

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

Minutes of Special Meeting of  
the Board of Directors of the District

January 11, 1978

Upon notice duly given, the Board of Directors of the Southern California Rapid Transit District met at a special meeting in the District Board Room, 425 South Main Street, Los Angeles, California at 12:30 p.m. on January 11, 1978, at which time President Marvin L. Holen called the meeting to order.

Directors Present:

Byron E. Cook	Jay B. Price
Marvin L. Holen	Ruth E. Richter
Gerald B. Leonard	Charles H. Storing
Thomas G. Neusom	George Takei

Directors Absent:

George W. Brewster  
Donald Gibbs  
Mike Lewis

Staff Present:

Jack R. Gilstrap, General Manager  
Jack Stubbs, Assistant General Manager  
for Administration  
Joe B. Scatchard, Controller-Treasurer-Auditor  
Richard T. Powers, General Counsel  
George L. McDonald, Manager of Planning &  
Marketing  
John Wilkens, Manager of Employee Relations  
Helen M. Bolen, Assistant Secretary

Also present were members of the public.

Resolution  
No. Assigned

Approval of the Sale of \$15,215,000 of District Revenue Bonds

President Holen stated that the purpose of this special meeting was to review, accept or reject bids received on the sale of \$15,215,000 par value of District Revenue Bonds, funds to be used to refund similar bonds of its predecessor, the Los Angeles Metropolitan Transit Authority, and called upon Controller Joe Scatchard to report on the bids received.

Mr. Scatchard reported that the bids were opened at 10:00 a.m. with one (1) bid being received from a group of brokerage firms headed by Merrill Lynch Pierce Fenner & Smith, Inc. The interest rate over the life of the bonds is 5.31% which yields a savings of \$680,000 as compared to interest due on existing bonds. In addition, acceptance of this bid would result in a savings of \$108,000 in Consulting Engineer fees and some \$32,000 in administrative fees related to payment and redemption of the bonds, for a total savings of \$820,000. Mr. Scatchard reported, that, in addition, we will have better control over our short term money investments

Resolution  
No. Assigned

under the new Trust Indenture.

Mr. Terry Cumerford of Blythe, Eastman & Dillon spoke briefly about the interest rate offered on the bid and the current state of the market.

Director Price inquired if acceptance of this bid would lift any of the restrictions we now have. Mr. Scatchard stated that under the new Trust Indenture the District would not have a Consulting Engineer and the District would have complete control over routes, sale of surplus property, and would not be prohibited from granting free rides as legally permitted under present laws.

President Holen asked what would happen if the District Board were to delay action on this matter for a month. Mr. Cumerford stated he never advised his customers to speculate, and that he would say that interest rates would probably go up and not down.

On motion of Director Cook, seconded by Director Richter and carried as noted below,

Resolution  
No. Assigned

the following resolution was adopted:

Ayes: Cook, Holen, Leonard, Neusom,  
Price, Richter, Storing, Takei  
Noes: None  
Abstain: None  
Absent: Brewster, Gibbs, Lewis

R-78-1

RESOLUTION OF THE SOUTHERN CALIFORNIA  
RAPID TRANSIT DISTRICT APPROVING FORM  
OF ESCROW AGREEMENT AND AWARDING  
\$15,215,000 BONDS OF SAID DISTRICT  
TO THE BEST BIDDER AND REJECTING ALL  
OTHER BIDS

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WHEREAS, at the time and place  
fixed for the opening of bids for  
the \$15,215,000 bonds of the Southern  
California Rapid Transit District,  
designated the "1978 Refunding Revenue  
Bonds" (the "Bonds"), and numbered 1 to  
3043, inclusive, all bids were publicly  
opened, examined and read, and a tabu-  
lation thereof has been entered in the  
minutes; and

WHEREAS, the bid of the bidder  
hereinafter named is the best bid made  
by a responsible bidder for the Bonds;

NOW, THEREFORE, the Southern California  
Transit District DOES HEREBY RESOLVE,  
DETERMINE AND ORDER as follows:

Section 1. The following bid of  
Merrill Lynch Pierce Fenner & Smith,  
Inc. attached hereto and marked Exhibit  
"A", specifying the purchase price for  
the Bonds plus accrued interest to the  
date of delivery and the interest rates  
per annum, is the bid for the Bonds  
yielding the lowest net interest cost  
and said best bidder in accordance with  
the terms of its proposal.

Resolution  
No. Assigned

R-78-1  
(Continued)

Section 2. All bids other than the one accepted in Section 1 hereof are rejected, and the Secretary of the District is directed to return the check accompanying each rejected bid to the unsuccessful bidder.

Section 3. The interest rates on the Bonds are hereby fixed at the rates set forth in Exhibit "A" hereto.

Section 4. The Treasurer of the District is hereby directed to deliver the Bonds to the successful bidder upon payment therefor including accrued interest to the date of delivery.

Section 5. That certain escrow agreement between the Southern California Rapid Transit District and the Bank of America, National Trust and Savings Association, dated February 1, 1978, is hereby approved in the form presented at this meeting of the Board of Directors and the President is hereby authorized to execute and the Secretary to attest said escrow agreement in the form presented with such changes or modifications as may be approved by the Treasurer.

ADOPTED, SIGNED AND APPROVED this 11th day of January, 1978.


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President of the Southern  
California Rapid Transit District

President Holen thanked Messrs. Gilstrap and Scatchard for their efforts in bringing this bond refunding to fruition.

Resolution  
No. Assigned

There being no further business, the meeting  
adjourned at 12:55 p.m.

  
Assistant Secretary



**Merrill Lynch  
Pierce  
Fenner & Smith Inc.**

January 11, 1978

Southern California Rapid Transit District  
c/o Jim Grayson  
Law Offices of O'Melveny & Meyers  
36th Floor, Conference Room  
611 West Sixth Street  
Los Angeles, California 90017

Gentlemen:

In accordance with the of your notice of sale dated December 22, 1977 covering \$15,215,000 Refunding Revenue bonds for Southern California Rapid Transit District, Los Angeles County, California, which is by reference made a part hereof we submit the following bid:

For your legally issued bonds, as described in said notice of sale, we will pay par plus accrued interest from the date of the bonds to date of delivery to us plus a premium of \$ 1425.05 provided bonds bear interest per annum as follows:

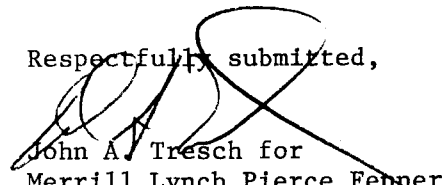
Bonds maturing	<u>1978</u>	through	<u>1980</u>	inclusive at	<u>6</u>	%
Bonds maturing	<u>1981</u>	through	<del>1982</del>	inclusive at	<u>5</u>	%
Bonds maturing	<u>1982</u>	through	<del>1983</del>	inclusive at	<u>5</u>	%
Bonds maturing	<u>1983</u>	through	<del>1984</del>	inclusive at	<u>5 1/4</u>	%
Bonds maturing +		through		inclusive at		%
Bonds maturing		through		inclusive at		%

We request that the legal opinion be printed on the bonds and that the bonds be issued in denomination of \$5,000. Attached herto is a cashier's check in the amount of \$150,000.00 which represents our good faith deposit and is submitted in accordance with the terms set forth in the notice of sale.

Interest cost in accordance with the above bid:

Gross interest cost	<u>2,487,943.75</u>
Less premium	<u>1,425.05</u>
Net interest cost	<u>2,486,518.70</u>
Effective interest rate	<u>5.30768%</u>

Respectfully submitted,

  
 John A. Tresch for  
 Merrill Lynch Pierce Fenner  
 & Smith Inc. - Manager  
 DEAN WITTER REYNOLDS  
 IN ASSOCIATION WITH  
 BLYTH EASTMAN DILLON  
 GOLDMAN SACHS  
 12/27/77