel that there's a pressure cooker. I don't think that's the issue of it.

MR. BERG: I know of nothing that's been dealt behind the scenes so I would have to challenge that.

DR. NIELSEN: No, I don't mean that illegally. I just meant it's easier sometimes to sit down and negotiate without the press and the cameras and all that. I didn't say anything illegal, don't misunderstand now. But now the times have changed, the cameras are around and the citizens

MR. BERG: This doesn't bother me at all.

DR. NIELSEN: Well, I hope not.

MR. BERG: No, this doesn't bother me at all. No, what I meant by that is that we have a document handed to us, a lengthy document and then, you know, make a decision. Now that's what I call a pressure cooker. You know, you only have five minutes to study a complicated thing and it just can't be done.

688
MAYOR COCKRELL: Just like what happened to us on August 15th.

MR. BERG: Yes madam.

MAYOR PRO-TEM TENIENTE: Mrs. Cockrell, to clear a point - to clarify a point because the discussion that we had, as representatives of the Council, with members of the Trustees and the citizens was a working session and the fact that you and I may have concluded that this was something that could be acceptable and in no way was to be interpreted by anyone as a working in full agreement of the Council as a whole. This is something that I just have to clear up because I don't want Mr. Berg to feel that we've betrayed him at that meeting by accepting the workings and deliberations of that meeting, then and come up and say something else. We have seven other people that have views and from time to time, as we get more information we do have the chance to expand on our thoughts.

MAYOR COCKRELL: Reverend Black.

REVEREND BLACK: While I have not tried to dictate a method that will be used in the management of CPS, I have argued and I am still arguing for options, options for the future. Now, it seems to me that in a democratic system that one of the things that I - that's foremost in any democratic system and I can never understand Mr. Berg, is talking about what he can't understand. I want to tell him what I can't understand. I cannot understand any arguments that tend to reduce the possibility of the democratic system.

MR. BERG: I don't think we are.

REVEREND BLACK: My contention is that you must do everything possible to leave the future with all the options that you can leave them with as long as you can operate efficiently and effectively with it. It seems to me that you can still do this. You've gotten that legal counsel that you can do this. Now, when you impose upon the future the judgement of the present which is always a limited judgement I don't care how wise you are, the judgement of the present is always a limited judgement. It's the judgement that's based upon what you know now. Then you are tying the hands of those people who are going to suffer the consequences, who are going to pay the price of whatever that decision was.

Now, you say you ought to be dealing with cost. When you're dealing with options you are dealing with cost because you're dealing with a management of process. I'm not altogether convinced that we would have had the price that we have now if we had had some options before now. I'm not convinced of that. It may be true, your argument would be that it is true but I'm not - what I'm saying is I have not yet observed any evidence that simply established and put that in concrete. Whenever you deal with policies that deal with management you are ultimately dealing with cost. So, therefore, I'd like to see the options there so that when the people, and this has nothing to do with the quality of your management. The fact is as I turn to my fellow councilmen, you're going to die, I'm going to die. We're not going to be managers of this. We're talking about an involvement of this community and giving people who are going to be here, and they will have the responsibility of making that decision. I think they have a right to have that option open to them and I am morally committed to vote regardless to the direction on giving people who come after me an option where it does not affect the particular operation of an institution now.

MR. BERG: I'm saying that you do have the options. Don't confuse the people because I believe you have. You do have the options and that's the specific point I'm making here.

MAYOR COCKRELL: All right. Now then the question and discussion, of course, is related to this specific motion. Mr. Pynäus.

MR. PYNDUS: Mr. Berg, I feel that the situation should be understood. We have a proposed ordinance in which it is necessary to restrict the covenants which our indenture had us beholden to in the past. So at this instance we are issuing our first second lien bonds

and this is a complicated thing. Our city staff did not have the expertise to review the bond and you very wisely referred an outside consultant to us in a limited period of time and this outside consultant gave us a draft of some observations of situations that might need altering, that might need changing and might need some consulting with you. We have to make a decision upon this, and our position is, if we do not have the same accord we will make our decision anyway. So we need your guidance with regard to some of the recommendations that have been pointed out in this report to veer away from this critical situation of appointments, I think, will delay the matter unduly and I would like

MR. BERG: I think I addressed myself to that, Phil.

MR. PYNDUS: All right, sir.

MR. BERG: We had an agreement. We had an understanding. It was publicly pronounced as such an agreement having been reached. That ended the matter.

MR. PYNDUS: As an individual councilman, I received the thirty-two page of it and I need to know what the ramifications were. I received this this morning as you did and I think that was drawn to such a point that I could understand it. I can make a decision on it and I was hoping that we had your input and expertise.

MR. BERG: Well, I think you have our input and expertise and what we've recommended and what we agreed with the Mayor, Mayor Pro-Tem and that was after much discussion and many meetings and much before this current document you're referring to. It would seem to me, however, that you could have five other bond experts come in and review this, and you'd get five other decisions based upon what policy the particular person is given to follow. What the general philosophy would be that you would want as an answer from that particular bond person. This is not a hard and fast thing. It's a question of what's the best policy.

Now, I again solicit we've had a successful operation with an outstanding track record for over 35 years. The question is, what are we going to do about the management? We had this under discussion, it was agreed. There was a conference and the Mayor and Mayor Pro-Tem came and said this is what we have agreed. The Board agreed to it so we've gotten the complete agreement. What you're saying is let's undo it and let's start all over again. My point is, it was agreed.

MR. PYNDUS: Very minor changes made on very minor points, I think.

MAYOR COCKRELL: All right, I think Mr. Biggs may have wanted to - did you wish to be recognized?

MR. BILLA: I'd like to ask Mr. Berg, if I may. Is he - are you opposed to the Council having the authority or right to designate the trustees? Is that what you're telling us? You never have really answered that question, Mr. Berg.

MR. BERG: I'll answer it very clearly. I am opposed completely to it and I've stated this on many occasions and it is contained in the original philosophy when the City bought the electric system. That is the Board was set up to keep it out of politics, to keep it insulated from politics. What you're suggesting is we've got to put it into politics and that's wrong. I don't care what City you go to, wherever there is a political control involved you're going to have inefficiency. I know of no government operation of any major department activity and I don't care if it's the Post Office or a utility, wherever they've got control, it's an inefficient operation. It's got too many people and you're going to have a higher cost than you have right now from the gas contract default by Coastal-LoVaca.

MR. BILLA: Well, you've made

MR. BERG: Appointments by an elected body.

MR. BILLA: Well, you stated also, you seem to make a strong point, you know, it's operating very efficiently but whenever you have a monopoly, if I had the same power in my business where I could get the votes raised and so forth, like CPS has, I could be very successful too.

MR. BERG: Regardless of that fact, you're misleading people on something.

MR. BILLA: I'm not misleading people.

MR. BERG: Yes, you are. Well, I'll tell you why you are, Mr. Councilman. You're misleading everybody in this room because the only person that has approval for rates is you. This Council, this Council approves rates. Nobody else.

MR. BILLA: I understand that.

MR. BERG: Well then why say that we do. We do not approve rates.

MR. BILLA: You've always come to this Council and these rate increases have always been granted.

MR. BERG: But the City Council approves rates. Nobody else.

MAYOR COCKRELL: All right. Let me ask that you gentlemen address the Chair, and we're going to, what we want to do today is work through this together quietly and try to arrive at a decision. Dr. Nielsen.

DR. NIELSEN: Just let the records reflect also that Mr. Berg's remarks, that the reason the indenture was structured as is was mainly or exclusively, I don't remember his exact words, was because nobody wanted political control. Realistically, what happened back then was, it wasn't a question of politics or anything else simply the city didn't have any money to put up in terms of indentures. So the attorney simply said, well, you don't have any money. We want the bond holders fully protected and the only way that's going to be is if we include these provisions and one of them was that the Board be self-perpetuated. That's the only reason

MAYOR COCKRELL: All right. Now to clarify the situation. What we are discussing is not to change the proposed board structure that is to be written into future of a change in the future, if another Council wishes to have the right to review it. So as I understand it, that is the motion. Is there any further discussion on the motion?

MR. PYNDUS: Is that motion with regard to the appointment of the Trustees?

MAYOR COCKRELL: Yes. The motion would be, to clarify it, what this ordinance provides is the method that was agreed in the joint discussions which is that the City Public Service Board appoint the replacement, the Mayor's vote on that is mandatory and in addition the appointment must be ratified by a majority vote of the City Council. Now then that this is in the ordinance and what you're asking through this motion is that an additional clause be drawn up that would reserve for the future the right to change that method or to review it in the future. Now is that correct?

DR. NIELSEN: No.

MAYOR COCKRELL: All right, was that the way it was understood by the maker of the motion? All right, Mr. Rohde.

MR. ROHDE: Mayor, are we voting also on the substitution here put in by the attorney of how the nominations will be selected? This is very important.

MAYOR COCKRELL: We're voting on the basic policy issue of whether that right is to be reserved for the future of a review.

MR. ROHDE: Will we come back to this?

MAYOR COCKRELL: Yes. That's an additional piece. Mr. Biggs.

MR. BIGGS Your Honor, I'm Glen Biggs, a member of the Trustees of the City Public Service Board and I won't go over what discussion has been made because I would support essentially what Mr. Berg has stated and what we've had before. What I am concerned with, I think you as members should likewise feel, I think, the responsibility that we have because it's not like, I know there are some citizens in this community who feel like we as trustees are some insulated group of people that have no sensitivity whatsoever to the high utility cost. Obviously, I don't share that feeling at all. I'm a banker in this community and the best way to have a viable community is when people can pay those bills and can meet those. So out of a selfish motivation, I'm very interested in the economic viability of this community. One of the things that concerns me is the delay that can enter into a discussion of this kind. We probably can discuss these issues in pro and con Reverend Black, for a long time to come as to judge mental decisions and how they will be judged 10, 20 years hence from now. So in light of that information we have to make the right and best decision.

What we're facing here today is this. We do not have the money to meet the bills that are outstanding presently and unless we can go and get this money and sell these indentures then we have, frankly, a very serious situation that can set back the utility cost as to being reduced. It's substantial and I would not want to dramatize for you in any way, that would be irresponsible, but it's a situation that needs our full attention focused totally today and that we go ahead and issue.

We're all mindful of what's happening to New York and what's taking place in New York and we have some reprieve from some standpoint of some people about the salability of these bonds. But remember, the City of San Antonio is not going to buy these bonds. Investors are going to buy these bonds and to some degree they're going to dictate as to what they think is a good buy in the market place. I would not, I'm not trying - you have an honored position which I want to believe you, I want to support you in every way that I possibly can but we've got a situation where we need to act. I know there are other things that we need to act on from time to time but this is one that is crucial because we delay the selling of these bonds and it costs us a half a point. That's a heck of a lot of money spread over a 10, 20, 30 year period. When we start talking about reduction of utility cost and you start including those costs you've got problems. So I just want to state to you, I know you want to do right, then go ahead. It's the thing that tries men's souls that try to find out what's right. But this Board, this utility company has acted in my judgement in good faith to try toinaudible.... and the problems that we've encountered have come about because of an unprecedented cost of gas and we're not isolated in this situation. I don't want to belabor that point but we're struggling to try to meet your requirements, your criteria. So Mayor, I hope that we can move right along on this thing because we've got bills to pay and challenges to meet.

MAYOR COCKRELL: Thank you. Are there any comments before we vote?

MR. BILLA: I just want to thank Mr. Biggs for his presentation.

MAYOR COCKRELL: Thank you. Before we vote, I wish to state my position since I'm going to vote no on the ordinance - the motion. The reason that I'm going to vote no hinges on a couple of points. First of all, I feel that the compromise that was arrived at does protect the City Council in having a very definite say. No appointment can be made unless it has first the Mayor sitting as a member of that Board. Second, it preserves the right of the Council should there be a situation in which a Mayor did not represent a majority of the Council or be in disagreement. It preserves the right of the City Council through its majority vote to have to approve the person who is selected. So, I feel that the public interest in terms of the right of publicly elected officials to vote and to have a say so has been protected in the compromised agreement. Now, second since what we are talking about is the possible removal of CPS from the control of the utility commission, we are reviewing a situation which could only be possible if the state legislation is changed in the first place. I think it will be just as easy if this was the desire of the citizens of San Antonio through their elected representative to have a change that would state that a Board of Trustees where the replacement must be endorsed by the majority of the City Council. That that would be a viable option. I think that would be just as easy to change as it would be to change the date, and so, I think that these are things that can be done if that is the citizens' desire as reflected to their state legislators. I think it can be done that way. So, for that reason, I really am going to vote no, because I do feel the compromise protects the public interest and in the interest of time, it's something to proceed on. Is there any further comment?

REV. BLACK: Madam Mayor, I would like to express my views for voting for this, and while I recognize that there has been tremendous labor of effort to reach the compromise that was reached in the selection, and I'm aware that we've come a long ways because on the last Council I did not even know that this kind of adjustment could even be made. And particularly when we come to the junior bonds and all of this, it has not been just the information that has been given, it's the information that has been withheld from us, and this is one of the reasons I have appreciated the report made by Mr. Harris because I think he's providing information for us. It's not just simply the information that we received already, but it's the additional information. While I recognize this as a good compromise for the present situation, I am unable to anticipate what the situation will be in the future. Therefore, I feel, as an elected official, I have an obligation to provide for those who come on in the future an option to improve or to in any way change what is now a very good compromise. So, I am voting for the motion for that purpose.

MAYOR COCKRELL: Mr. Hartman.

MR. HARTMAN: Madam Mayor, I would like to speak for the motion. First of all, I would echo all of Rev. Black's remarks. I agree with him completely. The point I think to emphasize here is the fact that we're talking about an option to be kept open that could not possibly be exercised except with some perhaps legislative action before the year 1984, and I think again that when you're looking that far out in the future that if you can keep options open without damaging the present situation, you have an obligation to keep those options open, and I think that's the situation in a fairly straight forward manner.

MAYOR COCKRELL: Mr. Cisneros.

MR. CISNEROS: Madam Mayor, I'm still trying to decide how I'm going to vote on this. As a matter of information, I'd like to have a couple of questions answered by our Legal staff, if I can. The first one is, how the mechanics of maintaining such an option would work. Secondly, how long it would take to draft the option and what that would do in terms of the action in further delay, and thirdly, whether you see any implications for salability of the bonds particularly the credit rating that might be attached to opposing such an option.

MAYOR COCKRELL: To whom were you directing your questions?

MR. CISNEROS: To our legal staff.

MAYOR COCKRELL: To Legal, our City Attorney, fine.

ACTING CITY ATTORNEY PARKER: You can draft any kind of provision to put into the ordinance that you want to pass. Then you also have to realize that before those bonds can be sold, they have to be approved by the Attorney General, and he's going to pass on the legality of them at that point. As far as the marketability of the bonds, I would have no idea because I'm not a financial expert of any.....

MR. CISNEROS: I'm trying.....

MR. PARKER: We could draft a provision.

MR. CISNEROS: How would it read?

MR. PARKER: Well, I don't know. It depends how you want it to read. Therein lies the question. We can draft anything.....

MR. CISNEROS: Do you understand the ordinance, how it reads?

MR. PARKER: It would have to.....

MR. CISNEROS: The motion that's been made.

MAYOR COCKRELL: Yes, the motion, of course, is to reserve the options in the future to change what is written in as the method of selection.

MR. PARKER: Well, the one that you're drafting right now is the method that will be used nine years hence.

MAYOR COCKRELL: Yes, right.

MR. PARKER: So, you would have to put a provision in there that this is the planned method that this is to be done at this time. However, the City Council of the City of San Antonio has a reserve or reserves the right to at any time change the method of selection of the members of the Board of Trustees as herein stated.

MAYOR COCKRELL: All right.

MR. PARKER: Then if that would meet with the approval of the Board of Directors of the CPSB.....

MAYOR COCKRELL: Now, in terms of time for that to be drawn up, that was one of the questions. The second question was relating to the saleability, and I want that answered too. All right, you can write that up, say this afternoon. Is that correct?

MR. PARKER: Yes, Mayor. That can be drafted if it met everybody's approval. If that's what they want in the ordinance.

MAYOR COCKRELL: All right. Now, I'd like to call on two people to comment on what effect this would have on the saleability. One is our City Finance Director, the other is Mr. Sam Maclin, the financial consultant. So, may we have comment from each of them on what effect they would feel.

MR. BERG: There's a question - you keep talking about nine years, 1984, this would be done. Let us not forget, it can only be done if the bonds are retired and called at that time. If they're not called, it does not go into effect until 1997. I think we're using those dates rather loosely.

MR. CARL WHITE: Madam Mayor, it will be the earliest possible time 1986, or whenever it is.

MAYOR COCKRELL: May we have the comment now on the possible effect of such a reservation of authority by the City Council.

MR. CISNEROS: Madam Mayor, if I may intercede before Carl starts, there were three questions. The first one was how would it read, and I don't think that's been answered. I really don't understand. I'm really trying to get an answer here. I haven't decided how I'm going to vote, as to what the language would begin to resemble. And the second part of it was, what would the delay, how much we would be delaying, is it possible to do that within a day and then get back and vote tomorrow or whatever. And the third question relates to the saleability particularly whether it means differences in the interest rate associated with paying off a debt. Have we had any of those questions answered in your opinion?

MAYOR COCKRELL: In the first one, my judgment of what was said was that probably this afternoon it could be written up. I don't think that there was any problem on that particular point. But now we'll have comment on the point of the financial impact.

MR. CARL WHITE: With respect to the effect that it might have in the market, I could only comment that in my opinion, I don't think it would have a material effect, and I say that because all of the tax exempt, the large municipally owned systems except the CPSB are operated by Boards that are appointed by the City Councils or elected.

MAYOR COCKRELL: All right, let me ask you this....

MR. WHITE: They are double A rated bonds, and I think that the City Public Service Board bonds will be, I don't think they'll continue to carry a triple A rating with the junior lien bonds. That's just my opinion. I don't have any, I can't base that on any, that's for the rating agencies to decide.

MAYOR COCKRELL: Mr. White, are any of the indentures with which you are familiar - do any of them have this kind of reservation? In other words, we are not, in effect, changing at this time how the Board will be selected.

MAYOR COCKRELL: We would be retaining an option to change in the future, are you familiar with any indentures that have that type of reservation?

MR. WHITE: No, madam, because this is probably not one of a kind but there are very few that will, you know, parallel this one, because you have a junior lien bond with a paralleling first lien bond, and there's just not very many of those around.

MAYOR COCKRELL: Thank you, sir. Mr. Maclin.

MR. CISNEROS: I wonder, Madam Mayor, before Mr. Maclin answers the question, if he wouldn't address himself to that first, part two, to how this motion might be interpreted in legal language, or written in legal language, just to get a feel for what we'd be doing on paper.

MR. MACLIN: This is not my province, not my area, so I was going to speak to marketability.....

MR. CISNEROS: Then perhaps the third person that ought to speak after Mr. Maclin is Mr. Harris.

MR. MACLIN: I can imagine how it would be. It would say that you do it this way, but you reserve the way to do it differently. This is basically what it would be.

MAYOR COCKRELL: Mr. Maclin, don't go away, we wanted you to go ahead and comment on the salability, the interest, and so forth.

MR. MACLIN: I think I know of all utility, public utility revenue bond indentures in the country of any moment. I know of none with this provision. I could be mistaken. I know of none. This is not a large part of point market-wise, there's so many other points and all of them are considered by the buyers of these bonds. This is a small point. It is an uncertainty. The market does not like uncertainty. To see what the effect would be, it's impossible to say. You could discuss it at great length with rating agencies. It's an uncertainty. I would say this on uncertainty. If the City of New York went into voluntary bankruptcy today, the market, it would have a salutary effect on the market, because the market does not like uncertainty. Right now, there are stop gap measures being taken and the market is very depressed. We are at an all time low market wise in the municipal area or all time high interest rate. I'll be glad to answer any specific questions you might have.

MR. CISNEROS: There is uncertainty as between two different methods that might be employed to nominate trustees. It is a small point as you've indicated, but at the worse case from the investor's point of view, would be that we would end up with a Board of Trustees that was appointed by a political body which though it is uncertain is the norm in City utilities, is that correct? So, it's not that big an uncertainty is my point. Is that correct?

MR. MACLIN: I think an uncertainty is an uncertainty anyway. I said it was a small point, but it would never cease to be an uncertainty until a decision was made how the selection was going to be made. It's a small point. It's not a large point at all, but it goes into the multitude of other security factors, which are substantial.

MAYOR COCKRELL: Is there any further question? Mr. Harris, having heard all of this discussion, do you have suggestions of what the wording would sound like on this point?

MR. HARRIS: Well, I can give you the general language, Mayor. First of all, Section 20 of the ordinance which relates to Management of the Systems makes it perfectly clear that you're speaking to two sets of circumstances. Section A is clear until such term as the first lien indenture is defeased and those bonds are retired, and then after the performance continues, under the first lien indenture by election, by the remaining members of the Board. So, we're addressing ourselves only to the future, in Section B, that's the only section of the ordinance we're discussing which would relate to the method of appointment, after the first lien bonds would retire.

Section 20 B, does specify means of appointment. I have raised two objections to that in my report which are not major and which are addressed to cover two things, two possibilities that are not covered under the present indentures, not any major change. In my opinion, all that would be required would be the addition of a paragraph saying the City Council reserves the right to, at a later date, amend the method of appointments, specified above so as to provide that members of the Board of Trustees, or a vacancy in the Board of Trustees, can be filled by direct appointment of the Council. Or, if you want to add the contingency that if the Council determines at a later date that by doing so they would remove the gas and electric systems from the operation of the.....

MAYOR COCKRELL: Actually, that what you're saying is not the motion, though. The motion, as I understood it, was to reserve the right to change the method and I don't believe, unless they wish to specify that the actual method was specified. In other words, there was discussion about options for the future, and that might not be the option selected.

MR. CISNEROS: So, in effect, the uncertainty is greater in the motion than what Mr. Harris has stated, is that correct?

MR. HARRIS: Oh, yes, I'm sorry I misunderstood the motion. I thought it was related to changing to direct appointment, but just leaving it open is more uncertain. So that was a suggestion I addressed myself to in my report.

MR. CISNEROS: Can we refer to the maker of the motion, I forget who it was, as to what he intended.

MAYOR COCKRELL: Who was the maker of that motion? Mr. Teniente?

MR. BILLA: I need to be brought up to date. It's been so long ago. I can't tell.

MR. ROHDE: Mayor, I'm putting myself in a position.....

MAYOR COCKRELL: Excuse me, Mr. Teniente is to clarify the motion, if we may just for a moment here.

MR. TENIENTE: If we could make it clearer and tighter on that, I would certainly agree to changing it to read directly to that point. However, my position is, I don't necessarily want to change it in that direction. There may be other options in the future, that we may not want to do a thing and leave it as it is.

MR. PYNDUS: You are withdrawing your motion?

MAYOR COCKRELL: No, sir, he has not.

MR. TENIENTE: No.

MAYOR COCKRELL: As I understand it, you prefer to leave the motion as it is to leave the options open?

MR. TENIENTE: Leave them open. I have a question. Have we heard the staff address itself to the sale of the bonds and perhaps it might not have an adverse affect on it. I don't see any need to change it at this point.

MR. CISNEROS: Madam Mayor, I have a question on legal point.....

MAYOR COCKRELL: Excuse me just a second, Mr. Rohde had asked for recognition before.

MR. ROHDE: Mayor, here's what is bothering me is that, and I want to address it to Rev. Black, he's my spiritual counselor. Here we come on an issue where we delegate a committee to work in partnership and to hammer this thing out, and the Mayor and Mayor Pro-Tem and the committee have come in with a recommendation to the Council, and at the last minute we make a very major, a very material change, without really working back in partnership with the partners, and this is where I'm on the brink of abstaining, because I feel is this right, to do this, and I realize we have to hold our options until the vote is made, but this bothers me a little bit, and this is a material change from what they reported in, and I can see that the options probably should be in. I'm looking what is the right thing to do here, and I'm asking Rev. Black, to help me with this?

MAYOR COCKRELL: Rev. Black, would you like to make a comment?

REV. BLACK: Yes, I would. When I first heard of the compromise decision, I supported that.

MR. ROHDE: I do, too.

REV. BLACK: I supported it on the basis of that was the evidence that I had before me. Now, it seems to me, in all matters regarding decisions having to do with both our courts, as well as our own individual, if one says introduce new evidence, new information, new insight, into a situation, then we are morally obligated to make our decision in the light of that new evidence, of that new option, that new information. So, I come having heard additional evidence of what is open to me, and it is not an ordinary thing for me. It may be ordinary in terms of operation, but, to me, any element within the framework of the operation of government that gives the people an additional option is an extremely important item of government for me. Extremely important, and I say this out of the experience, out of personal experiences, where my options have been greatly curtailed. Now, I also take exception that the Public Service Board has not been in politics, that in my opinion, is not true. It has always been in politics, a different kind of politics.

MR. CISNEROS: I'd like to ask either Mr. Harris or Mr. Teniente about the wording of what is before us now. The word is in there about reserving the option, there was for some time, it says for a period of time or what was the word that you used?

MR. HARRIS: In my report, I had conditionally exercised, I had recommended to the Council, that it consider reserving the right to exercise the option, at such time as if Council might later determine the.....

MR. CISNEROS: Does that mean between now and the time, '84, wherever.....

MR. HARRIS: No, this entire section that we're discussing relates only to such time as all the first lien bonds have been retired.

MR. CISNEROS: And then after that, of course, it can be written in at any time, even after the first lien bonds, after they've become first lien bonds, you could make the change.

MR. HARRIS: Then you could make the change. In my report, I have that condition, the Council making the determination, as a result of a legislature change, court action, or something of that nature. It has been determined that by exercising this method of appointment,

you can secure the removal of your gas and electric systems, with the operation of a Utilities Regulatory Act.

MR. CISNEROS: In light of all the three questions that I asked, and I think they've been answered satisfactorily and so forth, my position would be that I think we ought to maintain that option for the future. However, I would like some tighter language than what has been suggested, just because of the point about trying to reduce the uncertainties. So, what I'll do is propose a substitute motion which is Mr. Harris' language.

MR. HARRIS: Councilman Cisneros, may I suggest that there could be many ways of exercising this option, but in reality there are only three. One is the method there in the present ordinance which specifies that the Council shall approve the selection of any member. The second is direct appointment by the Council, and third will be popular election. really you're not talking about that many real options.

MR. CISNEROS: I would like to offer a substitute motion that would incorporate Mr. Harris' specific language about direct election. I mean direct appointment by the Council to reduce some of the uncertainty but at the same time allow us to address the issue before us.

MAYOR COCKRELL: All right, there has been a motion to amend the proposed motion by substituting language which would make the only option available that of the Council appointment of the Board of Trustees. Is there a second to the motion to amend?

MR. PYNDUS: Mayor Cockrell, I'd like some clarification with regard to the original motion.

MAYOR COCKRELL: Excuse me, no, that is not in order, I'm sorry. Is there a second to the motion to substitute? All right, hearing none, the motion dies for lack of a second. Mr. Pyndus.

MR. PYNDUS: We have Section 20 in the ordinance and we had from Mr. Harris the words that Section 20 of the ordinance contains two principle provisions, the first relating to the method of appointing members. He suggested that we redraft a portion of Section 20 of the ordinance in an effort to cure these objections. Now, are we talking about including Section 20 without Mr. Harris' change of words or are we going back to the original ordinance that had been proposed prior to his remarks?

MAYOR COCKRELL: No, sir, he is also in addition to the point that we are discussing he has other points also, and we have not yet reached the discussion of those points. We are simply identifying the one issue of whether the Council wishes to reserve the right to change the Board's selection in the future.

MR. PYNDUS: All right, in other words.....

MAYOR COCKRELL: As soon as this issue is decided then there will be another issue, will be in order for discussion.

MR. PYNDUS: Mayor Cockrell, are we going beyond nominations now? We're not talking about just for mere nomination or selection as outlined on page 7 of the draft?

MAYOR COCKRELL: Yes. We are not relating this. What we are relating is simply the right to hold for the future the option to change the method of selection, and we will still consider the other recommendations.

MR. PYNDUS: All right. Now, may I hear the original motion.

MAYOR COCKRELL: Mr. Teniente moved, would you like to state that?

MR. TENIENTE: No, you go ahead, Mrs. Cockrell.

MAYOR COCKRELL: All right. Mr. Teniente moved that as a policy decision the Council wished to have written into the proposed ordinance an option that would retain for the Council the right to change the method of selection in the future. All right, is there any further discussion? The Clerk will call the roll.

The motion carried on the following roll call vote:

AYES: Billa, Cisneros, Black, Hartman, Rohde, Teniente, Nielsen, Pyndus; NAYS: Cockrell; ABSENT: None.

MAYOR COCKRELL: All right, the motion has carried and therefore the staff will be directed to write this proposal for the new ordinance. Now, then we go to the other recommendations that Mr. Harris made, and Mr. Harris, will you address the other recommendations in that Section.

MR. HARRIS: Yes, Mayor. I did not, of course, express any views on the method of selection of trustees as I did not think that was a question submitted to me, but I merely reviewed the methods that were outlined in the ordinance under consideration. I found two specific objections to the language not because of the method, but because they failed to cover, in my opinion, two possible sets of circumstances. The possibility of these circumstances arising could be and probably would be remote but nevertheless they are not covered. The first is, as the language is written, it does not provide a method of appointment to fill a vacancy in the event for some reason the remaining members of the Board fail to select a nominee to be submitted to the Council which theoretically could lead to the situation where they just continued on with four members. Also, the ordinance does not contain the certainty that I would recommend in that it contains the possibility that you could just simply perpetuate and have a series of unacceptable candidates. I have redrafted the language in such a manner as to cover those contingencies basically to provide that if the remaining members of the Board fail to select a nominee in the method that is provided in the ordinance within 60 days, then the Council can fill the vacancy.

Secondly, if three unsatisfactory nominees are in turn submitted to the Council, that the Council would then select an interim trustee to act as trustee until a permanent trustee can be selected. In that event, the persons selected by the Council will be submitted to the Board of Trustees and they, in turn, would vote. If they agree with the selection, then he becomes the trustee. If they reject the suggestion, then they nominate a fourth candidate to the Council. If the Council rejects that candidate or that nominee, then the interim trustee does become the permanent trustee and the vacancy is filled. But it provides, in my opinion, some certainty.

MAYOR COCKRELL: Did you discuss this issue with the City Public Service Board staff?

MR. HARRIS: Yes, we did. They felt that this was, this would constitute a substantial change in the language in the ordinance, as they understood their Board of Trustees had agreed upon. They felt that they could not make a decision, that that would have to be referred to the Board of Trustees and that they would, in turn, consider it if the Council would consider it. May I say that in my opinion, I do not consider it a radical change, but it does remove two areas of possible uncertainty.

MAYOR COCKRELL: Yes, Mr. Hartman.

MR. HARTMAN: Madam Mayor, I think inasmuch as Mr. Harris pointed out here the fact that he is merely trying to correct a mechanic that could become difficult. I think that the recommendation he has proposed here should be incorporated as part of the ordinance.

MAYOR COCKRELL: Mr. Rohde.

MR. ROHDE: Yes, I would like to hear whether Mr. Berg has changed his mind on this since this morning, possibly in asking some questions about it.

MAYOR COCKRELL: All right. I think he stepped out - just a moment. We were taking up this particular point about foreseeing the possibility that there might be several successive runs at trying to name a new trustee and that the possibility that if agreements were not reached then the language of the proposed ordinance is not specific in spelling out what would happen. Mr. Harris has made a suggestion, and I think that staff felt that they, that this was in the policy area, and that they couldn't agree without further discussion. Do you have any reaction?

MR. BERG: Yes, I'm against it very strongly and reflex again a total lack of understanding and unfortunately Mr. Harris has been called in late, and I feel sorry for him because he hasn't had a chance to really fully understand the operations of the Board. We have all the time a question of a selection of a Board member. The Mayor may veto them as Mayors of the past have done. Other Board members may veto them. I know at one time we went through some 40 odd names before we were able to get the person that was agreeable to everybody. Sure, it will happen, and it would be foolish to think that it would not happen. You're dealing with a very highly responsible organization and responsible people and that is why we always wanted to be sure through the Mayor who communicated with the City Council these options and opportunities were cleared. There is no point at all in trying to put in concrete you must do things within a certain length of time because the biggest problem is to get the right kind of qualified person. You can get anybody to serve, but that is not what we need in a very technical, complicated, and a very highly involved business from a financial standpoint. So, we've taken care of that over the years, and I think it's been done very well. We're against it, the entire Board is.

MAYOR COCKRELL: Thank you, sir. Are there any other questions?

REV. BLACK: It seems to me that if this matter is already taken care of on a voluntary basis that I would have no objection of it being taken care of on a structural basis because you're not always going to have the same wonderful men that I keep hearing talking about there. You've got to prepare for an occasion when you might not have such wonderful men working together in such cooperation and in such a spirit of efficiency. So, I take the position that putting it in writing doesn't hurt anything, putting it where you can read it and everybody knows what it is that there's nothing really wrong about that. That's a good thing, and it keeps everybody in line and everybody can read it and understand it. Now, I keep hearing them talk about this complicated, this is so complicated, and I'm not so smart, and I understand every bit of it, and I don't quite understand what kind of complications you're talking about. Really to me, Madam Mayor, I would certainly support this recommendation.

MAYOR COCKRELL: All right, may I point out that the proposed language is different from the current practice. I think Mr. Berg was not saying that the proposed language reflects the current practice, and I just want to be sure that there was no misunderstanding on that point.

REV. BLACK: That's what I thought he was saying.

MAYOR COCKRELL: No, sir, I think what my understanding of what I think he is saying is that there are at present, there are repeated efforts on certain occasions to get a person satisfactorily who will serve on the Board and that the fact that a person may not be, the third person selected may not gain approval all around is not unusual.

MR. ROHDE: Mayor.

MAYOR COCKRELL: Yes, sir.

MR. ROHDE: I witnessed in the last Council where this Council was without a Councilman for almost five months and this denied the people a voice in their City government that was not heard, and for this reason I would support this motion because it sets in concrete that the citizens will at all times have a voice in the Public Service Board of their City of which they are the rightful owners. For this reason, I would make the motion that with the concurrence of the City Attorney and with your interpretation that we approve this substitution.

MAYOR COCKRELL: All right, this is a change from the.....

MAYOR COCKRELL: All right. There is a motion and a second that we approve this change. There are several members of the Council who are not here and perhaps who wish to vote on this.

MR. PYNDUS: May I ask Mr. Harris a question, Mayor Cockrell? Mr. Harris, your statement reads the ordinance does not provide for the appointment of a trustee. If for any reason, remaining members of the Board of Trustees fail to elect a nominee.

MR. HARRIS: That's correct.

MR. PYNDUS: Would the requirement that we have specified member of trustees overcome this paragraph - this observation?

MR. HARRIS: Not entirely, Mr. Pyndus, because you still have the mechanics of the selection of nominee because - I have not entirely - I have in no way changed the method of selecting the nominee, I'm just trying to cover where a selection is not made. You can have, you're providing for five members but if you have a vacancy, the only way a name comes before this Council and the way the ordinance is presently drafted is the remaining members of the Board, including the Mayor, by a majority vote elect the nominee. In the way the language is presently written, there is no way for this Council to consider a nominee unless he is selected by the remaining members of the Board.

MR. PYNDUS: Thank you.

MR. HARRIS: And that's what I'm addressing my perspective to the change of the Board.

MAYOR COCKRELL: All right.

CITY ATTORNEY PARKER: I have one question. As far as the prior motion on the changing of the method, reserving an option to change in the future, is that to be by a majority vote of the Council, by percentage vote of the Council, by a unanimous vote of the Council, or just a majority vote?

MR. PYNDUS: The majority is the common practice.

MAYOR COCKRELL: May I ask Mr. Harris for his comment.

MR. HARRIS: I did not fully understand your question.

CITY ATTORNEY PARKER: What I'm curious about whether that reservation change for option, you know, for the way you're going to set out the nominee here.

CITY MANAGER GRANATA: The motion they've already passed.

CITY ATTORNEY PARKER: Just the motion they just passed.

MR. HARRIS: Is this the motion passed on reserving the right to change the....

CITY ATTORNEY PARKER: Right, by the City Council. But is that to be by, what I was asking for was some direction whether it's to be by a majority vote, by....

MR. HARRIS: It would be by a majority vote of the members of the Council then in office.

CITY ATTORNEY PARKER: Then in office or present. It could be phrased in any direction. That's why I'm asking for some direction as to how you want it phrased. Do you want it the majority of the members of the Council then in office or the majority of the present voting. You could get it where you get three people could change it on that basis or do you want affirmative vote of six people or what?

MAYOR COCKRELL: The standard procedure is five affirmative votes, isn't it, for any measure to pass unless it's something that it specifically required seven.

MR. ROHDE: Mayor, you want to be careful about Charter Revision. You might have more Council members if possible.

MAYOR COCKRELL: Well, in other words, doesn't the Charter speak to that?

CITY ATTORNEY PARKER: It just says a majority. So if you have a quorum present, I would think that you could get down...given where you might have three people change something.

MR. PYNDUS: That's not a majority of the Council.

CITY ATTORNEY PARKER: I mean, that's why I just wanted to know how you wanted it phrased.

CITY MANAGER GRANATA: If nine, because eleven, it would take six.

CITY ATTORNEY PARKER: The majority of the members of the Council in office.

MAYOR COCKRELL: It would take a majority of the council. All right. Now then, particularly on this provision that we now have before us, the recommendation is that - the recommendation is on page 7 of the draft, there are two recommendations there. All right. There are two comments, rather, and then the recommendations are in Section 20.

MR. ROHDE: My motion, Mayor, was to substitute, what the attorneys prepared, the language of the nomination.

MAYOR COCKRELL: All right. Let's pause just a moment so everyone can re-read this and thoroughly familiarize yourself with it.

I would make a comment on this that I do have one worry in connection with the proposed procedure, and this is, even without changing the method of appointment operating under this procedure, it would seem to me that if a Council chose to do so, it could simply use this provision as a method of simply rejecting three no matter who the persons were, rejecting three persons and then taking upon themselves the primary appointive power without going through any effort to change the procedure and I am just raising that as an issue for the Council to take a look at.

MR. HARTMAN: Madame Mayor, I'm thinking the point is well taken. I think that we have two extreme possibilities. One is the position remaining open indefinitely which of course Mr. Harris was trying to plug and on the other hand, the possibility that you noted. I think that either extreme would be bad, but I think the use of the opportunity for the third nominee I think would, to me, the worst possibility is to have the board have a vacancy for a period of time. I think the other would be the matter that would be if it wouldn't, the possibility wouldn't present itself as much as I think the difficulty of having that position open for a period.

MAYOR COCKRELL: Mr. Pyndus.

MR. PYNDUS: Mayor Cockrell, inasmuch as this is the language change only and we're setting up future bonds of this nature, I would support the amendment to utilize the language recommended by Mr. Harris.

MAYOR COCKRELL: All right. Dr. Nielsen.

DR. NIELSEN: Madame Mayor, very briefly, I don't foresee as even Mr. Harris pointed out, that this would necessarily become operative. I think in terms of public service position and their dedication and whatever, that only in extreme circumstances will this ever come to pass. I do not think,

on the other hand, that this is under any extreme circumstance with any Council or trustees ever deliberately exercises. I think that is so extreme.

MAYOR COCKRELL: All right. Do we have a motion - I don't believe we've had a motion on...

MR. ROHDE: So moved.

MR. PYNDUS: Seconded.

MAYOR COCKRELL: All right. The motion was by Mr. Rohde to adopt the change in language.

MR. BILLA: Recommended by Mr. Harris?

MAYOR COCKRELL: All right. Is there further discussion?

MR. ROHDE: Will you restate the motion, please Mayor?

MAYOR COCKRELL: Yes, the motion is to adopt the language which would call for the alternative in the event that three successive nominees had been rejected by the City Council that the City Council would follow this alternate procedure which would be that the Council would appoint a temporary trustee that the Board would then have the opportunity to reject the trustee within 30 days, otherwise, the appointment would become final. That is the procedure. All right. Clerk will call the roll.

The motion carried on the following roll call vote:

AYES: Cisneros; Black; Hartman; Rohde; Nielsen; Pyndus; Billa;

NAYS: Cockrell

ABSENT: Teniente.

MAYOR COCKRELL: All right. That has been adopted. Now then what other suggestions did you have, Mr. Harris?

MR. HARRIS: I recall only one other specific suggestion. There was language in the ordinance as drafted that would authorize the Board of trustees to vote by in effect by proxy. That has, as I understand, been deleted.

MAYOR COCKRELL: That was deleted, yes, sometime back.

MR. HARRIS: My suggestion was that that not only be deleted but specifically prohibited.

MAYOR COCKRELL: But if there's no language authorizing it, do you foresee that it could...

MR. HARRIS: You'll always have the question that if they have the right to adopt rules and regulations and that they would make the policy decisions.

MR. ROHDE: That's right. They could do it on their own.

MR. HARRIS: And in my opinion, that's contrary because if for example, a public utility is managed by the council, they obviously cannot vote by proxy. Being a publicly owned utility, I would think that any board of managers should be subject to that restriction.

MAYOR COCKRELL: Is this written into any other indenture that you're familiar with?

MR. HARRIS: No, I don't recall any.

MAYOR COCKRELL: I see. Thank you. Yes, sir.

MR. HARTMAN: I think that as a rule, this is a standard practice to, in other words, it cannot be done by proxy; it's so stated in the ordinance. I mean, not in the ordinance, but put in a provision in corporations.

MR. HARRIS: It is not an unusual provision in private corporations.

MR. HARTMAN: Yes, that's what I'm saying. It's not unusual, in other words, it is a usual.

MR. ROHDE: Would you suggest it be in the ordinance?

MR. HARRIS: This is one of the items, Article 1115 addresses itself to. The Council determines in the contracts encumbrance what rules and regulations shall govern the body.

DR. NIELSEN: Madame Mayor, might I ask in that whole section I don't know where it is in the ordinance that deals with the general provision, toward the last of your letter, on page 8, is there anything - let me put it this way - We should simply add another sentence that such powers simply be subject to review by the City Council.

DR. NIELSEN: Would that, in effect, really address what you're saying, or would we as far as the proxy vote have to still....

MR. HARRIS: Well, if you have that stipulation in the ordinance, then, of course, you would review their rules and regulations. That would be one that you would review.

DR. NIELSEN: So, that in effect, indirectly it would get at what you're saying.

MR. HARRIS: I don't consider this a matter of...

DR. NIELSEN: Well, I do as far as, well only condemnation, just that whole section.

MR. HARRIS: Oh, you mean the general powers?

DR. NIELSEN: Yes, right.

MR. HARRIS: Well, now, I didn't make any effort in my report to the Council to suggest what powers the Council should delegate, what powers they should serve. This is purely a policy decision. The way the ordinance is presently drafted, the City in effect delegates all of its powers to govern the management of the system to the Board of Trustees. That's one alternative. There's many alternatives to consider and specific powers you delegate, the specific powers you reserve is a policy decision of the Council.

DR. NIELSEN: Right, but all I was suggesting is if in that general provision if there was simply a sentence added such powers and duties would be subject to review by the Council, so clearly stated, would that, in effect, as for instance to the question about proxy vote, address itself?

MR. HARRIS: Yes, it would address itself.

MAYOR COCKRELL: Mr. Pyndus.

MR. PYNDUS: I understood we were discussing the vote by proxy.

MR. HARRIS: That's correct.

MR. PYNDUS: And I would like to ask this question. Reviewing your own words and report, Mr. Harris, you stated we know that Section 20 of the Ordinance authorizes the City Public Service Board to vote by proxy. In our opinion, the right of the Trustees to vote by proxy should be specifically denied in the ordinance, and my question is how often does the City Public Service Board vote by proxy in the past?

MR. HARRIS: I have no idea if they've ever voted by proxy in the past.

MAYOR COCKRELL: They have never voted by proxy that I know of.

MR. BILLA: Madame Mayor, did you state that that portion has been deleted and he just merely made the statement that it ought to be included to specifically state?

MR. HARRIS: Well, let me address myself to that, Mr. Billa. Five new pages of this Ordinance were delivered to me at noon yesterday, at which time I had already written my report in draft form, and then, I had to come back and try to change my report to reflect the changes in those five substitute pages. I say here that we know that Section 20 of the Ordinance authorizes the City Public Service Board to vote by proxy. That statement is not correct because in one of the changes to the ordinance I received yesterday, that language was taken out.

REV. BLACK: So, we're to assume then that the final draft on this has removed that.

MR. HARRIS: It has removed the statement that the Board of Trustees shall be able to vote by proxy.

MR. CISNEROS: But you still recommend...

MR. HARRIS: My recommendation was that it be specific.

MAYOR COCKRELL: He is recommending a prohibition. It has been deleted as a permission.

MR. CISNEROS: Well, I'd like to move adoption of that recommendation.

MR. ROHDE: I'd like to hear CPS on that too, Mayor.

MR. HARTMAN: Is there a second in order? I will second it.

MAYOR COCKRELL: All right, it's been moved and seconded that Mr. Harris' recommendation for a specific writing in of a prohibition against the use for proxy be written in to the proposed ordinance. Does CPS through its board chairman or any staff member wish to be heard? Mr. Berg, do you have any comment on that?

MR. BERG: Mayor Cockrell and Councilmen, as I've stated before, we're perfectly agreeable for it not to be included. For you to include a sentence prohibiting it, this was a question of divided opinion. On that particular question of proxy. We're perfectly satisfied for, and it's been moved of course, to have an addition of a statement prohibiting it, if that's your pleasure.

MAYOR COCKRELL: Is there further discussion?

MR. ROHDE: Call for the question.

The motion was carried as follows: AYES: Billa, Black, Cockrell, Nielsen, Cisneros, Pyndus, Rohde, Hartman NAYES: None ABSENT: Teniente

COCKRELL: Now then, are there further points? All right, Mr. Harris.

MR. HARRIS: I have no further - as I recall, no further specific recommendations for changes. There just simply remains the difficult question, management and powers which is a policy decision.

MAYOR COCKRELL: Would you like to outline sort of give us the circumstances of the problem or the decision.

MR. HARRIS: All right, the ordinance as drafted contains very specific language, and I'll quote from the ordinance, if I may. The ordinance says:

"Except as otherwise specifically provided in this Ordinance, the Board of Trustees shall have absolute and complete authority and power with reference to the control, management and operation of the Systems and the expenditure and application of the revenues of the Systems subject to the provisions contained in this Ordinance, all of which shall be binding upon and shall govern the Board of Trustees. In connection with the management and operation of the Systems and the expenditure and application of the revenues therefrom, the Board of Trustees shall be vested with all of the powers of the City with respect thereto, including all powers necessary or appropriate for the performance of all the covenants, undertakings and agreements of the City contained in this ordinance, and shall have full power and authority to make rules and regulations governing the furnishing of electric and gas service to customers and for the payment of the same, and for the discontinuance of such services upon failure of customers to pay therefor, and, to the extent authorized by law, shall have full authority with reference to making of extensions, improvements and additions to the Systems and the acquiring by purchase or condemnation of properties of every kind in connection therewith."

And then it goes on, in another paragraph to say:

"The Board of Trustees may follow and adopt such rules for the orderly handling of its affairs as it may see fit and may manage and conduct the affairs of the Systems with the same freedom and in the same manner ordinarily employed by the Board of Directors of private corporations operating properties of a similiar nature."

It goes on to their right to hire any specialists, consultants that they need, and so on and so forth. That is, in essence, a total and complete delegation by this Council, of all its rights, powers, and so on. The only ones that are not covered thereunder are the power to issue additional bonds, and while this Ordinance in no place specifically says that it shall be the sole prerogative of this Council to pick the rates, that, of course, is required by law. So, in effect, that is an attempt to delegate all powers that the City might have with the exception of issuing additional bonds, and fixing rates to the Board. That is the ultimate, and so that is one problem.

MAYOR COCKRELL: All right, how does that compare to what is now in practice.

MR. HARRIS: Generally, this tracks the language of the existing first lien indenture.

MAYOR COCKRELL: All right, is there any proposal from either any member of the Council or the staff that this be changed? All right.

DR. NIELSEN: I would simply hope that there would be a sentence added, you know, subject to review or consistent with the City Council policy. I think that's a responsibility we have.

MAYOR COCKRELL: Mrs. Badillo, do you wish to be heard on this subject?

MRS. BADILLO: Yes, I'm Mrs. Badillo from COPS, and we're here to present opposition on this. Mr Harris is talking on management, and we are concerned if this Ordinance isn't going to lock Council into policy and management for offices that will govern the system for the next 20 years. To the people, you're pushing for this bond, the monies for the bond issues, to the people they're thinking that they're going to get coal burning generators to help the utility bills. Now what we want to know is this going to bring down their utility bills, or is this going to be done so that we can have development in the north, or expansion in the outer limits of our City. It seems to us like, if Council is reviewing the Water Board policies that it should be at the same time reviewing where installations are going to be held on the power line extensions, going again into the growth of the City. The problem is that the capital improvement program of the City Public Service Board for the next 15 years is going to be over three billion dollars. To us, that's a lot of money. Most of these capital improvements are based upon expansion. The Northwest part of the City over the Aquifer, if there are presently adequate vacant lots within the city limits of the City of San Antonio, why should the CPS be allowed to continue to plan for development outside the City limits? Why should the rate payers within the City limits be subsidizing system expansions of the City Public Service Board for the people who live outside the City limits? We are concerned about our City Council. How does this City Council plan to hold the Board of Trustees accountable once you pass this ordinance? Citizens need to have elected officials that we can hold accountable when they run our public utilities. You've been talking about all these motions, and all these changes that you're talking about and quite franky, it is confusing to the average person. I would like to ask, though, in this Ordinance, does it give the City Public Service Board the power to force you to go along with them when they demand certain amount of bond issues? Does anybody care to answer that?

MAYOR COCKRELL: That particular point is one that we will get to very quickly. It is in some language that we're going to address.

MRS. BADILLO: Well, if I'm not mistaken, I think you already talked about it, Section 18.

MAYOR COCKRELL: NO, I think that language that you're talking about is the matter of method in which we vote on passage of the bond issue, and the fact that the suggested change is that the Board of Trustees would propose such bond issues, and the Council would then evaluate them. Mr. Harris can comment on that just a moment.

MRS. BADILLO: How do we know - we know that there will be future bond issues that will cost millions of dollars, and that the needs of the future direction of how our dollars will be spent, will depend on how you vote on this ordinance, and this is all I have to say, and I'd like for you to bear in mind, of course, that I'm nervous and everything but I'm trying to understand our Council and I am trying to understand all this mumble jumble that's going on, and while I realize it's very necessary, I find that you're going around in technicalities and all kinds of little fine print that has to put into all these clauses and stuff, and I would urge you all to really think about what's going on here - that if you are not prepared to vote right on this ordinance, we feel that you are going to give away a lot of your power.

MAYOR COCKRELL: Actually through this ordinance, Mrs. Badillo, the Council is gaining a lot of powers that it did not have before.

MRS. BADILLO: You feel this way?

MAYOR COCKRELL: I do, yes.

MRS. BADILLO: Yes, Mr. Rohde.

MR. ROHDE: Yes, citizen, I do, and I want to say you've got a different situation here, you just don't stick a pipe in the ground and get electricity. You've got to generate electricity, and you say why should we sell it to our customers outside the City limits, where would they get it if we didn't provide it for them?

MRS. BADILLO: Our concern is who's paying for this.

MR. ROHDE: They're going to pay for it.

MRS. BADILLO: Well, can you answer the question - these two coal burning generators that are going to be built at Calaveras, who are they supposed to furnish power to?

MR. ROHDE: They're going to serve it to all citizens of San Antonio and to the rate payers in the City.

MAYOR COCKRELL: It's for the entire customer service.

MR. ROHDE: If we don't do this...

MRS. BADILLO: In the City? That's why we say - if it is going to provide for expansion. The Council should take a serious look into this, along like with the Water Board policies. This is what we question as citizens.

MR. ROHDE: I think this Council really has put a lot of homework in this issue.

MRS. BADILLO: I don't know?

MR. ROHDE: Well, we visited the plants, we visited with the Public Service. There's been over 60 days worth of dialogue. I personally have done a lot of this myself, and the thing that you've got to realize is that your present generators run out in 20 or 30 years, and they've got to be replaced. But maybe in five years, you won't have the gas to run the generators.

MRS. BADILLO: I think the City Council has to remember, though, that the people are the ones that are paying the bills right now. They are the ones that are having to put up with fuel adjustment rates!

MR. ROHDE: Every time I open my bill, I think of you.

MRS. BADILLO: This has been going on for a long time, and we do not see where it's going to have an end pretty soon.

MAYOR COCKRELL: All right, thank you, Mrs. Badillo, and did you wish to speak to the same issue, sir. Yes, sir.

MR. RAMON CASTILLO: Mayor Cockrell and City Council Members, my name is Ramon Castillo, and I'm the Co-Chairman of the Utilities Action Committee, Communities Organized for Public Service. This controversial request about the City Public Service for new series bond issues, disturbs the Communities Organized for Public Service and rate payers of San Antonio very much indeed. We are asking the Council not to vote on this issue until the reports and legal documents connected with this controversial issue be investigated and made public the desirable and undesirable aspects of this issue to the rate payers. We also demand that no action on this proposed issue in the form of authorization for Notice of Sale be taken until the proposed issue be ciphered towards specific and to a well understanding issue. Council and City Public Service officials' disagreement over technical language in the documents regulating sale give rate payers a very discomforting feeling but this proposed issue is inadequate to us rate payers. Since this document determines the form, the series of bonds will take in detail, the structure of City Public Service through the period that the bonds are active again, COPS - Communities Organized for Public Service - demands that these documents be investigated. Just as this Council has expressed concern about these documents, COPS is a very much concerned about the whole issue, because of the big rip-off and the frustration that we rate payers are going through. Just as you are investigating the City Water Board policies, we insist that the City Public Service main extension policies be looked at very carefully, so as not to give up the little powers that the

City has over the City Public Service Board. To close this up, Mayor Cockrell, we feel that this ordinance that the City Public Service wants is a vicious one. I thank you very much.

MAYOR COCKRELL: Mr. Castillo, you say that it's a vicious one. I don't understand, really, that statement.

MR. CASTILLO: I say it is a vicious one because what it's implementing as far as the rate payers are concerned, it's costing us a lot of money. We are very confused. Mr. Berg made a remark a while ago that he was very confused. Now, I say that we are very confused because they are taking money from us every time that they feel like it. This is why we say that this Ordinance is very vicious.

MAYOR COCKRELL: Let me just speak to this because I understand your frustration and understand your concern. I know that you feel that the City Public Service Board is taking money away from you. Actually, the money we are all worried about that upsets us all is the fuel adjustment charge. The CPS does not keep any of that money. It's not their money. It doesn't go into their pockets. It doesn't even go into the System. What it does is they are unfortunately a middle man. The money that they take from all of us in our fuel adjustment charges goes right through CPS, and goes to pay the people who are providing us with gas and on those occasions when we burn oil, in other words, with the fuel. They are simply serving as the middle man in that operation. Now, I don't blame you for being upset about it because everybody is, so we're all in the same boat on that particular score. That's why we're suing, that's why we're pursuing our lawsuits in trying to get that settled. Now then, we know though that whatever happens to our lawsuits, the price of gas is not going to come down substantially. Possibly, in the future, there may be some hope it could come down a little bit, but it's not going to come down substantially. And so, what we're trying to do through the \$50 million bond issue is to provide the rest of the money that is needed for coal plants, so that in late 1976, and middle 1977, we'll have the capability of having at least 50 percent of our electrical generating system coming from coal, and from all that any of us can tell right now, coal will be less expensive than gas. So, this is an effort to try to save us all a little money down the road. This is just our best judgment, our best foresight at this particular time, and it's a very difficult issue. It's complicated, I know your group is working hard as you have done on other issues, and I commend your interest, your serious study, and we're glad that citizens are interested. But, the \$50 million bond issue will address the capital improvements that are needed by CPS, and particularly get on with getting these coal plants finished that we need to give us an alternative to the high price of gas. And so, that is one of the major purposes of them.

MR. BILLA: If you're finished, I think that we've missed the point here that we're converting the coal because future Federal legislation won't permit the use of gas, and if we want electricity we've got to go this route. That's what we're trying to get busily on with right now.

MR. CASTILLO: Mr. Billa, we're not worrying about the coal as of now. Right now what we are implementing is that you take a very good look at this ordinance that is in front of you again. The reason for this ordinance is for you to have your moral obligation that you have and use it. Stand in your position so as to protect your citizens. That's all I'm asking.

MAYOR COCKRELL: Thank you.

MR. BILLA: Well, Mr. Castillo, I'd say this if I may, that if this Council wasn't looking at this, CPS would already have their bonds.

MR. CASTILLO: I think I already made that statement, Mr. Billa, as far as what was done in the last controversial we had with the City Water Board. But with specifically we're going into is that this Ordinance should be checked very thoroughly.

MAYOR COCKRELL: Thank you very much. Father, would you like to speak?

FATHER BENAVIDES: Yes, I think the points you brought up are very correct, and we certainly support those. We certainly support the search

for alternate sources of both energy and water in order to be able to supply the City whatever eventuality might occur. The thing that we are distressed about is, of course, the little fringe benefits things that the City Public Service Board has attached to this particular request for a \$50 million bond issue. We're particularly concerned about how much power they wish to stay with, even to the point of obligating the City to issue whatever bond issue they might need at whatever time. We feel that it's this political body that speaks for San Antonio, and it's this political body through which the citizens of San Antonio express themselves, and it's certainly this political body that should have ultimate say over the City Public Service Board because it's you who are accountable to the citizens of San Antonio, and so we're completely against the issues which very fortunately you have voted down. We're much against the City Public Service Board obligating the City to issue whatever bond issues they might want at whatever time because we feel that takes your prerogative away. All of us who have come here who have been through the City Water Board thing, and are still part involved in it are very distressed to find that the two Chairmen of the City utility boards utilizing the same arguments to quite basically get their way. The fact that they are poor, the fact that they need the money or else they will go to pieces. We've heard that before. The fact that we will ruin their bonding capacity, the backward test, the forward test. All of these things we have heard before, and we implore this Council to take the steps to not once again be confused by these issues and to act in the interest of the citizens of San Antonio. We want this City Council to retain whatever power it has, and hopefully, we hope this Council will get more power over the City Public Service Board so it doesn't remain as insulated as it is.

MAYOR COCKRELL: Thank you. The next speaker is Mr. Stephen Harvesty.

MR. STEPHEN HARVESTY: My name is Stephen Harvesty, and I'm Executive Secretary of Involved Texans. I have been working on this problem for over 12 years now. The City Public Service Board is no stranger to me and the moment of truth has come. I understood everything that happened here today. I understood all the ends and odds, and with all due respect to everybody involved, nothing has really been changed. Until 1984, and possibly 1997, we will leave in charge of this very important utility, a lame duck group of trustees. They know they're on the way out. Contrary to official opinion, the present trustees do not have the confidence of the people. Judging by what has happened in the past, this Board could bring further untold suffering to the people of San Antonio. Because of these reasons, Involved Texans are invoking the state law by serving written notice to the City Clerk asking that this bond issue be out to a vote of the people. If this is not done, we attain to a forceable vote of the people by petition. Thank you.

MAYOR COCKRELL: Mr. Harvesty, are you in favor of the coal plants?

MR. HARVESTY: The coal plants? You know, just as the Father just told you, that all these public utilities use the same reason. If we don't get it, we won't get this, we don't get that. Let me inform you, you ought to know, because you've been a member of this board for a while. The City Public Service Board today as a matter of fact for probably the last year, and they will verify it, they've been spending a million dollars a month to build the nuclear power plants down in Bay City. That could be used, that money could be used to continue the construction of the coal power plants until this issue is resolved. I am for the coal power plants. This small amount of delay is going to be worth it because you've got to hear from the people.

DR. NIELSEN: Madam Mayor, might I implore you in terms of what, just as one member of this Council, and one citizen of San Antonio, I think what's best is that we get on with this. I really don't think, Stephan, that any kind of petition referendum or anything else is going to resolve it. I would like very much to talk with you afterwards, but to publicly plead with you, in terms of what is best for everybody in this whole area, the present citizens and any hope for the future, that you not pursue the petition.

MR. HARVESTY: In other words, it's your opinion that if this is put to a vote of the people, there's going to be disaster to San Antonio. This is the only area in this process of this City government where the people have the right to vote on these bond issues.

DR. NIELSEN: No, the question is not disaster, the question basically is what will really benefit this community and a long delay will not benefit this community.

MR. HARVESTY: Sir, you're not going to have a long delay, sixty days, ninety days.

MAYOR COCKRELL: And then what? Mr. Harvesty, suppose you were successful in defeating the bond issue, and then what?

MR. HARVESTY: Then we will agree to the bond issue if certain conditions are met. I think this ought to be straightened out right now. This City Public Service Board should be phased out within a year. The same philosophy that the Board had in 1961 and 1962, that sold the citizens of San Antonio down the river, the same philosophy is still there. I think it's high time that we clean house in the City Public Service Board.

DR. NIELSEN: Do you not understand, Mr. Harvesty, we cannot much as some of us might like to, change the trustees right now, either without State legislation, or 60 some per cent of whatever it is of those bondholders agreeing to it. We just can't do it, do you understand that?

MR. HARVESTY: I was before this City Council some months ago, and I asked that the City Manager contact the bondholders and get them to make an agreement to get rid of the indenture. I bet he hasn't written them. If that had been started at that time, by now maybe we'd know whether we can do this or not. You're telling me we have to get a hold of these people. I asked that some months ago.

DR. NIELSEN: They have to be contacted and the cost if a lot of money to do it. We've got about \$200 million worth of bonds outstanding, and too, in a very short period of time, what we're going to have to do is refinance, will take their agreement, they're not going to agree to do it without some kind of pylon, pardon the expression.

MR. HARVESTY: If they know the people of San Antonio are dissatisfied with the present arrangement, they'll do it because their money is in danger, and they'll agree to it.

714

DR. NIELSEN: That's not their problem. I don't think their money is in danger.

MR. HARVESTY: That's your opinion. You haven't even asked them.

MAYOR COCKRELL: Well, thank you sir. Mr. John Watson.

MR. JOHN WATSON: I'm not here, I'm really here to reiterate statements made a few weeks ago. I don't know if it was heard when Connie Truss stated that the AFL-CIO's position on this bond issue was rather clear, clearly in opposition to the passage of it unless that indenture is changed considerably. I would like to compliment you on what's been done today. I think that the progress made today is really admirable. All you really need to do is convert much of that into the present indenture. You might have a pretty livable system. I don't feel there's a hurry. The only thing I want to say today is I don't think there is a great hurry in passing this, because if you rush and vote today, the petitions will go out tomorrow, and if the petitions go out tomorrow, that's 40 days before you can act, because the petitions to recall it have a 40 days time span. During that time those bonds can't be sold anyway, and if you do have the 27,000 signatures, if the AFL-CIO combines with the other people in the community that want to block this issue, and you do get the 27,000 signatures required, then you have a bond issue and that's another 30 days at least I would guess before the election could be held. Then you may win or lose. What I'm simply saying is that by refusing to deal with the people of the community on these issues, not here but in general, to sit down with the people who are opposed to it, and discuss with them what the problems are, rather than speeding the process up, the City Public Service Board is in fact slowing it down, throwing it to 60 days.

MAYOR COCKRELL: Mr. Watson, you are here. What are your objections?

MR. WATSON: The indenture which makes it a self-perpetuating board of directors....

MAYOR COCKRELL: Well, that's not in this proposed ordinance.

MR. WATSON: Pardon me.

MAYOR COCKRELL: This ordinance that we're considering does not provide for a self-perpetuating board.

MR. WATSON: Those provisions, I'm not the voice of the AFL-CIO in their policies, but I believe that those changes you made today would be accepted with a great deal of enthusiasm. If they were for the present indenture, the indenture has been changed twice before, it can be changed again.

MAYOR COCKRELL: That's two different issues, though. You are saying that because you don't like the present indenture, you are going to block the indenture that is for the future changing the things you don't like in the present, and I don't understand that. It looks to me like you would be so pleased that we are getting the changes that you are for, even if it's not immediate, that it's in this future indenture.

MR. WATSON: I think the statement was made the other day someone of the AFL-CIO that eight years is 800 years, politically in San Antonio, eight years is like forever.

MAYOR COCKRELL: Do you understand the procedure, though, by which we could change the present indenture. All right, the last time it was changed, as I understand it, was when there were about \$40 million worth of bonds outstanding. There are now \$200 million worth of bonds,

could I have someone from CPS come and talk to this issue about what is involved in, if we could get the consent, let's say. Let's just talk about the technical details of what's involved. Mr. Maclin, would you kind of review this. I'd like for everybody to understand this and hear it.

MR. MACLIN: I don't think I was particularly a friend of the City Public Service Board in 1960 when I worked on the amendment, the consent amendment of the present indenture. We were charged with the job of seeking the consent of bondholders, then approximately \$40 million in bonds were outstanding, to a provision that would permit the City of San Antonio to get 14 per cent, to get an increase revenue from the City Public Service Board in the amount of 14 per cent. This worked at that time. We got the consent of bondholders in the amount of \$33 million, I think we had to have 75 per cent, we still do. If the procedure took approximately one year, it cost over a half a million dollars in consideration, 18 months...

MAYOR COCKRELL: Eighteen months and half of a million dollars for \$33 million worth of bonds.

MR. MACLIN: All we were doing, we're saying after you get yours bondholders, let the City have a little bit more. That was the change.

MAYOR COCKRELL: Now, with the outstanding bonds being \$200 million, then that would require what \$150 million that we would have to get the consent of. Now, what would be the time schedule, do you have any approximation of this?

MR. MACLIN: Carl White has asked me on numerous occasions, and I think I've told him that I think it's an impossible task. I don't think it can be done. I think it would be, it would require millions and millions of dollars. The bondholder is actually in a marvelous position. I'd like to say this to Mr. Harvesty. The greatest thing that could happen to the bondholder is that there's no more debt. This is the greatest thing. If you're mad at the bondholders, you're playing into their hands, because what you're doing by issuing no bonds is like going to the bank and saying or to your saving and loan, well I'm mad at you. I'm not going to borrow money on a second lien basis. He's delighted. So, this I consider an impossible task.

DR. NIELSEN: Realistically, if it was about half a million for thirty some million dollars worth of bonds, just strict extrapolation, would say that it would cost us three times or a million and a half, no more than that. It would cost us \$2.5 million if we used the same percentages to recall \$150 million worth of bonds.

MR. MACLIN: Dr. Nielsen, I don't very honestly think it could be done for \$7 million.

DR. NIELSEN: Well, no, no, now, we know at some point in terms of economics that anybody that's holding a bond if it were paid off with the premiums, he might seriously consider it.

MR. MACLIN: Dr. Nielsen, these people on 3 1/2 per cent bonds that are worth 50 cents on the dollar, are they going to consent unless you pay them the full value of these bonds?

DR. NIELSEN: Well, we're talking about refinancing. That's what we would have to do.

MR. WHITE: Not only that but you could spend a considerable sum of money like two or three million dollars and not end up with 75 per cent and that's all down the tube.

MAYOR COCKRELL: All right, the reason I asked this question is I know that the people who are asking us to change something immediately are totally sincere in their request, but I wanted to share the fact these questions have been asked before. This is what we have been told. That it is virtually an impossible task. That to try to get the consent of \$33 million worth of bondholders, that it would take half a million. We know that the, this postage, for example, has gone up tremendously since this effort was made just for that one example. To try to contact holders of bonds totalling, trying to get \$150 million worth of bondholders, out of the \$200 million is just an enormous task in terms of time and money.

MR. MACLIN: Virtually none, as it was done by postage, it required extensive travel throughout the United States and virtually in every, well, many, many states, and direct contact.

MR. HARTMAN: Mayor, I think with regards to the problem of the present indenture, I think we're sort of getting to the explanation that perhaps it's not been generally understood, and I know it took me some time in terms of what we're actually talking about of the expenditures of that amount of money to be able to do what we're saying. We're talking about what is the requirement with regard to contacting each bondholder. We're talking about postage, we're talking about travel expense, etc. What is the requirement with regard to getting the consent? What is the actual expenditure for is another thing that I'm saying?

MR. MACLIN: What the \$500,000 was basically paying for the consent, the consideration.

MR. HARTMAN: Now you're talking about the pylon.

MR. MACLIN: What will you do it for?

MR. HARTMAN: In other words, the conversion, the changing over, the refinancing charge, if you will.

MR. MACLIN: Did you know that the last consent cost, well, I meant at the last consent of the final bondholders, you had to pay almost interest to maturity on bonds that were ten years?

MR. HARTMAN: Right, I follow what you're saying. So the half a million dollars price that is being quoted here was the actual refinancing charge if you would, to put it into....

MR. MACLIN: It's not a refinancing charge at all. It was their consent to submit the indenture to be amended to give the City 14 per cent after they got paid.

MR. HARTMAN: Okay, but their consent now, the expenditure of the funds again, what was that specifically spent for?

MR. MACLIN: To pay the bondholders.

MR. HARTMAN: To pay the bondholders for their consent.

MR. MACLIN: The bonds remain outstanding.

MR. HARTMAN: Okay. In other words, it was a, I won't use the word, well it was a prolonged...

MR. MACLIN: Statement inaudible...

MR. HARTMAN: For their maintaining or reversing the bond. Not refinancing.

MR. MACLIN: We're talking about something entirely different.

MR. PYNDUS: Mayor Cockrell, I think that we should get back to the subject at hand. I think we have heard our citizens.

MAYOR COCKRELL: All right, I wanted to be sure though that they heard some of the things that the Council has heard in terms of the problem. Mr. Watson, do you have one final comment?

MR. WATSON: I'm in the position of being the ambassador who wants to be killed for bringing bad news. I am not the one that makes the bad news. I'm simply saying that they are going to have to sit down with the people in the community and they're going to have to discuss these issues with the people of the community. They're going to have to get an agreement with the people in the community, or they're not going to have their bond issue. It's simply that at the present time there are enough people in this town who are not convinced. I don't believe that the bond issue will pass or will go forward because of the petitions, and because of the votes, and because of the referendum, unless something is done to sit down with the people and discuss these issues and come to an agreement.

MAYOR COCKRELL: Thank you, Mr. Watson.

DR. NIELSEN: With whom is he saying we should sit down with?

MR. WATSON: I'm saying....

DR. NIELSEN: Which side? Who should sit down with you all, the Council, CPS or both or what?

MR. WATSON: The Council, staff, CPS staff, those who can explain those and can discuss and those that have the power to make decisions or at least to recommend decisions. It is not simply AFL-CIO, this is the third group. I'm the third group that's spoken, there's a number of groups.

MR. PYNDUS: I think it's our responsibility to, excuse me, Mayor Cockrell, you know I've heard some demands made. I've heard some inaccuracies made. I've heard a lot of misunderstanding from our citizens there and the complexity of this problem is great. It's our responsibility to handle it, and we've got the business at hand. We will take that responsibility, and if it's not done right, then you can certainly exercise your prerogative. I think that we've got this ordinance at hand and we're way off the subject, and I would like to get back to it. I think we ought to go back to business right now.

MAYOR COCKRELL: Thank you, Mr. Pyndus. All right, now then, we have heard the citizens and to get back to the other area, will you go over the business that has been alluded to and which we haven't discussed. The business about how the bond issues are presented. That was an important point.

MR. HARRIS: Yes, Mayor. One point I raised in my letter relates to, Section 18 of the bond ordinance, relates to the issuance of additional parity bonds. By parity bonds, we mean additional new series bonds, in fact, junior lien bonds. There is a statement that it shall be the duty of the Board of Trustees to request the City Council to authorize and provide for the issuance and sale of additional revenue obligations in the amount necessary to meet the costs of planned extension and improvements. Such request to be evidenced by a resolution of the Board of Trustees and upon receipt of such request, it shall be the duty of the City Council to provide for the issuance of sale of such additional parity bonds in order that the planned extensions and improvements may be made. My recommendation was that that is an apparent overlapping of the two responsibilities. It obviously is the responsibility of the

Board of Trustees to make the study and determine what their needs for capital improvements will be. But then it is the duty and responsibility and sole prerogative in fact of this Council to provide for the issuance of these additional bonds. My recommendation is not a major one but it simply is in essence that if that language be changed to provide that City Council would review the request of the Board of Trustees and using their own independent judgment, then would determine what amount of bonds to issue.

MAYOR COCKRELL: In other words, what you feel is that the way the language is worded is in effect takes away any option from the Council, but it makes it mandatory to approve.

MR. HARRIS: That's correct.

MAYOR COCKRELL: All right, now then, may I have a comment from CPS on this issue. Was this one that you discussed with staff?

MR. HARRIS: Yes, we did discuss it with the staff. I don't recall any particular...

MAYOR COCKRELL: Was any agreement made on this issue?

MR. HARRIS: I think that a substantial agreement was reached on that.

MAYOR COCKRELL: Is there any comment you would like to make on this one, Mr. Berg? It's just to the point that the, I think, the Council would not feel it had no option whatever in responding to a request for a bond issue.

MR. BERG: I think the City Council should have options, and we have always felt that they did have the options. You could turn this bond issue down. It's our responsibility in managing the utility to come before the Council and tell what we need. I think there has been some concern over the years as to the kind of responsibility that City Councils would exercise, because there could be a City Council that could be obstructionist in the manner of either not providing proper funds for replacement of worn out equipment. Thirty year old power plants have to be taken out of service because they're costly and inefficient. It could be that City Councils may prefer rate increases over bond issues, and I think this was the area that was of concern. I think the City Council ought to have authority for options and take that responsibility.

MAYOR COCKRELL: Thank you sir.

MR. PYNDUS: I second the motion.

MAYOR COCKRELL: All right, we have a motion and a second that this wording be amended along the lines suggested by Mr. Harris. Do you suggest an alternate wording?

MR. HARRIS: It should be worded something like this. It should be the duty of the City Council to review such a request, and to provide for the issuance of such additional parity bonds as the Council may deem necessary.

MAYOR COCKRELL: We have a motion and a second. Any further discussion?

The motion carried by the following roll call vote: AYES: Pyndus, Billa, Cisneros, Black, Hartman, Rohde, Teniente, Nielsen, Cockrell; NAYS: None; ABSENT: None.

MR. PARKER: I have a slight problem, if the City Council is going to try to pass this ordinance tomorrow, we're going to have extreme difficulty in getting it typed because the typing of this entire thing has been done by the City Public Service Board. They have, Mr. Fuller informed me that they didn't intend to make any of these changes in it which in effect is going to therefore make us have to do all the retyping of it.

DR. NIELSEN: Is there anything legally that requires that the total thing has to be retyped, that we cannot in fact insert.

MR. PARKER: We may be able to insert this. It's going to look like I don't know what. We can do it that way too.

MR. PYNDUS: Can you follow it?

MR. PARKER: It can be retyped later on.

MAYOR COCKRELL: Let me just say I think that that is a technical problem that we can discuss when the meeting is over. If it is not possible for the CPSB to assist in this way, we can see what arrangements we can make with our own staff.

DR. NIELSEN: Mr. Harris, I wanted to ask you while you were still on your feet.

MR. HARRIS: I did have a minor objection to Section 18 A. The procedure seems to be as outlined in this ordinance at the present time the Board of Trustees would recommend an issuance of additional capital improvements. The Council then had the mandatory duty to issue the bonds which is now being modified and then in turn the Board of Trustees would have to pass a resolution consenting to the issuance of bonds, which they requested, and agreeing to abide by the terms of the ordinance. This again seems to be, the method of issuance of the bonds, I think, is the City Council's prerogative. I think it should be made clear that we're talking about after the retirement of the first lien bonds.

MR. PYNDUS: What wording would you recommend? Upon request...?

DR. NIELSEN: Where are you?

MR. HARRIS: On page 17 of the bond ordinance...

DR. NIELSEN: What page are you in terms of your letter.

MR. PYNDUS: Page 3 of his draft.

MAYOR COCKRELL: All right, that's the provision you suggested be deleted. Is that correct?

MR. HARRIS: Correct.

MAYOR COCKRELL: All right, the provision requiring the consent of the Board of Trustees prior to the redemption of outstanding bonds and preventing the issuance of additional parity bonds until the Board of Trustees consents to such issuance be deleted.

MR. HARRIS: We reached an agreement as I recall on the language relating to the redemption. The two staffs reached an agreement on that. This relates to Section 18 A which is on page 17 of the bond ordinance which concerns the necessity of obtaining the approval of the Board of Trustees as to the form and manner in which the Council issues the bond. After all, the bonds are being issued pursuant to their request. So, I just question whether it's necessary to require...

MAYOR COCKRELL: Well, does this, for example, get into the question of who retains the legal advisors and the financial advisors?

MR. HARRIS: No, I didn't really have that in mind. When the City issues bonds, that's their prerogative any way, I would think.

MAYOR COCKRELL: Well, it has not been the practice in most of our utilities.

MR. HARRIS: Oh, is that correct?

MAYOR COCKRELL: That's correct, yes.

MR. HARRIS: That's not what I was specifically addressing myself to, no. Paragraph 18 A reads, "The Board of Trustees by resolution shall have consented to the issuance of such additional parity bonds and the payment thereof from the net revenues of the systems, and shall have further agreed to comply with all of the terms and provisions of the ordinance authorizing such additional parity bonds with relation to the operation of the systems and the disposition of revenues of the systems."

Well, this ordinance governs all of those things. It determines how the revenue should be applied to everything else so if CPS requested issuance of the bonds, then why do they need consent once the City agrees to issue them. I'm talking about after the first lien bonds are retired.

MAYOR COCKRELL: Right, Mr. Maclin, would you like to...?

MR. MACLIN: I think I misunderstood you. What we want, we agreed to insert so long as the old series bonds are outstanding. The Board of Trustees does indeed have to agree to use these funds. So, we agreed that this could be corrected by inserting the phrase so long as the old series bonds are outstanding. This corrects it. So, I don't see that there's any big...

MAYOR COCKRELL: Is that agreeable?

MR. HARRIS: As I recall, this was all agreed to, this was all agreed to. This is one of the areas that was agreed to.

MR. MACLIN: As far as I was concerned I said I had a market problem unless you included that phrase because I couldn't sell the bonds. It was not a good contract. Now, if there's a policy on the part of the Board beyond that, I don't know but that's....

MAYOR COCKRELL: Is that resolved so that you understand what you're doing. All right, will you state, Mr. Harris, what your understanding is of what was resolved.

MR. HARRIS: Well, my understanding basically was this, that we were going to both in the sections relating to redemption of outstanding bonds and the issuance of additional bonds, add language substantial to the fact that after the first lien bonds are retired, it is not necessary to obtain the consent of City Public Service to issue to the redemption of the bonds nor would it be necessary to obtain their consent and agreement to abide by all the terms and conditions of the ordinance authorizing this issuance of the additional bonds because really this ordinance provides the procedures in it.

MAYOR COCKRELL: Thank you. Is that what you understood, Mr. Maclin?

MR. MACLIN: It's fine market wise with me, but if we had a disagreement, initially Mr. Harris didn't feel that it had to be in and it does indeed market wise.

MAYOR COCKRELL: Now then, are you agreeing?

MR. MACLIN: I'm agreeing, yes madam.

MAYOR COCKRELL: Okay, does everyone, does our attorney over here understand it?

DR. NIELSEN: Well, what I don't understand is that then we will not delete that provision whereby the, after the Council acts the Board of Trustees will act again. We're not going to delete that then, is that what we're.....

MR. HARRIS: No, with the language, it's going to be modified to make it clear that that language is no longer applicable after the first lien bonds are retired. But it will be effective until then.

DR. NIELSEN: Okay, I understand that.

MAYOR COCKRELL: All right, may we have a motion to that?

MR. BILLA: So move.

MR. PYNDUS: Second it.

MAYOR COCKRELL: It's been moved and seconded that that provision be as stated.

On the following roll call vote, the motion carried: AYES: Pyndus, Billa, Rohde, Black, Hartman, Cisneros, Nielsen, Cockrell; NAYS: None; ABSENT: Teniente.

MR. HARTMAN: Madam Mayor, to get back to a paragraph that Mr. Harris eluded to earlier, and I think he sort of hit it and then backed off from it again. That was the paragraph on page 8 of the finished memo where you state that the ordinance is presently drafted to provide the City Council, in effect, it delegates all of its powers, etc. Then you make the statement, "The effectiveness of management is one factor that will be considered by the rating agencies in assigning a rating to the bonds. It is not necessary, however, to insure effective management that the City Council delegate all of its powers to review policies and procedures adopted and actions taken by the Board of Trustees. It will be the responsibility and prerogative of the City to determine the extent of the delegation of powers to be made to the Board of Trustees."

Did you have any specific recommendations for, I realize we sort of touched on some of them here subsequently, but...

MR. HARRIS: No, I did not intend to make a specific recommendation. Again, this goes with policy. Council just has to thrash out how far they want to go and...

DR. NIELSEN: Can you help then, sir?

MR. HARTMAN: I think this is the key point.

DR. NIELSEN: What do you think would be the better language simply to say that subject to Council review or would that be preferable or with City Council policy.

MR. HARRIS: Did I understand you to say that your position that what you want me to address myself to is how would I draft language in effect where you would delegate the necessary authority to manage the System through the Board of Trustees but reserve the right to review?

MR. HARTMAN: Yes, that's exactly what we're saying.

MR. HARRIS: Yes, that could be drafted without substantial difficulty since there are several sections and several paragraphs relating to management. They would have to be reviewed and redrafted to contain the qualifications that you have expressed.

MAYOR COCKRELL: By "reserve the right to review" what specifically are we saying?

MR. HARRIS: This is what I mean. I would have to know exactly what you meant. Do you mean rules and regulations, you mean policy and procedures, you mean plan expansions, there are so many factors.

DR. NIELSEN: Plans are going to be reviewed anyway. I think the main thing is one question you raised about condemnation and the other one just a clause that would make it clear and mutually understandable that we're not, in fact, delegating all of our rights and responsibilities without review. Maybe that's too general.

MR. HARRIS: No, I could envision many ways that could be drafted depending on which area you wish to express yourself to. You reserve the right to review all actions, well, you wouldn't want to do that... do you want to review the right to, do you wish the right to review rules and procedures adopted?

MR. HARTMAN: Could we approach from the other standpoint the fact that the City Council delegates those powers which are precisely germane to the operation of the utility, and I think, would that be more feasible? I'm asking sort of...

MAYOR COCKRELL: Well, isn't that all that has been delegated?

MR. HARRIS: Well, it would be difficult to envision specifying specifically how.

MR. HARTMAN: Okay, so you're saying it has to be going from the other direction to precisely reserve for the Council those things that the Council wishes to, okay, I think we were in the position where that kind of language I would think would have to be drafted. I'm not sure how we would pre-designate, which ones they would be.

MR. HARRIS: Well, frankly, the other changes we've discussed have been easy. This one is subject to so many interpretations, and it would be definitely the hardest because we would have to be drafting it in such a manner as to reflect the consensus of opinion of this Council.

MAYOR COCKRELL: All right, as it is now the Council reserves the right to participate in the selection of trustees, to pass on the bond issues, and then on the rate structure. That is set by State law.

MR. HARRIS: Well, that's understood under State law. It's not specifically reserved but it is recognized in the ordinance.

MAYOR COCKRELL: It seems to me that those are the main controls or functions that we have in relation to any of our utilities. Now, are there any other specific ones. Yes, Mr. Hartman.

MR. HARTMAN: Well, I'm raising these are items that I think perhaps they need to be raised. I'm not at this point advocating them, but I'm saying that the option as to, well, we're saying first of all and as far

as expansion is concerned, you're talking about bond issues. So, therefore, that's covered, you know, expansion per se when you're talking about capital improvements. If you were to provide service to a particular, say a City outside of San Antonio, for example, is that a policy issue that the Council should decide? I would think that that would be in the realm of what we're talking about.

MAYOR COCKRELL: Yes, Reverend Black.

REVEREND BLACK: Could we add to the area of things to review the annual budget? It seems to me that we have had some issues to arise that were of a budgetary nature that it seemed to have been lead to quite a bit of discussion. I'm not going to say conflict, but discussion, and it looks to me that while we're not managing it, a great deal of policy is reflected in budget and a great deal of what you are doing and how you're going about it is reflected in budget and while we're not trying to determine the policy, we're certainly reviewing the budget in terms of what policies are being determined and could begin at least some conversations with CPS in terms of the way in which they are proceeding with that policy, if it's necessary or the Council could.

MAYOR COCKRELL: Reverend Black, my only comment is that we have all been a little frustrated in even trying to feel that we were dealing adequately with a job that we were entrusted with of dealing with the City budget of our City plus the revenue sharing budget, plus the Community Development budget, now are we going to take on the CPS budget too? I was raising the issue.

REVEREND BLACK: Yes, just as we've had consultants to deal with it, if we're going to deal with the, if I'm going to give you money I ought to know something about how you spend it. You know, I'm just as responsible to know how you spend it if I also have the authority to grant it to you and, what I have is the authority to grant it to you, but I don't have the authority to ask you how you spend it.

MAYOR COCKRELL: Well, in the rate setting process they in effect come in with their plans and their needs and we get these thick reports documenting where the money is going and why the rate structure.

REVEREND BLACK: You're talking about the additional rates and what it's related to. You're not talking about in pocket money, necessarily.

MAYOR COCKRELL: Mr. Pyndus.

MR. PYNDUS: Well, I really would like to speak against the philosophy of getting into the management and operations of that utility. I think we have a Board of Trustees, and we have some semblance of control with regard to appointment. We certainly are accountable to us and I would speak against getting into the operation managerial jurisdiction of that utility.

MAYOR COCKRELL: Mr. Hartman.

MR. HARTMAN: I guess the question then would boil down to whether or not reviewing a budget is a regular management problem or if it's a policy problem. I think the point that Reverend Black as I got the main thrust of it was the reflections of policy that are transmitted by way of the budget.

MR. HARTMAN: I think this is the area, the only area that the Council would be concerned with. The fact that, you know, I don't think we would by any means want to take on the detailed review of the budget of the City Public Service Board like we do the City's budget by any means. I do think though that a policy body that that is a policy question in terms of what is the nature of the budget.

MR. PYNDUS: May I answer that, Mayor Cockrell.

MAYOR COCKRELL: Let me just - let me just make one observation here. As it is now, I think there's no reason why we couldn't review the budget if we wish to review it. The question is what happens after you review it. Or we asking for, in effect, a veto power over the budget, or what are we asking for following the review?

MR. HARTMAN: I think the answer to that, Mayor Cockrell, I think that relates to what other areas of policy responsibility, the Board has over the CPSB, in other words the matter of expenditure, well, let me use a hypothetical and perhaps inaccurate example. But, if there was expenditure for a particular type of expansion that the Council felt was not in the best interest of the City of San Antonio, now, then I think that would be reflected as a budget item which then, it would seem to me, do we or do we not have any authority to say yes or no on that.

MR. PYNDUS: Mayor, I would like to reply to that. I think the Mayor as Ex-officio member of the Board could certainly influence obtaining the budget for review as well as commenting on anything that she found was not correct in her estimation, and I think that control would be sufficient.

MAYOR COCKRELL: Dr. Nielsen.

DR. NIELSEN: I realize we do have a great deal to say in terms of policy, particularly at the time of rates and/or issuance of bonds. However, conceivably it could occur that in the next five years other than in terms of some bond issues, there will be no discussion of rates as such. The Council will then simply because of law and regulation and the indenture be exercising one small part of this responsibility. I would simply suggest and would like very much for some comment from the CPS after this - on page 17 of the indenture that we were - the ordinance that we were given which deals with which says, "except as otherwise specifically provided by, the Board of Trustees," and that's who we're talking about and that's policy setting. At the end of that first sentence, simply say "consistent with Council policy or subject to the Council review whichever". You know what I'm talking about Mr. Harris. This is page 17 of the thing that we just got last night which is their ordinance..... Now, is that so general that it doesn't say anything.

MR. HARRIS: Well, I think the Mayor posed the question what does review mean.

DR. NIELSEN: Well, then why not just say consistent with Council policies. We're not talking about review then. Those policies that the Board of Trustees is empowered to act upon should be as, we might change the language here, simply consistent with Council policy.

MR. HARTMAN: I think that's all I'm saying.

DR. NIELSEN: I'm not about - to want to take on their budget. I'm really not.

MR. HARRIS: No, I can imagine not. That's a messy job.

DR. NIELSEN: But I just think in terms of a of an accountable relationship, although Mr. Berg may feel otherwise, that there's nothing unrealistic about their policies and our policies being consistent even in addition to the times that it may come to rates or issuance of bonds. I just don't see anything unreal about that.

MR. PYNDUS: Well, I - may I speak to that, Mayor Cockrell?

MAYOR COCKRELL: Yes, sir.

MR. PYNDUS: With regards to a change of a political structure on the Council board, I find that if we dwell into this area too heavily and we change courses too often with regards to their management, that it will be detrimental to the operation of the utility, and I again would like to speak out against getting the Council involved into the managerial powers of that utility.

DR. NIELSEN: This just addresses the Board of Trustees, just a policy to policy discussion.....

MR. PYNDUS: This is management here.

DR. NIELSEN: Well, the whole Section is management, but it assumes that the Board of Trustees of City Public Service are in charge of that. All I'm simply asking for is clarification that their policies and our policies should certainly be consistent.

MR. HARTMAN: All we're really saying, I think, again to respond to that point, Phil, is the fact that we're saying that the same sort of policy consistency, if you will, between the City Council and the Board of Trustees of the City Public Service Board would be the same sort of consistency that we would expect in any other function over which this policy body has responsibility.

MR. PYNDUS: Would they have to come to the Council all the time.

MR. HARTMAN: No, I'm just saying that - I'm just saying that the, as in any body that has an acting responsibility insures or makes is aware of the fact that what they do has to be consistent with the policy body that is supposed to be established - that establishes their perimeters of operation. That's all I'm saying.

MAYOR COCKRELL: Mr. Harris, what would be the effect if language were added along the lines - that the policies of the City Public Service Board should be generally in compliance with established City policies. What would happen with that language?

MR. HARRIS: I don't think that will have any significant impact on the bonds, if that is your question.

MAYOR COCKRELL: All right. In terms of operational or actual practice, what would that do? For example, there was one policy issue that I raised recently, the City Public Service Board acted on it at the very next meeting. I found the Board very responsive. I raised the issue of the fact that the City Council has the practice of approving any contracts for services with consultants, engineers, whatever over \$3,000. Now, they have, at their next meeting adopted that provision as being consistent with City Council. I have also asked the City Water Board to do it. They have postponed it. They did not act at the next meeting. But at any rate, the CPSB did act to be consistent with City Council policy. Now, this is the kind of thing that I think is just what we've - what we've been asking. Yes.

725

MR. CISNEROS: Madam Mayor, I wonder whether that would be under the guise of what's been mentioned. We'd be talking about personnel policies as well as, I'm talking about consistency in grades and steps.....

MR. HARTMAN: Well, that's operating policy. I - I think that's recognized.

MR. CISNEROS: The problem we ran into before about, remember when we were talking about giving our own people a raise in the City, and some of the discussion that we go into about beginning to match up.

MAYOR COCKRELL: Those are more.....

MR. CISNEROS: I understand.

MAYOR COCKRELL: The elected policy area in the management.....

MR. CISNEROS: I was just trying to - I was just trying to distinguish what was - what would come under the guise of.....

REV. BLACK: May I say you could begin dialogue. You would have a basis for dialogue. I'm not - I'm not trying to be punitive with the budget. I'm not trying to be - I'm simply trying to have an instrument that at least maintains some conversation, and it removes all of the suspicion and all of this kind of thing, and you have an opportunity to take a look at it from a policy point. Not to - I'm not going to analyze how much he's paying the janitors down there, or how much he's paying the, you know, what they're paying the individuals. I'm going to look at it in terms of how it relates to policy. In terms of the operation of it, and I think that's all we do with the City.

MAYOR COCKRELL: All right, where the language be inserted if this discussion.....

MR. HARRIS: In paragraph 20, under Management where it refers to the general powers.

MAYOR COCKRELL: Do you have a particular section there? Or a particular subsection, rather?

MR. HARRIS: Madam Mayor, page 20, either 20 or 21 of the ordinance. I'm sorry, you all are probably looking at the another....inaudible..... contained in the notice of sale.

MAYOR COCKRELL: Yes.

MR. HARRIS: Well, you have a copy of this portion of this article.

MAYOR COCKRELL: That's on page 16 in our copy. Okay? Now, then what, where in that subsection?

DR. NIELSEN: My suggestion was except as otherwise specifically provided in this ordinance and so forth. I don't know whether that's the place or not.

MR. HARRIS: That's the place.

DR. NIELSEN: Okay, just simply add consistent with City Council policy.

MR. HARRIS: Except as otherwise specifically to provide in this ordinance, the Board of Trustees shall have the absolute and complete authority and power with reference to the control, management and operation of the Systems and expenditure and application of the revenues of the Systems -- so long as such, well, we'll add the language in there.

DR. NIELSEN: Yeah, right there at the end or in that sentence.

MR. MACLIN: Don't fool around with the application of revenues; that can't be consistent with Council policy. That would render the bonds beyond marketability.

MR. PYNDUS: What paragraph would that be included in, Mr. Maclin?

MR. HARRIS: It probably would be best to put it in a separate paragraph. I certainly would agree with Mr. Maclin.

MR. CISNEROS: How would it read, how would it read again, please?

MR. HARRIS: Well, Councilman Nielsen's suggestion would be that "actions of the Board of Trustees in exercising the powers granted here shall be consistent with the policies of the Council" or words to that effect.

DR. NIELSEN: Are you saying, Mr. Maclin, that the first full paragraph on page 17 of the latest amendment.....

MR. HARRIS: Well, the expenditure and application of revenues of the systems are fixed in the flow of funds. So what Mr. Maclin says there is correct.

DR. NIELSEN: Is the question you're raising really addressed in this paragraph?

MR. MACLIN: I'm not suggesting that you have to, but what I'm saying is, please be careful there in not and make sure that you're not qualifying the application of revenues.

MAYOR COCKRELL: All right, then you are suggesting, Mr. Harris, perhaps, that we simply just have a separate little paragraph so it cannot affect that particular paragraph. That it will have a separate paragraph that would say along the lines that the policies of the City Public Service Board would be expected to be generally consistent with the policies of the City Council or something like that.

MR. HARRIS: That's Councilman Nielsen's suggestion, and I say that mechanically that would be the best one.

MR. HARTMAN: Yes, I'd like to make a motion to that effect to embody the intent that you just stated.

MAYOR COCKRELL: All right, we have a motion is there a second to the motion. Is there discussion to this motion?

DR. NIELSEN: Second.

MR. PYNDUS: Discussion.

MAYOR COCKRELL: Mr. Pyndus.

MR. PYNDUS: On page 16, Section 20 B you mentioned the complete management and the control of the systems pursuant to the authority contained in Article 1115. Would that be in conflict with this article?

MR. HARRIS: No, Article 1115 is the Article, Councilman Pyndus, that I mentioned which specifies that the Council can run its encumbered systems either by the Council or through a Board, and if they would like to have it through a Board, they can specify their powers and duties. This would be completely consistent.

MAYOR COCKRELL: Dr. Cisneros.

MR. CISNEROS: Couldn't we have just a little more clarity toward - about what it would mean?

DR. NIELSEN: For instance, one question that was raised a moment ago or earlier about.....

MR. CISNEROS: The language suggested is very broad. I'm not sure exactly what it means.

DR. NIELSEN: About the condemnation procedures, any Section of this ordinance is always subject to state legislation, any changes, not all of it, but any part of it is subject to, but in the area of the condemnation for instance, if it is not this Council's policy, that the CPS has the right to condemn then if inconsistent, there has to be some resolve to it. I don't know that we have a policy one way or another right now whether they have the right to condemn or not. Okay, suppose that time comes. We don't have one now. There will certainly have to be some clear discussion between the two of us at which policy was going to be arrived at. Does that condemnation thing fall within this whole section?

MR. HARRIS: No, the form of condemnation is a different specific one because the Supreme Court of Texas has held that the City cannot delegate that power under existing law. The legislature could conceivably at a later date authorize the delegation of that power specifically, and if it were considered constitutionally acceptable then it could be so delegated.

MR. CISNEROS: The only problem that I see now is that if the ordinance is so broad that I'm not sure what would come under its heading and what wouldn't.

DR. NIELSEN: Well, as long as it were addressed in terms of relationship to the Trustees only. We're not talking about the general manager and all that. For instance, suppose that outside of what we have now in light of general discussion through the Mayor, her vote, the policy of the City Public Service regarding exploration of solar energy, we didn't agree with it, I would assume that or if I didn't have a policy, and you wanted to establish one, it would certainly put us in immediate dialogue as far as their action.....

MR. CISNEROS: That language wouldn't do it.

DR. NIELSEN: Well, yes, if it were our policy that there should be consideration.....

MAYOR COCKRELL: If we are going to then try and set energy policy.....

DR. NIELSEN: No, no, no, just general policy.....

DR. CISNEROS: The language as it's been stated so far doesn't establish any procedure or mechanism of process. It just says something.

DR. NIELSEN: Yeah, that's right.

MR. CISNEROS: It doesn't do anything, you know what I mean. Restate the language if you would, Mr. Harris. Mr. Harris, would you read that language again, it doesn't seem to me to set any process in motion and therefore.....

MR. HARRIS: No, I frankly agree with you, Mr. Cisneros, it does not. It would be subject to many interpretations. It is a very general statement that is not specific because it doesn't indicate what responsibilities or what authority this Council would have, in determining what is consistent and what they can do about it if they found it wasn't consistent.

MAYOR COCKRELL: My recommendation honestly is on this matter, you try and do what we've been doing now, work through your member on the Board who is the Mayor. I feel that you can work it out that way and my great fear is that this kind of language is going to be another one of those things that the potential bond purchases will look at as another uncertainty and that's just.....

MR. HARTMAN: Well, I guess, Madam Mayor, and I hear what you're saying and the only thing that bothers me is the fact that it uses the words, "all of its powers", you know, fairly generally and that's the part that really bothers me. I think that perhaps the way, a route to a solution is through our legal counsel over here with regard to the inherent policy powers that the Council has over any body that is established under its aegis? What is Legal's response to that?

MR. PARKER: Well, I'm not sure I'm following you exactly. Where you have the inherent power at this time under this statute that you're creating this new entity to set it up any way you want to within the frame work of Article 1115.

DR. NIELSEN: Except we are spelling it precisely in this ordinance.

MR. PARKER: That's what I mean, but anything that falls within Article 1115 then you've got that authority to set it up now.

MR. HARTMAN: So, you're saying essentially it's not necessary to restate it because we have it anyway, is that what you're saying, Jim?

MR. PARKER: That's the source of your authority to do it in that particular article.

MR. PYNDUS: Has a motion been made?

MAYOR COCKRELL: Yes, there is a motion that was made and seconded to insert this wording.

MR. PYNDUS: Call the question.

MAYOR COCKRELL: All right. Now, the wording is the extra paragraph stating along the lines that the policies of the City Public Service Board would be expected to be generally consistent with the policies of the City Council. All right, Clerk will call the roll.

On the following roll call vote, the motion failed to carry:
 AYES: Nielsen, Billa, Black, Hartman; NAYS: Cockrell, Pyndus, Cisneros;
 ABSENT: Teniente, Rohde.

MAYOR COCKRELL: The motion has failed. I again repeat that I was for the principle of the policies being consistent, but I feel that writing this in.....

MR. HARTMAN: Madam Mayor, point of order, there was a four to three vote.

MAYOR COCKRELL: It takes five votes to pass.

MR. BILLA: Five votes to pass always has been the policy.

DR. NIELSEN: No, no, that's not the way our Charter reads, is it, come to think of it.

MR. HARTMAN: What if you only have a quorum present of five, do you have to have an unanimous vote?

MAYOR COCKRELL: It takes five votes to pass. It has always taken five votes before.

MR. BILLA: Even if you only have five members it takes five votes on any issue.

MAYOR COCKRELL: All right, to restate my position I think I concur with the principle that the policy should be consistent. I think that the language we were writing it in was going to create more problems than it was going to solve and that was my concern. I think the only way to get the policy consistent is for the Council to work through their elected representative on the Board and work it out that way.

MR. CISNEROS: I, too, agree with the principle. I think what we need to do is take a little time if we're going to do something like this and spell out the areas which would be covered and then establish a procedure but just to say it is just like motherhood and apple pie to put it in here and there's no process or procedure.

MAYOR COCKRELL: All right, then what else do we have to resolve this afternoon.

MR. PYNDUS: All right, the condemnation.

MAYOR COCKRELL: On the condemnation is there any further action?

MR. HARRIS: I think on the condemnation question there was an attempt made, I wanted to point this out as an example, I think an attempt was made to do this. Let me find the specific language in the ordinance. The ordinance recites to the extent authorized by law should have full authority with reference to making the extension and improvements or additions to the systems and requiring by purchase or condemnation of properties of every kind in connection therewith. I think that contains a tacit recognition that at the present time the City Public Service Board cannot be delegated the power of condemnation but recognizes that if in the future the law were to change then that power would be delegated because it says to the full extent provided by law.

MAYOR COCKRELL: All right, does that satisfy everyone? Are there any problems in the point of view of the City staff people?

MR. HARRIS: It has been the practice or policy to pass, to delegate that power.

MAYOR COCKRELL: To delegate, then it was legal to do so.

MR. HARRIS: I think that's the logical power to delegate. It can be done. Unfortunately, under the Burch Case, it cannot.

MAYOR COCKRELL: Are there any other areas of concern.

DR. NIELSEN: I would like to reopen in the absence of Mr. Rohde the issue of inserting " apparently he suggested this or something similar, a separate sentence that would in effect say that the policies of the CPSB would be consistent with the policies of the City Council.

MAYOR COCKRELL: Now, if a member who voted with a prevailing side, which was the side that voted against the ordinance wishes to move for reconsideration I would be glad to entertain that motion.

DR. NIELSEN: There is no provision as such in the City Charter that calls for that sort of a policy, Madam Mayor.

MAYOR COCKRELL: That follows Roberts Rules of Order.

DR. NIELSEN: I would raise a point of order.

MR. ROHDE: Mayor, can I have a point of order.

MAYOR COCKRELL: Certainly, state your point.

MR. ROHDE: I did leave the Council for a minute, but I didn't leave with the impression that I was leaving, and I asked Mr. Inselmann to record my vote "yes" but he informed me a little bit that that was not proper procedure. I tried to get back here, I had the loudspeaker on, in time for the vote, and I would like to reopen the question.

MAYOR COCKRELL: Let's refer this to the City Attorney.

MR. PARKER: I am not a parliamentarian.

MAYOR COCKRELL: All right, we would assume that Mr. Rohde would have the privilege of reopening the issue since he was not here, did not participate in the vote. Mr. Rohde, would you care to state the motion again. Do you wish to propose the motion?

MR. ROHDE: You put me in an embarrassing position, Mayor, I don't know the motion.

MAYOR COCKRELL: Well, the motion was to insert a paragraph with language to the effect that the City Public Service Board, the policies of the Board, would be expected to be generally consistent with the policies of the City Council.

MR. ROHDE: I so move.

DR. NIELSEN: Second.

MAYOR COCKRELL: It's been moved and seconded. Now, then I would think we would have to reopen the discussion so that you could hear the full discussion. All right, do you wish to state.....

MR. CISNEROS: Well, once again, we go back to the same point as before which is a procedural question, I'd just like to have, as I said, I agree in principle. I think as much as possible, we ought to have consistent policies between the City government and our utility boards, but what we're talking about is some procedural matters, as to what areas of policy come under the guise of relevant grounds, relevant territory for cooperation, and then there needs to be some procedure, because otherwise as it stands, it's just motherhood and

apple pie language. It says we all want to have cooperation, but it doesn't indicate what happens when you don't, and doesn't say anything about what kind of leverage is built into extract it or the exact procedures that would be followed to get it. Until that language is explicit, you know, it makes no difference you can vote up or down on this and the language will be in here, but it means, it's just a waving a little flag.

MR. HARTMAN: Well, two points if I may, and I'll make them very brief. Number one, I gather from your statements, Dr. Cisneros, that you wanted absolutely explicit as to what areas this is to be considered.

MR. CISNEROS: The rest of the indenture is explicit, that's correct, and it's not ladden with sort of vague language. The vague language just increases the uncertainty, and I would think that a lawyer for a purchaser of the bond going through there would say what the heck does that mean and have real problems with recommending to his client the purchase of the bonds.

MR. HARTMAN: But, I think at the same time, I think the wording that Mr. Harris had recommended here, as I recall, is that those matters.....

MR. CISNEROS: What was your recommendation, Mr. Harris?

MR. HARRIS: I never recommended any language.

MR. HARTMAN: Well, the words that you talked about - without recommending them, you just uttered them, it's not a recommendation, a for instance.

MR. HARRIS: Well, the basic policy question really is whether or not it is the intention of the Council to delegate all of their powers of management to the system or is it the intention of the Council to delegate such powers as are necessary to provide for full effect management and reserve those other powers. That is, the two procedures are fully recognized in Article 1115.

MR. CISNEROS: Mr. Harris, let me ask you this, to turn back on what's our page 17, that sentence that says, "except as otherwise specifically provided in the ordinance" and so forth, it reads as follows: "Except as otherwise specifically provided in this ordinance" and the key word in there is specifically, "the Board of Trustees shall have absolute and complete authority and power with reference to the control, management, and operation" and here we are in another paragraph, which comes back with some vague language, which is neither specific and flies in the face of the words absolute and complete authority. How do you rationalize the two different.....

MR. HARRIS: There can be very many approaches to it. You can use the language here that in effect delegates full absolute and complete control, or you can.....

MR. CISNEROS: You can take that language out and put it in the other.....

MR. HARRIS: Take that language as say delegate such powers that are necessary for the full and effective and complete management. If you did that, you would come under that Section of Article 1115 which says, in all matters where the contract is silent, the laws and rules governing the council of such city shall govern such board of trustees.....It's just a difference in philosophy.

MR. CISNEROS: But to just add it in as a new paragraph.....

MR. HARRIS: Well, you can add it in as a new paragraph, it would require interpretation.....

MAYOR COCKRELL: All right, Dr. Nielsen.

DR. NIELSEN: For instance it says right here on the same page the next paragraph down, page 17 - the Board of Trustees may follow and adopt such rules for the orderly handling of its affairs as it may see fit and may manage and conduct the affairs of the Systems with the same freedom and in the same manner ordinarily employed by the Board of Directors of private corporations operating properties of a similar nature. How general can you be? Really, I think what we're addressing here, Henry, is just some way.....

MR. HARTMAN: Madam Mayor, I think I may have some wording here at this late hour that may mean to make some sense that might get us out of this quagmire. It it were to say except as otherwise specifically provided in this ordinance, and consistent with policy of the City Council, the Board of Trustees shall have - I think that's all we're saying.

MAYOR COCKRELL: Well, I think we'll have to ask Legal. I think we better call on the City Attorney to make any comment at this point. You've heard this suggestion and generally what is your reaction, you've heard this entire discussion, do you have any comment?

MR. PARKER: No. Again, it's a policy matter as what you want to put in here and what you don't want to put in there.

MAYOR COCKRELL: Well, what we're asking really though is what is the effect of some of these different wordings. One is to add - the one suggestion is adding a paragraph saying that the policies of the City Public Service Board must be generally consistent with the policies of the City Council. Now, if that is done, what do you see as a result.

MR. PARKER: Well, it might be slightly ambiguous because I think you could phrase it the other way, that the City Public Service Board shall not adopt or have any policies inconsistent with those of the City Council, phrase it the other side of the coin.

MAYOR COCKRELL: All right, and under that suggested procedure, what do you visualize that as encompassing?

MR. PARKER: Well, whenever the City Council changes its policies, the City Public Service Board has to change their policies, in line with whatever the City Council people are doing, if that's what you want.

MAYOR COCKRELL: On all issues.....

MR. PARKER: On whatever the City Council policy would be as to that.....

MAYOR COCKRELL: Now, for example, if the City Council in its budget approves a wage scale granting a five percent wage increase to the City employees, would you regard that as a policy which then the City Public Service Board would have to follow.

MR. PARKER: If you framed it in such language so that was the policy and you desired it as far as all employees of the City, whether classified or unclassified, yes, madam.

MAYOR COCKRELL: All right, then I think we're butting up trouble.

MR. FREEMAN: May I speak to that. I think you will get into a very difficult situation. You would create one big municipal union is what you'll do if those policies are uniform. You say uniform wage policy for the City of San Antonio, five percent wage increase, and that goes for all of the other agencies, Water Board, City Public Service Board, et cetera. Then you, in effect, are going to be handling collective bargaining for all of the employees of all the agencies of the City right here. You may want to do this, you may not want to, but I think that's exactly what you're walking into.....

MAYOR COCKRELL: But, it seems to me that we really can't do that as it is now because we have several groups who have particular bargaining positions, and.....

MR. PARKER: Well, you can't do that right now as far as the City Public Service Board is concerned anyhow, until such time as that other indenture is terminated. Again, you're only talking about this from a period of time forward from whatever that date is.....

MAYOR COCKRELL: All right, I don't know who was next. Was it Mr. Pyndus.

MR. PYNDUS: I'd like to address myself to Al. He made the motion, and, Al, I think good management practices would allow the Trustees to run the management portion of that operation.

MR. ROHDE: I have no quarrel with that.

MR. PYNDUS: And the fact that this general language that we are attempting to include in this bond issue which specifically sets out the authority of the City, and it sets out the authority of the Board of Trustees and the management - to have the City Council interfere every time there's a new City Council into the management of the utility which is programmed on a 20 to 25 year forecast, as you know, the complicated energy problems we face, and to me and also the confusion that our citizens have shown today and our Board members have shown today and many other people have confessed to me, I think that we would be playing with fire, and I ask that you withdraw your motion because I think it would set a precedent that we would have complications and difficulty with.

MAYOR COCKRELL: Does anyone else have any comments?

MR. HARTMAN: Yes, Madam Mayor, I would like to cite as a for instance the Constitution of the United States, which says that no law shall be passed that is inconsistent with this Constitution. That's all in the world we're saying right here. We're just saying that the policies of the City Council are the policies of the City, and if any sub-element thereof will not be inconsistent with them, and that's all that we're saying.....

MAYOR COCKRELL: All right, any other discussion, Dr. Nielsen.

DR. NIELSEN: Yes, in the next sentence, it says in connection with the management and operation of the system and the expenditure and application of revenues therefrom the Board of Trustees shall be vested with all the powers of this City with respect thereto including all powers necessary for appropriate performance of all the covenants, etc., etc., etc. Okay, excuse me, just for a second, let me see. Mr. Harris, how about it simply stating in connection with the management and operations of the system - they're still all under that heading.

MR. HARRIS: Well, again it should be a separate paragraph really because as Mr. Maclin pointed out when he referred to the expenditure application of revenue that is fixed by the ordinance in the flow of funds, and you would not want any question that that could be changed but again that doesn't relate to the powers.

MR. ROHDE: Can we hear Mr. Berg on that?

MAYOR COCKRELL: Yes, we'll hear Mr. Berg, thank you.

MR. BERG: Thank you. The thing that concerns me is that it's like motherhood situation. Everybody is for doing the right thing but you are reflecting on the capability of not only this mayor but further mayors who are on the board. Whether you like what past mayors have done or not is a matter for this Council and other councils to have taken the initiative within their own Council Chambers and done something about it. But the mayor sits on the board. She or he reflects what the Council thinks. It's a very important position for the mayor. The sensitivity, the policies, the thoughts are directly an input and the boards have always been responsive immediately to whatever the mayor of the City has said or requested or reflected as feelings. I think it is most unfortunate that you are struggling with language that reflects on the appointed or elected representative that you have in the Mayor's position. I would request that you really withdraw your motion. I don't think that it's going to do anything other than be a political tool in the future because every two years you have another Council. You can't change policies every two years, that's ridiculous. It's easy for us to sit here and say, oh, we're not going to do it, but that's not so. We know very well that Councils will say, "If we get elected, that council is thus and so with CPS, and if you elect me, I'm going to get rid of that because that provides that we can change the policy and we're going to change the policy. I can conjure up all types of things. I believe that the responsible thing is to have the mayor fully backed by the council. Communication on a two-way street, continue strongly, effort to be made by the council to work with mayor, the mayor with the board; and I would suggest that this be dropped completely. I think we're just encumbering that mayor's position unfairly.

MAYOR COCKRELL: All right, thank you sir.

MR. ROHDE: Mayor, I withdraw the motion.

MAYOR COCKRELL: It's moot because that foreshadows the result. Is that agreeable with the seconder? All right, the motion is withdrawn. Is there anything else that needs to be discussed?

DR. NIELSEN: Yes, very quickly. Mr. Harris, I noticed that you did point out that in terms of funds, process or priorities, that it has been changed and that now the City comes after everything else, I would encourage this Council to reconsider. I realize that City Public Service has been negotiated and bargained and all that sort of thing, but I still think it's extremely critical for as the funds are concerned that we alternate four and five here.

MAYOR COCKRELL: In that section though, you failed to point out that the City's funds were divided into two parts. The only part that the City got early was that portion in lieu of taxes, isn't that correct?

MR. HARRIS: No. I think, Mayor, in my letter I said that the annual payments of the City as a reimbursement for taxes. If the systems were privately owned it would not be made after the provisions of the others; in other words, I was only addressing myself to that portion and not the entire portion.

DR. NIELSEN: But what you're saying, though, as far as the original indenture or the old indenture or whatever it's called, the only one we really have - there has been a change in terms of

MR. HARRIS: The fact I pointed out... change I did so because I thought the Council should be appraised of the fact. I did not intend in my report in any sense to the criticism of that change. I did not raise any objection to that change.

MAYOR COCKRELL: May I ask Mr. Carl White to comment on the overall effect of this provision to keep that in.

MR. WHITE: Yes, we have received a projection which goes out to about the year 2000 from City Public Service Board reflecting what the six per cent would be and have compared that with the same numbers we have received from City Public Service Board with regard to depreciation. The six per cent amount that is satisfied ahead of the City payment is about one-half of what the depreciation would be approximately. What this does is permit City Public Service Board to set aside funds in the neighborhood of \$30 million. Well, it's not that immediate, but it will get to that in a very short period of time. What this does is provide City Public Service ahead of the City payment with funds out of current revenues for improvements that are needed to be paid out of current revenues. If you go to bond financing 100 per cent, it's going to cost more and it's really going to put the rates in a much more, they're going to be higher than they would have to be otherwise.

DR. NIELSEN: If we went to what?

MR. WHITE: If you went to 100 per cent bond financing, but this is our opinion, provides a proper mix between current revenues and bond financing.

MAYOR COCKRELL: The question is that I asked him to review was whether or not he felt the City would have adequate protection under this kind of a system.

MR. WHITE: Yes madam, we see no problem at all or their ability to make this City payment.

MAYOR COCKRELL: Only a part in the lower paragraph.

MR. WHITE: Yes, now just six per cent would be taken out ahead of the City payment but we see no problem in the ability of the City Public Service to make the City payment which is critical to the City budget.

DR. NIELSEN: Well, the last sentence in your statement under the trust indentures securing the old series bonds, the City payment is made immediately after provisions to pay maintenance and operation and principal and interest requirements for the first lien bonds. That's what it says right here, the rates...

MR. HARRIS: But then, not the 14 per cent. Only that part that was payment in lieu of taxes.

DR. NIELSEN: What you're saying then is that that is not a significant amount.

MR. WHITE: I found nothing, frankly, to concern me about this change. There has, however, one aspect of the City payment that I did not object to and I don't think that it's been discussed. The ordinance as presently written provides that the City Council shall in its discretion determine how much annual payment will be paid in the general fund with the 14 per cent limitation. Then the ordinance contains certain specific criteria that this Council has be obligated to consider in determining that factor I found.

MR. HARRIS: Those criteria to be the subject possibly of future controversy and suggested that the specific criteria be deleted because the criteria to be considered by this Council will be determined each year and again that was one of the areas I thought we had no disagreement on this morning.

MAYOR COCKRELL: All right, so then on that one there is no disagreement on the part of the Council about that one being deleted is there? Fine, that takes care of that problem. Are there any other problems that need to be resolved before we - we cannot pass the final ordinance today obviously because all of the changes have to be written up and put in proper form.

DR. NIELSEN: In terms of general non-specific language, I would ask that on page 17 that the second paragraph where it says, the Board of Trustees may adopt such rules and so forth, in the same manner as private corporations, I would ask that it be deleted. It doesn't say anything anyway it's kind of like the motherhood statement.

MAYOR COCKRELL: It's the second full paragraph, this is the phrase. The Board of Trustees may follow and adopt such rules for orderly handling of its affairs as it may see fit and may manage and conduct the affairs of the system with the same freedom and in the same manner ordinarily employed by the Board of Directors of private corporations operating properties of a similar nature. Is that needed, does it have any particular effect?

MR. ROHDE: Sure does.

MR. HARRIS: I don't know. I didn't even comment on that, frankly, before. I don't know specifically why it was put there and if it's intended to serve as.....

MAYOR COCKRELL: Does it have any particular purpose? Mr. Maclin, do you have any comment?

MR. MACLIN: I think that what they're trying to say that, that it will be operated in a highly prudent manner and it's important from sales. As far as I'm concerned if private scares you, you can change it to public, but I think it should be a statement charging them with the responsibility.

DR. NIELSEN: Should we not just say then simply that this operation will be consistent with the highest most efficient.....

MAYOR COCKRELL: All right, now then on that point does anyone feel in one way or another that.....

MR. ROHDE: Mayor, I'd like to speak that it be retained. You can't take away everything away from a group here that is running an almost big business and they've got to have a procedure and a policy and this is a guideline. When they fail and everything else, they say this is the way it's got to be run, that's particularly.....

MAYOR COCKRELL: I think it just simply says that if you're asking for it to be run in a business like way.

MR. ROHDE: In this particular situation, I went to the Water Board indenture. It's the same thing, the same wording. It's exactly the same, so it's really, it's on the same standard with the Water Department, and I recommend we leave it the way it is.

MAYOR COCKRELL: Mr. Berg, do you have any comment?

MR. BERG: I wanted to know what the pleasure of the City Council was in connection with the recommendation we made on the limitation.....

MAYOR COCKRELL: Excuse me, sir, we were trying to wind up - just one minute - I thought you wanted to speak on this particular issue.

MR. BERG: No, no.

MAYOR COCKRELL: All right, we'll just wait, let's get this wound up. Dr. Nielsen has proposed that this sentence be deleted and that wording be substituted along the lines that the management will be consistent with the highest standards of business-like operation or something along the lines. Do you put that in a form of a motion or, all right.....

DR. NIELSEN: I really don't think it is necessary. Mr. Maclin said there would be no problem.

MR. MACLIN: There is no problem with the language now. This boiler plate for public utilities issues is a comfort to the bondholders to know that there's going to be at least the charge for proper operations as you want to change at this time but it should be carefully and thoughtfully done. As I say the language now is acceptable, it's comfortable with them, try something else.

MR. BILLA: Mayor, I see nothing wrong with that language. I think we ought to proceed onward.

MAYOR COCKRELL: All right. Unless there's any motion to the contrary the language will stand. Is there any other issue. Now, Mr. Berg, you wanted to ask if the Council had responded to something.....

MR. BERG: Thank you, Mayor Cockrell. I know it's getting late and everybody's tired. I appreciate your indulgence. I wanted to know if it is the pleasure of the Council to consider the recommendation we made that there be a limitation of \$35 million that would be received by the City from the CPSB in connection with the 14 percent limitation on the net revenues. Pardon me?

MAYOR COCKRELL: Was that your individual recommendation?

MR. BERG: This is the recommendation of the Board.

MAYOR COCKRELL: I didn't recall that having been voted on by the Board.

MR. BERG: It was not, no it was not voted on by the Board officially at the Board meeting at all. This is a recommendation that I made and I have concurrence of the three other Board members so that we have along with recommendations that you had come before you in same manner. That this limitation be put on for \$35 million.

DR. CISNEROS: Would you restate that from the start please? Mr. Berg, I'm sorry

MAYOR COCKRELL: Mr. Berg states that he is making this recommendation with the private concurrence of several other Board members that the limitations of \$35 million be placed on the amount of revenue under the 14 percent formula which the City can take.

REVEREND BLACK: Is this why we need that article that says consistent with Council policies because I don't remember us doing any business like that.

MR. BERG: Well, let me finish. The action reflects many people's feelings that individuals, especially the large middle-class bills they would be able to have if you raise the general property tax to make up the difference an opportunity to deduct from their federal income tax as compared to no way for it to be done on their utility bills. Hence, you see in about 1985 to 1990 the City would be receiving on the order of \$100 million on the present basis. Therefore, the reasonableness of the limitation of this thing should be considered. If you're looking at all the other future things that should be done should the City receive \$100 million from the citizens on their utility bills and this is why several felt this should be seriously considered.

MAYOR COCKRELL: Thank you, Mr. Berg. Does the Council wish to respond.

MR. BILLA: I've like to say something, if I may.

MAYOR COCKRELL: Yes.

MR. BILLA: I think that it should be within the province of the Council if the revenues seem to be excessive beyond what the City's needs are even though we think this is a good method of raising revenue because of the fact that the outlying suburbs of the city pay this in the city. I think then we could be within our province to lower that 14 percent. Then I would like to leave it like it is, personally.

MAYOR COCKRELL: Yes.

DR. CISNEROS: I'd like to say that first I think that I disagree with the manner in which the recommendation was made because I don't think that it is good policy to informally poll or secretly poll or any other language that you want to use then to make a public recommendation. So I have problems with the procedure as far as the substance of the recommendation. I happen to be in agreement that what we need to be working towards is some way to put some limitations on that city share for the simple reason that I just think that the bills have gone beyond the point of tolerance in a lot of families' cases and they are posing real hardships. Getting the suburbs are not - the worth of that are not, not trying to argue that point. We've got to do something about the magnitude of the utility bills and I would favor any possible approach not at this stage or not writing in the ordinance or anything else but I just feel like the Council ought to make a very strong effort to perhaps come up with some innovative means to reduce that city share because I really think that it's - some of these - some families are right now receiving their bills or just have received their bills for the last month, and they're tearing people up. The very ability from month to month is the worst part. That's, of course, the size of the bills themselves.

MR. HARRIS: Mrs. Cockrell, I think from you all's information that is covered by Section 14 the sentence thereof which says the maximum 14 percent and it could be any thing less than that. So you could adjust that.

MAYOR COCKRELL: The Council has the authority of setting up to 14 percent. I would like to state my position on this.

While I am totally in concurrence with setting a more or less ceiling in a reasonable limitation to what is taken. On the other hand, I am very reluctant to adopt the policy of setting a specific monetary figure. The reason is that in the present inflationary situation we don't know exactly what the dollar is going to be worth 10, 20, 30 years from now and the relation of what now would seem like a reasonable limit of say \$35 million that we might feel we could live with now. In the future, in fact I might feel I could live with less than \$35 million, but in the future we don't know the value of that dollar and we don't know the total City budget and I think it would be, we might have frozen into an indenture something that would be a problem in the future. I do think the Council has the responsibility of making a very serious and careful evaluation of this situation and setting for itself the limits. I might point out that since the Council is elected every two years if they don't adopt policies that the citizens feel are responsible the citizens have a way of taking care of the situation. Mr. Pyndus.

MR. PYNDUS: Mayor Cockrell, I agree with you and I do not wish to have included in the new bond second lien bonds. I think that it should be left as it is - up to 14 percent, however, I do think that there should be a limitation placed upon it because this limitation can be changed at the whim of the Council and I do think that we should face this utility situation a little bit more squarely. I do think that the CPSB has taken the rap because the Council has continued to carry through on our percentage on the over charge. I really think that the entire Council should face up to this situation and I think we should look at the recommendation that Mr. Berg has set forth. I think we should have our financial manager, Mr. White, let us know what impact it would have on our budget and I think we should take this thing into consideration within the next thirty to sixty days.

MAYOR COCKRELL: Now that is the matter that is separate and apart though from

MR. PYNDUS: Yes madam, I want it to be.

MAYOR COCKRELL: It is now 6:10 P.M. I'm trying to wind up this ordinance and this is a separate policy matter for the Council. Yes, Mr. White.

MR. WHITE: Mrs. Cockrell, I'd like to respond to this briefly and then there's another point about the 14 percent that I think we need to discuss. The way that this came about was with the discussion with Howard Freeman, Lee Fuller, and Jack Spruce some time ago and I made the comment that I felt that it should be leveled out as the Council expressed at some point. Well, we couldn't live with the \$35 million as we well know because this ordinance is going to go on perhaps for 50 years or so. We don't know how - what the life of it is.

The other point that I think we need to discuss and that is whether or not it's been suggested and I see no particular problem with it if the Council so chooses to decide this way and that is whether to exclude from the 14 percent the amount that the CPS earns in interest on their investments on time deposits. Now, it has been suggested to me that the City consider waiver of this, exclusion of this from the 14 percent. What this would mean is we don't know, of course, what their earnings will be, but let's assume that it will be \$700,000 of the 14 percent. It's not - it's not a big amount, it's not a big sum of money. It's not a real problem. In fiscal year 1974 the CPS earned \$3,300,000.00 on interest. So whether or not

MAYOR COCKRELL: Just a minute. The change in the ordinance or simply as a policy decision of the Council?

MR. WHITE: No madam, it would have to be in the ordinance. It would be that the 14 percent would be on gross revenues excluding interest on investments if that were consideration or a decision by this Council.

MAYOR COCKRELL: Council would have the authority to waive it if they wished, couldn't they?

MR. WHITE: Well, I guess you could, yes. I would think so.

DR. CISNEROS: We've been talking about the 14 percent and \$35 million and so forth, as to how they relate to future City budgets and then we've been talking about them in a kind of utilitarian way of whether we could live with it or not and I really think that what's involved here is not an issue of utility but an issue of principle as to whether this is the best way to extract taxes from the City's residents. My position is that I think that we've got to figure out some way to reduce it or do something else. Now, I know that there are some strong interests in the City who own a lot of property and can pass through to their own tenants and so forth, cost of utility bills so they're not interested in having the City get this out of property taxes when it can be gotten out of utility bills. I think the little man would much rather see a once a year tax bill that he can plan for and deal with property tax wise than a variable month to month waivering utility bill that hurts as badly as it does and I really feel strongly that we need to figure out what we're going to do.

DR. NIELSEN: Part of that, I think, will be addressed, Henry, if we ever get on a consistent annual reevaluation program. We won't do it overnight but we'll begin to keep much more current than we have in the past. The roll, the evaluations of a lot of properties now which will in fact bring in a little more money and it will sure keep it more consistent, then, we're in a better position to deal hopefully the equity and all of these alternative sources of income.

MAYOR COCKRELL: It is now 6:15 p.m. The staff has a great deal of work to do between now and tomorrow. Is there anything else anyone is just dying to say.

MR. HARTMAN: I move we adjourn.

MR. ROHDE: Second.

MR. TOM DEELY: I'm Tom Deely, General Manager of City Public Service. I thought, I'm sure that most of you are aware of the fact that we're in bad shape financially at City Public Service. I thought I'd call on a man who has to stay up late at night figuring out who's bill he's not going to pay the next day. So if you could just give Howard Freeman just one minute to explain briefly how our situation is, I'd appreciate it.

MAYOR COCKRELL: Mr. Deely, I think we know the situation and I think we've gotten to the point where we have agreed what is going to be passed on the ordinance and so, you know, we're going to vote tomorrow unless I misread the Council. I think we have worked through and we're ready to vote tomorrow. I think we understand that we're in very serious shape

MR. DEELY: I want to be sure the news media understood that we're in bad shape.

MAYOR COCKRELL: Fine, I think that we do understand that, we stipulate that. We, I think, have worked through every decision that I know that is still pending and so

DR. NIELSEN: I'd like to hear from Mr. Harris on the final wrap up.

MAYOR COCKRELL: All right, Mr. Harris, do you have any final comment?

MR. HARRIS: No, I think that each aspect of my report has been commented on at quite some length and the specific recommendation, I think, has been followed and the areas that I brought up to point out to the Council for its consideration has certainly been considered.

DR. CISNEROS: I'd like to say, too, Mr. Harris, that if I can that I think this is a good example of an important role that a professional person and a citizen of the City can play, to be on call, in fact to play an arbitor role between City experts and CPS experts or any other experts and help give us an objective opinion and help us find the grounds for compromise and I commend him on the job he's done in the short time that he's done it.

MR. HARRIS: Thank you, very much.

MAYOR COCKRELL: I have - the only criticism I have at all is the fact that I wish, had our staff felt the need for a consultant, the request could have been made immediately and I think that is the only problem I can see because had we immediately gone to a consultant route, I think we could have saved ourselves at least two weeks, but that's just

MR. BILLA: Mayor, in the defense of our staff I think the Council is responsible.

MAYOR COCKRELL: Fine, meeting adjourned.

There being no further discussion the meeting adjourned at 6:45 p.m.

A P P R O V E D

ATTEST:

G. V. Johnson Jr.
CITY CLERK

Lila Cockrell
MAYOR