

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
7TH DAY OF JULY, 1932, AT 4 P. M.

The call of the roll disclosed the presence of all Directors 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; Director Stripling acted in his capacity as Secretary.

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

1.

Reading of the Minutes of prior Meetings was postponed to a later date.

2.

Attached to these Minutes as "Exhibit A," is an opinion by the Attorneys for the District, giving advice that the District lawfully may use the absolute surplus in its sinking fund to purchase its own unsold bonds: Also, attached to these Minutes as "Exhibit B," is the supplemental Estimate of the Engineers of the District, dated June 17, 1932, showing their prediction of the money to be required to finish the Eagle Mountain Works. Attached to these Minutes as "Exhibit C," in folio, will be found a letter of the Engineers on the physical effect of a default by the District in paying monthly estimates as of this time and the probable consequent cessation of work on the Eagle Mountain Dam, and a letter from the Attorneys of the District stating the legal

contingencies to grow out of such a default. Reference hereby is made to each of said Exhibits as part hereof. There was full consideration of these matters, whereupon Director Hogsett made a motion that the District do issue its proposed Voucher Check No. 2907, for the sum \$76,953.33, drawn against its sinking fund account, payable to the District for deposit in its Construction Fund, and to be delivered in payment for unsold bonds of the District for the par sum \$84,000.00; the purchase price therefor to be 90¢ on the dollar of par value, plus accrued interest thereon. Further, that Director Bewley, in his capacity as Chairman of the Finance Committee, do be authorized to select the bonds so to be purchased, and that he do cause the same to be delivered to the Trust Department of the Continental National Bank of Fort Worth for the use and benefit of the Interest and Sinking Fund of this District, taking the Trust Receipt of said Bank therefor. Director Hickman did second the adoption of said motion. Upon a vote being taken all Directors voted for the motion and no Director voted against the motion, whereupon the motion was carried and it was so ordered.

3.

Director Hickman moved that the District confirm the sale of an old seed house, 4 x 6 feet, on the Brackenridge Land in Wise County, for the sum \$2.00, which has been paid to the District. This motion was seconded by Director Stripling. Upon a vote being taken the motion was carried and it was so ordered.

4.

There came on for consideration the claim of the Contractors (urged by McKenzie Construction and Uvalde Construction Companies) for the

payment of the sum of \$6,147.72, covering the setting of the valves in the North Conduit of the Bridgeport Dam, together with certain other items not covered in the final settlement and acceptance for the Bridgeport Dam.

The items of said account, together with the Engineers' recommendation thereon, are attached to the Minutes of the Meeting held on June 9, 1932, to which reference here is made as part hereof. From the Minutes of said meeting of June 9, there also appears the fact that the District's Voucher Check No. 2901, for the sum \$6,147.72, to cover said account, had been drawn, but not executed. Mr. Nichols of the Engineers confirmed the correctness of the account as to all items save the item of \$57.15, to cover bond premium. The Attorneys for the District gave advice that the items of the account did not accrue under the original contract as between the District and the Contractors, but that the accrual was under a distinct and separate contract, made after final acceptance of the Bridgeport Works; that by reason of this fact, there was no bond coverage for the performance of the work; and that the item for prorata part of the bond premium should not be allowed; that in the absence of fraud or mistake of fact, the sum \$6,090.57 would seem to be legally due and payable by the District. Upon consideration of this matter, Director Hogsett made a motion that the District's prior Voucher Check No. 2901, for the sum \$6,147.72, should be cancelled, and that the District's proposed Voucher Check, No. 2906, for the sum \$6,090.67, payable to "McKenzie Construction Company and Uvalde Construction Company," do be issued and delivered to them in full payment of said account. This motion was seconded by Director Stripling. Upon a vote being taken the motion was carried and it was so ordered.

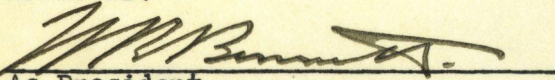
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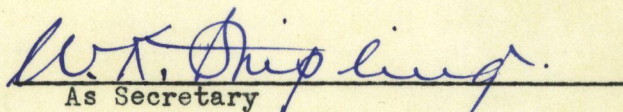
Attached to these Minutes, in folio, as "Exhibit D," is a letter of the Continental National Bank, dated June 30, 1932, stating the condition of the District's account with the Bank, the amount of securities in pledge, and asking for a withdrawal of securities, and a substitution of securities, as set forth in said letter and to effect the net reduction of securities in pledge in the sum \$50,000.00, leaving the total of securities in pledge the par sum \$265,000.00. It appeared that the actual balance of the District in said Bank as of June 29, was \$229,193.38: Attached to said letter is a reciprocal receipt, executed by the Continental National Bank, and the District, By Director Bewley; Reference here is made to said exhibit as part hereof. Director Bewley reported that he had effected the withdrawal of securities in the sum \$100,000.00, and the substitution of securities in the sum \$50,000.00, as set forth in said exhibit, whereupon he made a motion that the said withdrawal and substitution of securities do be approved and confirmed as the act and deed of this District and that one of said reciprocal receipts do be attached to the bonds of this District as "Exhibit No. 39," as is provided for in said bond. The adoption of this motion was seconded by Director Hickman. Upon a vote being taken the motion was carried and it was so ordered.

6.

No further business was presented and the meeting was adjourned.

APPROVED:


As President


As Secretary

"EXHIBIT A" 7/7/32 - 4 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

July 7, 1932

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

RE: Proposed Sale of Short Term Obligations to Tarrant County Sinking Fund.

Gentlemen:

We regret to report to you that the Commissioners' Court of Tarrant County have positively declined to approve the short term obligation of this District for purchase for the investment of the Sinking Fund of the County.

Anticipating that your District, as the last resort, may desire to use the accumulated surplus in the District's sinking fund to purchase unsold bonds of the District, we have investigated authorities, and we find nothing in the statutes, or in the decisions, which would forbid you to adopt this course.

Our reasons for reaching this conclusion are as follows:

(a) As your bonds are serial bonds, the law does not contemplate that you will have any sinking fund in excess of the requirements for each current taxing year.

(b) In case you do not sell additional bonds prior to September 15, 1932, your requirements for the current year would be \$125,875.00. We are advised that you at present have in your interest and sinking fund the sum of \$231,448.19.

(c) On the assumed basis of no additional bonds having been sold prior to September 15, 1932, you would appear to have in your interest and sinking fund an absolute surplus of \$105,573.19.

(d) It follows that the holders of outstanding bonds would have no right to complain of your having invested this surplus in your own obligations.

Based on the foregoing facts, it should be further observed that at such time as you found a market for the bonds purchased with the surplus, the proceeds of such bonds would again appear in your sinking fund surplus as money, thus restoring the surplus to its former condition.

Respectfully submitted,

S. L. Hampton

Ireland Hampton

"EXHIBIT B," 7/7/32 - 4 P.M.

TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE

ESTIMATE OF WORK YET TO BE DONE

EAGLE MOUNTAIN DAM

JUNE 17, 1932

(Supplemental to Report of April 20, and May 1, 1932)

Total Work Done to June 1, 1932				\$2,436,355.19
Work Yet To be Done:	Quantities	Unit Cost	Amount	
1. Rip-Rap	17,355 C.Yds	4.30	\$74,626.50	
2. Dirt Work	158,475 C.Yds	.361	57,209.47	
3. Blanket	6,424 C.Yds	2.70	17,344.80	
4. Roadway across Dam	2,900 ft.	2.85	8,265.00	
5. Wood Guard Fence	7,700 ft.	.80	6,160.00	
6. Gate House and valves			41,000.00	
7. Grouted paved inlets	20 C.Yds	8.00	160.00	
8. Vitrified Slope Drains	3,600 Lin.Ft.	.55	1,980.00	
9. Sodding	15 Ac.	250.00	3,750.00	
10. Handrail on Culvert	195 ft.	1.70	331.50	
11. Concrete plugs in Culvert	210 C.Yds	25.00	5,250.00	
12. Overruns, omissions, etc.			4,360.11	
13. Clearing	20 Ac.	30.00	600.00	
				<u>221,037.41</u>

Total final estimated cost	\$ 2,657,392.60
Retainage 15%	398,608.90
Total Monthly Estimates	\$ 2,258,783.70
Paid on Monthly Estimates to June 1, 1932	2,070,901.91
Balance to be paid on Monthly Estimates	\$ 187,881.79

Balance to be paid on Monthly Estimates	\$ 187,881.79
Balance due as Retainage at end of Job	<u>398,608.90</u>
Total yet to be paid Contractor	\$ 586,490.69
Total to be paid for Carter gravel pit	<u>6,000.00</u>
Grand total to be paid Contractor and Carter	\$ 592,490.69

JOHN B. HAWLEY
S. W. FREESE
M. C. NICHOLS
A. H. WOOLVERTON
H. A. HUNTER

"EXHIBIT C"
7/7/32- 4 P. M.
HAWLEY, FREESE AND NICHOLS

CONSULTING ENGINEERS
407-410 CAPPS BUILDING
FORT WORTH, TEXAS

July 7, 1932

WATER SUPPLY
WATER PURIFICATION
SEWERAGE
SEWAGE TREATMENT
FLOOD CONTROL
APPRAISALS

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

RE: Physical effects of default by your District in paying the Estimate due the Contractors for the month of July, 1932

Gentlemen:

Answering your question as to what would be the physical effects of abandoning work on the Eagle Mountain Dam and Levee at this time, we desire to report obvious effects as follows:

(a) Assuming abandonment of the work by the contractors, after default of payment by you, it would be necessary for the District to at once take over the work of filling and, or, refilling, washed places on the slopes of the main dam and levee; and to make preparation for the watering and replacement of Bermuda grass already in place or required to be in place. This would entail heavy expense which should be borne by the contractors in the case of no default.

(b) The incomplete condition of the earth work and rip rap at the main dam, and the absence of gates in the conduits of the main dam, would present hazards which should be avoided if it be possible to avoid them.

(c) In case of extreme flood in the coming Fall or Spring it is highly essential that the flood control works at the Eagle Mountain Dam be in operating condition. This especially would prove to be the case if there were heavy rain falls on the Sandy Fork of the West Fork of the Trinity River, the waters of which cannot be controlled by the Bridgeport Works.

(d) Assuming that the contractors might elect, as they may do, in case of default by your District, not to abandon the contract, but to keep their equipment and men on the job to abide the time of resumption of the payments by the District, the District would encounter claim by the contractors for the overhead expense of idle equipment and men. This would result in ruinous items of cost which should be avoided if possible.

We recommend that the District, if possible,
make provision for paying the estimate for June and the estimate for
July, to accrue in August.

Respectfully submitted,

HAWLEY and FREESE,

BY *Marvin C. Nichols*

MCN:AM

"EXHIBIT C"
7/7/32 - 4 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
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OFFICE CAPPS BUILDING

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SIDNEY L. SAMUELS } ATTORNEYS
IRELAND HAMPTON }

HAWLEY AND FREESE
ENGINEERS

ED. B. CHEATHAM, OFFICE

FORT WORTH, TEXAS.

July 7, 1932.

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

IN RE: Legal effect of the abandonment
of work on the Eagle Mountain Works:

Gentlemen:

This letter is to be considered as supplemental to the letter this day written to you by your Engineers, concerning the above subject, and will relate only to the legal effect of the abandonment of work, based on default in payment of a monthly estimate by your District.

We have carefully considered the letter of the Engineers, and as well have considered the contract under which the stated work is going forward, and we now give advice as follows:

(a) The conclusion of the Engineers as to claim for damages in case of a shut down, but no abandonment by the contractor, by reason of default on your part, correctly reflects the law.

(b) In case of abandonment by the contractors they would have a lawful claim for such profit as they might have earned by completing the work.

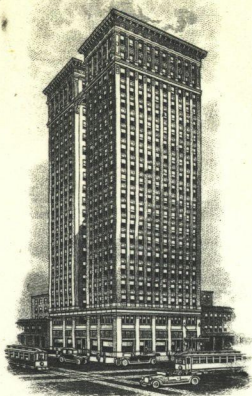
(c) Your bond includes the provision that the contractors shall give maintenance of the Bermuda grass for one year after final acceptance of the work, and as well covers the repairment of work found to be deficient either in material or workmanship. The contract expressly refers to the bond as a part of the contract, and the bond refers to the contract as a part of the bond. In this state of the contract, if there should be default by you, and abandonment by the contractor, both the contractor and the surety on the bond would be excused from all further performance which would include the duty for maintenance for one year next after final acceptance of the work.

(d) In case of abandonment, and in case of the desire later to complete the work, the District would face the necessity for letting a new contract for completion. This would result in incurring cost of moving in other equipment, establishing camp, effecting new organization, procuring bond and other insurance coverage. This, obviously, would result to much increase the cost of the work to complete under the present contract, which we are advised is a relatively small proportion of the total cost.

Considering the results which would flow from an abandonment of the contract by your District at this time, as matters of law, we advise that your District should, if possible, avoid any default in paying the monthly estimates for the month of June and the month of July, 1932.

Respectfully,

Frederick H. Stouffer
L. H. Munn



PLEASE ADDRESS YOUR REPLY TO WRITER

"EXHIBIT D" 7/7/32 - 4 P. M.

CONTINENTAL NATIONAL BANK

OF FORT WORTH

CAPITAL \$ 750,000 — SURPLUS \$ 250,000

FORT WORTH, TEXAS

June 30, 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 No. 1,
Fort Worth, Texas.

Gentlemen:

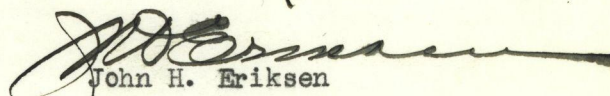
As of close of business June 29th, 1932, balances to the credit of your account as reflected by our books were as follows:

Interest & Sinking Fund	\$226,684.40
Construction Fund	9,506.11

a total of \$236,190.51 to secure which you hold at this time, \$315,000.00 total bonds consisting of \$130,000.00 Governments and \$185,000.00 of your own obligations.

We respectively submit herewith our application for withdrawal and substitution representing a net decrease in securities pledged of \$50,000.00 and leaving a total of \$265,000.00 par value securities to secure your balances as set out above.

Yours very truly,


 John H. Eriksen
 Cashier

JHE-S

OUR BOOK BALANCES JUNE 29th 1932
 CONSTRUCTION FUND \$ 2,508.98
 INTEREST & SINKING FUND 226,684.40
 TOTAL \$ 229,193.38



E X H I B I T No. 39

WITHDRAWAL OF SECURITIES
AND
SUBSTITUTION OF SECURITIES

ON THIS THE 30th DAY OF JUNE, 1932, The Continental National Bank of Fort Worth, Texas, hereby acknowledges receipt of withdrawal of securities heretofore pledged to secure Tarrant County Water Control and Improvement District Number One. Said Securities are described in "Exhibit 21" attached to the Bond of this Bank, as the District's Depository, and the same are specifically described, as follows, viz:

U. S. 3-3/8% TREASURY BONDS OF 1941-43, with
Sept. 15, 1932, and subsequent coupons attached:
Nos. 1281-90 @ \$10,000.00 each\$100,000.00

TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE, as of this date, does acknowledge the receipt from the CONTINENTAL NATIONAL BANK OF FORT WORTH, TEXAS, to be deposited as collateral to secure the bond of said bank as the depository of this district, securities specifically described as follows, viz:

U. S. 5% TREASURY NOTES, SERIES A-1935, with
Dec. 15, 1932, and subsequent coupons attached:
Nos. 659K, 660L, 661A, 662B @ \$1,000.00 each.....\$4,000.00
Nos. 345E, 346F, 347H, 348J @ 10,000.00 each..... 40,000.00 \$44,000.00

TARRANT COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1
4 1/2%, Series B, with Sept. 15, 1932, and subsequent coupons
attached:
Nos. 2407-8, due 3/15/50 @ \$1M each.....\$2,000.00
Nos. 2435-38, incl. due 3/15/51 @ \$1M ea... 4,000.00 6,000.00
Total.....\$50,000.00

The Withdrawal of Securities and the Substitution of Securities as hereinabove related is in compliance with the terms of the Bond executed by the Continental National Bank on March 12, 1930, as an Official Depository of this District.

THIS RECIPROCAL RECEIPT is hereby designated as "Exhibit 39" and is to be attached to the Bond executed by said Bank on March 12, 1930.

WITNESS OUR HANDS on this the 30th day of June 1932.

A.D.

ATTEST:

CONTINENTAL NATIONAL BANK OF FORT WORTH

By *H. H. ...*
President

J. ...
Cashier

TARRANT COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NUMBER ONE.

By *J. ...*
Custodian of Pledges.