

MINUTES OF A CALLED MEETING OF THE BOARD OF DIRECTORS OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE
HELD IN THE DISTRICT OFFICE IN FORT WORTH, TEXAS, ON THE
14TH DAY OF JANUARY, 1932, AT 12 M.

At this time and place all Directors were present as follows, viz:

W. R. Bennett
E. E. Bewley
W. K. Stripling
C. A. Hickman
Joe B. Hogsett

Director Bennett presided in his capacity as President of the Board; and Director Stripling acted in his capacity as Secretary.

At this time and place the following proceedings were had and done, viz:

1.

President Bennett explained that the object of the meeting was to meet an emergency existing in the financial affairs of the District and to make provision therefor.

2.

Thereupon Director Bewley moved the adoption of certain Findings of Fact, Conclusions and Orders Based Thereon, as follows:

" FINDINGS OF FACT, CONCLUSIONS AND ORDERS BASED THEREON

" (a) The total bonds authorized on October 8, 1927, for the purpose of constructing the works of this District are in total par sum \$6,500,000.00: The bonds under said authorization, which have been issued and sold by this District are the total par sum \$5,000,000.00, leaving a balance of bonds authorized, unsold and now in the Treasury of this District, in the par sum \$1,500,000.00.

" (b) Under the provisions of Section 7 of Chapter 280 of the Forty-first Legislature of Texas, Regular Session, this District has power, in case of an existing emergency in the matter of funds not being available to meet lawfully authorized obligations of the District, to borrow money upon the notes of the District to meet such obligations, provided said notes shall mature on a date not later than six (6) months next after the date of any emergency loan, and further provided that such loan shall not exceed a sum in excess of Twenty-five (25) per centum of the authorized bonds unsold at the

"time of such an emergency, and loaned to care for the same.

" (c) By said act it further is provided that this District
"has the power to pledge bonds of the District authorized but not sold, as
"collateral for such an emergency loan to the District, under the limit, how-
"ever, that the par value of the bonds so pledged shall not exceed the amount
"of the loan by more than Ten (10%) per cent of the amount of such loan, and
"that the money procured upon any such loan must be applied to the purpose for
"which the pledged bonds were authorized.

" (d) On February 4, 1930, this District entered into a con-
"tract for the construction of its works, which contract, among other things,
"provides in substance that as the work progresses the Engineer for the Dis-
"trict shall make monthly estimates of the value of the work done and the ma-
"terials furnished in the preceding month; further, that on or before the Ten-
"th (10th) day of the month the District shall pay to the contractors Eighty-
"five (85%) per cent of the amount of the labor and material furnished during
"the preceding month. The contract further provided that failure on the part
"of the District to make such payment would afford ground to the Contractor to
"abandon the work, and thereupon to be entitled to compensation for the damages
"occasioned to the Contractor by reason of the default on the part of this Dis-
"trict.

" (e) In the month of October, 1931, this District endeavored
"to effect a sale of authorized bonds of this District, of the par value
"\$1,250,000.00, but no bids for these bonds were made. Since that time the con-
"dition of the bond market has been such that it has been deemed prudent by the
"Directors of the District to postpone sale of the bonds, by reason whereof the
"Directors of the District have deemed it prudent to arrange for temporary financ-
"ing for the District, sufficient to meet its obligations to accrue from January
"1, 1932 to March 31, 1932, in order to await the possibility of a bettered con-
"dition of the bond market; It now is estimated by the Directors that the sum
"Two Hundred Thousand (\$200,000.00) Dollars will be adequate to enable the Dis-
"trict to meet its obligations to accrue during the months of January, February
"and March, 1932.

" (f) It is not practical at this time for the District to
"request the Contractors to delay or cease work until such time as the Dis-
"trict may actually have sold its bonds, due to the fact that at the present
"time the earth work in the river section of the Eagle Mountain Dam is not
"at sufficient elevation which would give assurance that possible flood waters
"in the Spring of 1932, would not top the earth work now in place and thereby
"cast upon the Contractors the added cost to restore materials of large value
"already in place. It is urgent that the Contractors with all possible dis-
"patch continue their work to increase the elevation of the earth work in
"said river Section of the Eagle Mountain Dam. It is estimated that this may
"be done and the flood hazard ended, provided this work is diligently pursued
"during the months of January, February and March, 1932.

" (g) Other than outstanding bonds and current (construction)
"account (accruals) for the month of January, 1932, this District has no indebt-
"edness whatever, and there now remains available to it Emergency Borrowing
"Power equal to Twenty-Five (25%) per cent of One Million Five Hundred Thous-
"and (\$1,500,000.00) Dollars of bonds, which have been authorized but not sold.

" CONCLUSION BASED ON THE FOREGOING FACTS

" There does now exist, and the Directors of this District here-
"by do declare an existing emergency in the matter of funds not being available
"to meet lawfully authorized obligations of the District, in order to make com-
"pensation for work necessary now to be done by the Contractors for this Dis-
"trict.

" NOW THEREFORE, BE IT ORDERED:

" 1 - That this District do borrow all or any part of Two Hundred
"Thousand (\$200,000.00) Dollars, to be covered into the "Construction Fund" of
"this District in the Continental National Bank of Fort Worth as the qualified
"Official Depository for this District, as a condition precedent to the execu-
"tion and delivery of the notes of this District, and the pledge of collateral
"to secure the same, as hereinafter provided for.

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" 2 - There may be as many loans consummated hereunder, in
"sums to be multiples of Ten Thousand (\$10,000.00) Dollars, on dates between
"the first and ninth days (both inclusive) of each of the months February,
"March and April, 1932, as may be required to enable this District to meet
"the emergence hereby declared, but not in any event to exceed the aggregate
"principal sum Two Hundred Thousand (\$200,000.00) Dollars.

" 3.- The notes to be executed to evidence the loans hereunder
"shall be payable to the order of The Fort Worth National Bank, or The First
"National Bank, or The Continental National Bank (all of Fort Worth, Texas),
"any one or all, at Fort Worth, Texas, and further shall be conditioned as fol-
"lows:

" (a) Each Note shall be for the principal sum actually covered into
"this District's Depository; (b) each note shall be dated to correspond to
"each such transaction; (c) each note executed hereunder shall mature on or
"before six months after its date; (d) each shall bear interest from date un-
"til paid at the rate of six (6%) per centum per annum and shall provide for the
"payment of ten (10%) per centum of the principal and accrued interest, as at-
"torney's fees, in case of default at maturity and the collection thereof by an
"attorney, after maturity: Substantial and substantive compliance herewith shall
"be valid and binding; (e) each note shall be signed in the name of this District,
"by its President, as the act, deed and binding obligation of this District: No
"other evidence of validity shall be required; (f) to secure each such note
"(to be part thereof or to be by separate ancillary contract), there shall be
"one or more contracts of pledge of collateral with power of sale after default,
"permitting the pledgee or other holder of the security pledged to become the pur-
"chaser thereof at any such sale, and such contract or contracts of pledge may
"be in such form, or forms, as may be approved by the President of this District:
"Each such agreement of pledge (if not embraced in the body of the notes to be
"executed hereunder) shall be signed in the name of this District by its Pres-
"ident, as the act, deed and binding agreement of this District, subject only
"to these conditions, which are: (1) These pledges shall consist of exe-
"cuted bonds of this District, now authorized but unsold, to be registered
"in the office of the Comptroller of Texas, under an approving opinion and cer-
"tificate of the Attorney General of Texas, and to be accompanied by a waiver
"of prior right to purchase by the State Board of Education of Texas. (2)

"Each pledge to be contracted for and made hereunder shall be par value of
"the bonds to be pledged to be equal to, but not more than, the principal
"sum of each loan negotiated hereunder, plus ten (10%) per centum thereof.

" 4 - Upon execution of any note and its appropriate contract
"of pledge hereunder by the president of the District (which shall be con-
"clusive evidence of the District's necessity therefor), he shall deliver
"the same to directors E. E. Bewley and
"Joe B. Hogsett, in their capacity as the
"District's custodians of its bonds and other securities held in pledge by
"it; Whereupon, without other or further order, they shall have power, and
"they hereby are directed, to deliver unto the appropriate bank (to be
"either The Fort Worth National Bank, or The First National Bank, or The
"Continental National Bank, all of Fort Worth, Texas, as their respective
"interests may appear and be contracted for) bonds of this District as
"pledges and as hereinabove is provided; upon condition, however, that any
"such pledge shall not be consummated until such time as the money to be
"borrowed by the District under this order has actually been placed to the
"credit of the "Construction Fund" of this District, in The Continental Nat-
"ional Bank of Fort Worth, Texas, the official designated Depository for
"this District: Thereupon, the bank holding any note or notes issued and de-
"livered hereunder, shall have no obligation concerning the application of
"the money advanced to the District hereunder, and the notes and pledges so
"consummated hereunder shall henceforth constitute absolute and binding ob-
"ligations of this District.

" 5 - If the same be required fully to pay off and discharge
"the obligations to be created by the District hereunder, the District here-
"by pledges the full faith, credit and unlimited advalorem taxing power of
"the District, and the District hereby, in all things, does approve, ratify
"and confirm any and all things which lawfully may be done hereunder: So be
"it ordered."

Upon the reading of the foregoing Findings, Con-
clusions and Order, the same was fully considered, whereupon Director

W. K. Stripling seconded the adoption of the same as the act and deed of this District. Upon a vote being taken Directors Bennett, Bewley, Hickman, Hogsett and Stripling voted for the motion and no director voted against it, whereupon the same was declared adopted as the act of the District.

No further business was presented and the meeting was adjourned.

W. K. Stripling
As Secretary

APPROVED:

W. K. Bennett
As President