

May 4, 1979

LB 158

whether it comes off the front end or back end because some where along the line the city is going to pay for it. Whether it is taken out of the total amount or whether it is added on at the front, I can't see any difference because if you have par, say of 50, and you either get \$5 million if you have enough of the bonds and the commission and the cost of the underwriters you have \$4,500,000 left or \$4,750,000, whatever it is, or you add it on to the front end and have an overall structure of \$5,250,000. I can't see where the county is going to benefit. For the looks of it, you could maybe make it par and then take it out of the proceeds but that is all it is, isn't it?

SENATOR BEUTLER: It is true you can do it that way. All I am saying is that it is safer and has been the general wisdom of the state today not to allow it to be done that way, to force the brokers to take their fees by quoting an interest rate and making their money out of the difference in the interest rates and not allowing them to take a direct percentage of the original issue by issuing the bonds at a discount.

SENATOR COPE: But you are not saving the city a penny?

SENATOR BEUTLER: Pardon me.

SENATOR COPE: You are not saving the city any money?

SENATOR BEUTLER: No, you are not saving the city any money, to the extent that they fully understand the transaction.

SENATOR COPE: Well, of course, I don't think they do and it would be probably easier to sell the way that you are stating but the results are all the same.

SENATOR BEUTLER: The results are all the same assuming that everybody has understood the transaction correctly.

SENATOR COPE: Okay, thank you.

SPEAKER MARVEL: Senator George and then Senator Kelly. I remind you we have about twelve minutes left on this bill.

SENATOR GEORGE: Just one more quick question to Senator Beutler. Don't you think that the Murphy amendment will throw the cost from the developer onto the city?

SENATOR BEUTLER: No, it will not because the cost will be