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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
17TH DAY OF MAY, 1932, AT 1 P. M.

The call of the roll disclosed the presence, or absence, of Directors as follows:

PRESENT

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

ABSENT

W. K. Stripling
(Out of City.)

There were also present; A. J. McKenzie)
W. R. Bentley (Officers for Contractors of
D. K. Woodward) this District; and
John Boyle of San Antonio, Attorney for the
Contractors; and
Mr. Gill, of San Antonio, representing himself.

At this meeting President Bennett presided: In the absence of Director Stripling, C. A. Hickman acted as Secretary.

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

1.

President Bennett stated that the meeting had been called to analyze the present financial condition of the District, the condition of the District's works, the future accrual of payments on monthly estimates, and the ability of the District to procure money as and when due under its contract for construction. There was full analysis of these matters both by the Directors and by the Contractors for the District. It was the opinion of the Directors that the District had no assurance of its ability to effect sales of its unsold bonds at such time as would enable it to comply with the terms of its Construction Contract. Further, that in case it be possible to procure some

Banking institution to make the District a short term loan, taking bonds of the District into pledge, as permitted by law, this should be done. It was anticipated that any such banking institution might be able to comply with the Act of Congress, relating to aiding by the Reconstruction Finance Corporation, and that any agreement made with a Bank, or Broker, should be made contingent on the ability of the Broker or Banker to procure a loan from the Reconstruction Finance Corporation. Mr. Gill stated that he was present for the purpose of making a proposal to accomplish that result. He, however, stated that he was making the proposal as an individual, and that he would undertake to procure a corporation, having loan and discount powers, to pledge itself to make a loan to the District, to be 90% of \$300,000.00, and to be secured by the pledge of bonds of the District in the par sum \$300,000.00, upon these conditions:

(a) That before advancing the money the corporation would have a commitment from the Reconstruction Finance Corporation to take the note of the District;

(b) That this agreement should give the Banking Corporation an option on \$300,000.00 of the District's bonds, to be purchased at par within six (6) months;

(c) That the District pay to Mr. Gill as an individual a brokerage of Five (5) per cent. on the amount of money which might actually be realized to the District from the loan.

This proposal had attached certain other conditions. Mr. Gill and the Contractors retired from the room. The Directors gave full consideration to the proposal made by Mr. Gill, and unanimously were of the opinion that: (1) The proposal as made was not one which the District could lawfully agree to.

Mr. Gill was so advised. (2) The officers for the Contractors re-entered the meeting. There was full discussion of the conditions, whereupon it was the unanimous opinion of the Directors, and assented to by the Contractors, that the District should use all possible means to prevail upon Congress of the United States to enlarge the powers of the Reconstruction Finance Corporation to permit it to make direct loans to governmental agencies, in order to enable them to go forward with improvements authorized at the time the Act might become effective. Such a Bill is now pending in the Senate and will be referred to as the "Wagner-Robinson Proposal." All present committed themselves to use all possible influence with the Senators and Congressmen from the State of Texas to procure the enactment of such a law as would bring relief to this District under its present conditions. It was ordered that there do be prepared a letter to be signed in the name of the District, by W. R. Bennett, as its President, setting forth these conditions and urging Senators Sheppard and Connally, and Congressman Lanham, to actively support such a measure. Attached to these Minutes as "Exhibit A," is the copy of the letter actually written under said order, and the same here is referred to as part hereof.

2.

Attached to these Minutes as "Exhibit B," is one of multiple reciprocal receipts executed as between Continental National Bank, this Districts Depository, and this District, by E. E. Bewley, as Custodian of pledges for the District, which accurately describes bonds and obligations now held in pledge by the District to secure its deposit, and for the total par sum \$75,000.00. This receipt is dated March 13, 1932. Attached to said

proposed receipt, in folio, is a statement of the condition of the District's account with the Continental National Bank, as of May 17, 1932, as reflected by the books of the Bank. Also, the statement showing the balance as reflected by the books of the District, on May 17, 1932.

Director Bewley stated that in his opinion the account of the District would be adequately secured if the Bank's request for the withdrawal of securities was granted. He thereupon moved that said request do be granted, and that he do be authorized to deliver to the Continental National Bank of Fort Worth the securities described in said "Exhibit A." Further, that upon actual delivery of said securities one of said multiple receipts do be attached to the original bond of the District's Depository, as "Exhibit No. 38" as is provided for in said bond. This motion was seconded by Director Hickman. Upon a vote being taken the motion was carried and it was so ordered.

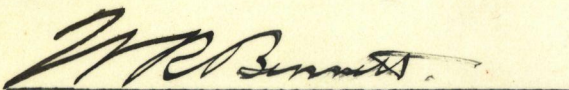
3.

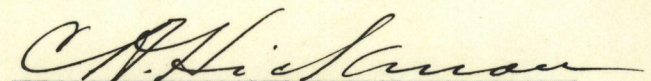
There was presented for the consideration of the Directors the proposed agreement concerning values to be used in lieu of evidence in the Condemnation proceeding by the District against the Chicago, Rock Island and Gulf Railway Company, now pending in the County Court of Wise County, Texas. There was full consideration of this proposed contract, and it was the opinion of the Directors that the same should be approved and confirmed: It was so ordered.

4.

No further business was presented and the meeting was adjourned.

APPROVED:


As President


As Secretary

Copy to Mr. Bennett
"EXHIBIT A" 5/17/32 - 1 P. M.
**TARRANT COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NUMBER ONE**

BOARD OF DIRECTORS

W. R. BENNETT, PRES.
E. E. BEWLEY, VICE-PRES.
W. K. STRIPLING, SEC'Y
JOE B. HOGSETT
C. A. HICKMAN

OFFICE CAPPS BUILDING

PHONE 3-2848

ED. B. CHEATHAM, OFFICE

FORT WORTH, TEXAS.

SIDNEY L. SAMUELS } ATTORNEYS
IRELAND HAMPTON }

HAWLEY AND FREESE
ENGINEERS

May 17, 1932

Hon. Morris Sheppard,
Hon. Tom Connally,
Hon. Fritz G. Lanham,
Washington, D. C.

Gentlemen:

The Fort Worth Star Telegram of May 16th makes reference to the proposed Act being considered by the Committee of which Senator Wagner is Chairman, and relating to issuing \$1,100,000,000.00 of Reconstruction Finance Corporation Bonds, to be used in giving aid to governmental agencies which have already authorized public works, in those cases in which no reasonable market has been found for the bonds.

This proposition seems free from the criticism that it would serve to increase taxes. If the Act is administered with discretion there will not be any increase of the National Public Burden. As relief would be confined to works already authorized, there would be no encouragement for improvident spending. As many of the public works now authorized are in some degree of completion under contracts calling for full completion, there at present exists an actual duress for the sale of the bonds of our governmental agencies on a basis of ruinous discount, which will increase the public burden. This is not confined to any few of the states, but will be found to exist in all of them: It therefore is National in scope, and will serve to diminish the ability of the people to meet burdens which are technically burdens of the National Government.

Our present interest in this subject can be well illustrated by relating the objects and status of Tarrant County Water Control and Improvement District Number One, which are as follows:

O B J E C T S

1. To provide a water supply for the city of Fort Worth.
2. To provide flood protection for the principal industrial area of the city of Fort Worth, approximately 3,000 acres within the city limits; to control approximately 36% of the total potential headwater floods which in a state of nature devastate the entire Trinity Valley from Dallas to the Gulf.

S T A T U S

1. In October 1927, the electors of this District authorized the issuance of bonds in the sum of \$6,500,000.00.
2. Surveys for plans and specifications were completed in December, 1929; in February 1930 the contract was actually let for the construction of two reservoirs on the West Fork of the Trinity River, having combined capacity to store water for beneficial uses up to 500,000 acre feet, and having added capacity to store and slowly release abnormal flood waters up to 1,000,000 acre feet, giving total capacity of 1,500,000 acre feet.
3. The work has steadily progressed and we anticipate completion (if money may be found at a rate at all defensible) by September 1, 1932. Under the contract the District has retained 15% of each monthly estimate, and by the time of completion will owe to the contractors in the

the form of retainage, approximately \$400,000.00, as to which we have no present means of payment.

4. In order to economize on interest the District has issued its bonds in series, of which three series have a total of \$5,000,000.00, which have been sold on a favorable market. On February 1, 1932, available money was exhausted and we had not been able between October, 1931 and February 1932, to find a market for any part of the \$1,500,000.00 of bonds, which had been depended upon to complete this work. It did not appear prudent to give the contractors an order to stop work, due to the fact that their organization and equipment upon the ground, even though idle, would represent a value of approximately \$400.00 per day. Had a stop order been issued, the contractors properly would have made claim against the District for each day of idleness. The District therefore sought and obtained temporary credit in the sum \$200,000.00 to meet the estimates of March, April and May. The fact that additional temporary credit was not available forced the District to a sale of \$300,000.00 of its bonds, having the shortest maturities, at the price of 90¢ on the dollar. The proceeds were used to retire the outstanding temporary loans, and to pay the May estimate, leaving in hand a balance not sufficient to meet the estimate to be paid on June 5th. We have not been able to find any market whatever for our bonds which mature at later dates, and we at present have no assurance of a source from which we may be able to avoid a shut-down order, which would be followed by the ruinous consequences above indicated, to say nothing of the probability of

a forced and otherwise improvident sale of the remaining \$1,200,000.00 of bonds.

5. There is one other factor in our situation which is most material and which lies in this: In 1921 we had a flood from the Trinity River which caused damage of approximately \$3,000,000.00, which was established as the losses of the County, the City, and the Public Service Corporations. This does not include any losses of individuals or private corporations. The city was without lights, water or fire protection for several days. There were thirty-seven deaths because of the flood. This District's present works are designed to prevent a recurrence of such a flood. The history of floods upon the Trinity River indicate a flood cycle of approximately eight years. We are at the present time in a year in which we historically might expect an abnormal flood. The state of completion of the District's work is such that an abnormal flood would take out the greater part of the earth in place at our Eagle Mountain Dam; it probably would cause Lake Worth Dam to go out. Because of having been retarded at Eagle Mountain, it would destroy life and property far exceeding that of 1921. We can see no reasonable expectancy of finding a bond market which will permit us to abate this exposure. In saying this we wish to assure you that we have thoroughly tried out the bond market of these United States. The minimum amount required to abate this hazard is \$750,000.00, which would include the retainage above referred to.

6. THE HIGH CHARACTER OF THIS DISTRICT'S BONDS: Bonds of this District are to be distinguished from bonds of irrigation, drainage or

levee districts, and as well from any bond secured by specific assessment of benefits. All bond dealers say that our bond is of the highest order, in fact a better bond than the bond of Tarrant or Dallas Counties, or of the city of Dallas, or of the city of Fort Worth, and yet we find no market for it, save at a price substantially lower than 90% on the dollar of par value. The bond bears interest at the coupon rate 5%. The strength of this bond lies in the fact that it includes the entire city of Fort Worth, and an extensive rural area having a total appraised and established value for purposes of taxation exceeding \$331,000,000.00. The tax is advalorem and is without limit as to the rate or amount, which may be levied to retire the bonds: In this latter matter the bond of the District is a better bond than the bond of a city or a county, both of which are limited as to rate and amount. The history of the District's collection of taxes is excellent, and this is true even of the present year, as our levies have produced money more than sufficient to meet our bond obligations and operating expense for the year. In fact we have a substantial margin.

7. It has seemed to us that even though Congress may be averse to tendering aid on the mere authorization for public works, they still would find urgent reason for making exception in those cases in which there had been authorization, the actual letting of contract, and partial completion.

The Board of Directors of this District have this day given this matter the fullest consideration and this letter represents the unanimous opinion of our Board, both officially and as indiv-

iduals. While this letter will be signed in the name of Tarrant County Water Control and Improvement District Number One, by me as President, you will kindly regard it as the opinion of Mr. E. E. Bewley, Dr. C. A. Hickman, Mr. Joe B. Hogsett, Mr. W. K. Stripling, and the writer, we being the entire Board of the District.

We apologize for this very extended letter, but have thought the related facts would have value to aid Congress to determine the merit of the present proposal, as our situation no doubt is duplicated in many places.

Having disclosed our exact situation, we will much appreciate your kindly offices in promoting such an Act as would relieve our distressing condition and care for others in like status.

With kindest regards,

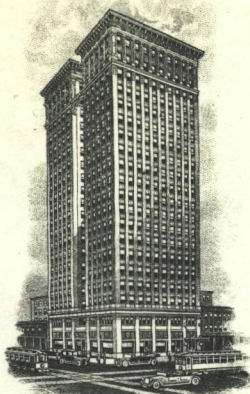
TARRANT COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NUMBER ONE,

BY



As President

WRB:AM



PLEASE ADDRESS YOUR REPLY TO WRITER

"EXHIBIT B" (FOLIO) 5/17/32 - 1 P.M.

CONTINENTAL NATIONAL BANK

OF FORT WORTH

CAPITAL \$750,000 — SURPLUS \$250,000

FORT WORTH, TEXAS

May 17th, 1932.

J. G. WILKINSON, CHAIRMAN
H. H. WILKINSON, PRESIDENT
A. E. THOMAS, VICE-PRESIDENT
ED. H. WINTON, VICE-PRESIDENT
J. E. WILLIS, VICE-PRESIDENT AND TRUST OFFICER
H. C. BURKE, JR., ASST. VICE-PRESIDENT AND ASST. TRUST OFFICER
H. C. WALLENBERG, ASST. VICE-PRESIDENT
ZETA GOSSETT, ASST. VICE-PRESIDENT
JOHN H. ERIKSEN, CASHIER
OSCAR VOGEL, ASST. CASHIER

Board of Directors,
Tarrant County Water Control
and Improvement District Number One,
Fort Worth, Texas.

Gentlemen:

Our books reflected the following balances to the credit of the Tarrant County Water Control and Improvement District Number One as of close of business May 16th, 1932:

Construction Fund \$ 64,734.81
Interest & Sinking Fund \$223,694.39

a total of \$288,429.20, to secure which we have pledged with you at this time, government and municipal securities totaling \$390,000.00.

Herewith our application for withdrawal of \$75,000.00 par value securities, leaving a balance of \$315,000.00 bonds to secure your total deposit of \$288,429.20.

Respectfully submitted,

John H. Eriksen
John H. Eriksen
Cashier

315,000.00
Less 10% off
\$185,000.00
Bonds
\$296,800.00
Bank Balances
288,429.20
\$8070.80
Spec Sec
JHE-S

OUR BOOK BALANCES
CONSTRUCTION FUND \$64063.93
INTEREST & SINKING FUND 223694.39
TOTAL \$287758.32



EXHIBIT No. 38

WITHDRAWAL OF SECURITIES

ON THIS THE 17th DAY OF MAY 1932, THE CONTINENTAL NATIONAL BANK OF FORT WORTH, TEXAS, hereby acknowledges receipt of securities heretofore pledged to secure TARRANT COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NUMBER ONE, said securities are described in Exhibits Nos. 35 and 36, and which are attached to the Bond of this Bank, as the District's Depository, and the same are specifically described as follows, viz:-

TARRANT COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NUMBER ONE, 4 $\frac{1}{2}$ %, BONDS, SERIES B, with Sept. 15, 1932, and S.C.A.:
Nos. 2406-8, inc. and 2435-38, inc. @ \$1,000.00 each \$ 7,000.00

FORT WORTH INDEPENDENT SCHOOL DISTRICT 4 $\frac{1}{2}$ % BONDS, with July 15, 1932, and subsequent coupons attached:
Nos. 340-1, inc. due 7/15/32;
Nos. 589-93, inc. " 7/15/37;
Nos. 640-7, inc. " 7/15/38 @ \$1,000.00 each 15,000.00

U. S. FOURTH LIBERTY LOAN, 4 $\frac{1}{2}$ %, GOLD BONDS OF 1933-38, with Oct. 15, 1932, and subsequent coupons attached:
Nos. 602753787, H-88, J-89, A02632201, B-2, C-3, D-4,
E-5 @ \$1,000.00 each 8,000.00

U. S. CERTIFICATES OF INDEBTEDNESS, 3 $\frac{3}{8}$ %, SERIES TM-1933, with September 15, 1932, and subsequent coupons attached:
Nos. 141-6, inc. @ \$1,000.00 each and
Nos. 174-5, inc. @ \$5,000.00 each 16,000.00

U. S. FOURTH LIBERTY LOAN, 4 $\frac{1}{2}$ %, GOLD BONDS OF 1933-38, with Oct. 15, 1932, and subsequent coupons attached:
Nos. D00035914, K00366640, H00035915, J00037949,
H00121368 @ \$500.00 each and No. H00105708 @ \$5M 7,500.00

U. S. 5 $\frac{1}{2}$ % TREASURY NOTE due Dec. 15, 1932, with June 15, 1932, and subsequent coupons attached: No. 18427 10,000.00

U. S. 3 $\frac{3}{8}$ % CERTIFICATES OF INDEBTEDNESS, SERIES TM-1933, with Sept. 15, 1932, and subsequent coupons attached:
Nos. 340-344, inc. @ \$500.00 each and Nos. 147-155, inc. @ \$1M each 11,500.00
TOTAL \$75,000.00

THE WITHDRAWAL of pledged securities hereby set out is due to the fact that the securities now under pledge are in excess of the amount required adequately to secure the District's deposits, and is in compliance with the law and the provisions of the contract between the Bank and the District.

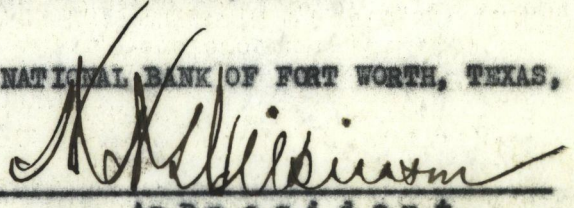
THIS RECEIPT is hereby designated as "EXHIBIT No. 38" and is to be attached to the Bond executed by said Bank on March 13, 1930.

ATTEST:

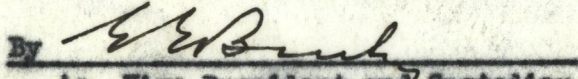

As Cashier

CONTINENTAL NATIONAL BANK OF FORT WORTH, TEXAS,

By


As President

TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE.

By 
As Vice President and Custodian of Securities.