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2614 FIRST NATIONAL BANK BUILDING  
ATLANTA, GEORGIA 30303

July 16, 1969

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Mr. Johnny C. Johnson, Director  
Model Cities Program  
676 Capitol Avenue, S.W.  
Atlanta, Georgia 30315

Dear Mr. Johnson:

I have in hand your request for an opinion, dated July 14, 1969. In addition, I have in hand the minutes of the Model Neighborhood Executive Board, dated July 1, 1969. It contains, among other things, a request for an opinion from the City Attorney as to whether or not a proposed resolution prepared by Mr. Clarence Coleman is a "legal document".

Further, I have in hand a copy of the proposed resolution, as well as a copy of Contract No. ME-10-001 which, hereinafter, shall be referred to as the grant agreement.

It is important to know what a grant is from a legal standpoint. A grant has been judicially defined as the bestowing or conferring upon another of some thing, with or without compensation, particularly in answer to the request of the other. In this instance, that thing is money. One of the conditions of this grant is found in Section 502 of the grant agreement above referred to. This section reads as follows:

"SEC. 502. Opportunities for Residents -- In all work made possible by or resulting from this Agreement, the City and each employer will take affirmative action to ensure that residents of

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the model neighborhood are given maximum opportunities for training and employment and that business concerns located in, or owned in substantial part by, residents of the model neighborhood are to the greatest extent feasible awarded contracts."

This type of contractual agreement is authorized under Section 42 USCA 3303 (a) (2)

Therefore, it is my opinion that a grant, such as we have here, may be conditioned upon additional performance by the donee, the recipient of the grant. This type of additional performance is made manifest by the section of the grant agreement above referred to.

The general requirements of law relating to competitive bidding are set forth in McQuillan on Municipal Corporations, Vol 10, at pp. 321, wherein, it states as follows:

"The provisions of statutes, charters and ordinances requiring competitive bidding in the letting of municipal contracts are for the purpose of inviting competition, to guard against favoritism, improvidence, extravagance, fraud and corruption, and to secure the best work or supplies at the lowest price practicable, and they are enacted for the benefit of property holders and taxpayers, and not for the benefit or enrichment of bidders, and should be so construed and administered as to accomplish such purpose fairly and reasonably with sole reference to the public interest." (Emphasis added)

The proposed resolution must now be compared with the verbage of the section of the grant agreement above referred to and with the general law. After reviewing the resolution, I am of the opinion that although the proposed resolution may be a "legal document", nonetheless, as presently worded, it is more restrictive than the

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section of the grant agreement above referred to in that it places more of a burden on the donee than was originally envisaged in the grant agreement.

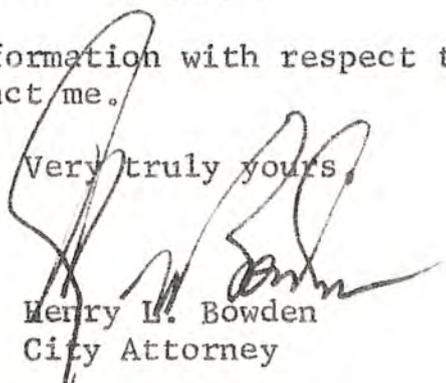
The next question that must be answered is whether or not the language of the proposed resolution is so restrictive that it does not fulfill the general requirements of law relating to competitive bidding. In my opinion, it is too restrictive.

The reason for this opinion is that it is necessary for the donee, the City of Dallas, to obtain the contracts at the lowest possible price consonant with both the conditions of the grant agreement and the general law. This objective, in all probability, cannot be obtained under the language of the proposed resolution under consideration.

Therefore, we would respectfully suggest that the proposed resolution be modified along the lines of the proposed resolution attached hereto so that both the particular section of the grant agreement (SEC. 502) and the general law can be satisfied.

Should you wish any additional information with respect to this problem, please feel free to contact me.

Very truly yours,



Henry M. Bowden  
City Attorney

HLB:cwh