

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
26TH DAY OF JULY, A. D. 1932, 7:45 P. M.

Directors W. R. Bennett, E. E. Bewley, C. A. Hickman, Joe B. Hogsett and W. K. Stripling, were present and participating, they being all the members of the Board. Director Bennett presided in his capacity as President of the Board. Director Stripling acted in his capacity as Secretary of the Board.

1.

President Bennett presented for consideration a proposed application for a loan by this District, directed to The Reconstruction Finance Corporation, dated July 26, 1932, whereby it is proposed to sell eleven hundred and sixty-five (1165) of the district's unsold bonds, being those bonds specifically described in "Appendix A," of the proposed application. A true copy of said application is attached to these minutes as "Exhibit A," and it hereby is made part hereof.

2.

There was full consideration of the proposed application, and all facts giving rise to the proposal therefor, whereupon Director Bewley moved the adoption of a proposed order as follows:

"(a) It is moved that the proposed application for a loan by the Reconstruction Finance Corporation to this District, as written (being as set forth in "Exhibit A" of the Minutes of this meeting, and here referred to as part hereof) do be approved and adopted as the act and deed of this District.

"(b) Further, be it ordered that said application be executed in the name of Tarrant County Water Control and Improvement District Number One, by W. R. Bennett, as President, and that W. K. Stripling do attest said application by signing his name, as Secretary and imprinting thereon the official seal of this District — Whereupon, said application shall, in all things, become the act and deed of this District.

"(c) Due to the emergency which exists in the affairs of this District, it hereby is directed that said executed application do forthwith be transmitted to the Reconstruction Finance Corporation, at its office in Washington, D. C.

"(d) It further is ordered that the officers, attorneys, engineers, and accountant of this District, do all things reasonably required to effect a favorable and speedy prosecution of said application. Any and all expense necessary to be so incurred shall be borne by this District — It is so ordered without other or further action by this Board.

"(e) The only limitation upon the duties and powers hereinbefore provided is that there may not be an actual sale of the bonds now proposed for sale until such time as this Board of Directors shall have approved the terms and conditions for such sale, and shall have made specific provision for the delivery of said bonds, and the custody of the money to be derived therefrom.

"In all things, it is so ordered as the act and deed of this District."

Adoption of the foregoing order was seconded by Director Hogsett. After discussion of the proposed order, a vote was taken; whereupon, directors Bennett, Bewley, Hickman, Hogsett and Stripling voted for the motion, they being all members of the Board — The motion was carried and it was so ordered.

No further business was presented and the meeting was adjourned.

APPROVED:

W. P. Bennett
As President

W. K. Stripling
As Secretary

BOARD OF DIRECTORS

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

TARRANT COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NUMBER ONE

OFFICE CAPPS BUILDING

PHONE 3-2848

ED. B. CHEATHAM, OFFICE

FORT WORTH, TEXAS.

July 26, 1932

SIDNEY L. SAMUELS (ATTORNEYS
IRELAND HAMPTON)

HAWLEY AND FREESE
ENGINEERS

FILE NO. _____

The Honorable Board of Directors of
The Reconstruction Finance Corporation,
Washington, D. C.

RE: Application To Effect Loan By
Sale Of Bonds, Par Value
- \$ 1,165,000.00 -
Filed Under The Emergency And
Construction Act of 1932,
Subsection (1) of Section 201

Gentlemen:

Tarrant County Water Control and Improvement Dis-
trict Number One, having its principal office at 406 Capps Building, in Fort Worth,
Tarrant County, Texas, hereby makes application to the Reconstruction Finance Cor-
poration, to induce it to become the purchaser of certain bonds of applicant, and
it hereby will set forth the facts relied upon to sustain its application.

1.

This application is filed under the provisions of the "Emergency
Relief and Construction Act of 1932," and especially, under "Title II, Section 201,
Subsection (1) thereof."

2.

The Loan Applied for: Applicant has heretofore issued and reg-
istered with the Comptroller of Texas, \$6,500,000.00 of its bonds (being all auth-
orized), under the approving opinion of the Attorney General of Texas, given by him
in keeping with a mandate of The Supreme Court of Texas. Of these bonds
\$5,335,000.00 have been sold "Appendix B," page 2, herewith), under the approving opin-
ion of Messrs. Chapman & Cutler, bond attorneys, of 111 West Monroe Street, Chicago, Ill.
The remaining bonds, of par value One Million One Hundred Sixty-Five Thousand
(\$1,165,000.00) Dollars, are specifically described in "Appendix A," page 1.

Applicant hereby seeks to make outright sale of said One Thousand One Hundred Sixty-Five bonds, par value One Million One Hundred Sixty-Five Thousand (\$1,165,000.00) Dollars, to The Reconstruction Finance Corporation, at par with interest accrued according to the terms of the bonds (5%); or at such price as would cause the actual interest cost to applicant to be accommodated to that rate of interest established by The Corporation to be applied to loans comparable to that sought by Applicant, subject only to acceptance by Applicant.

3.

Applicant is a political subdivision of the State of Texas, a public agency of the State, and established as a municipality, having certain powers (all as shown by Appendix H, page 8).

4.

Objects for which Applicant was created: To provide and police a supply of water to be sold and delivered to the city of Fort Worth, and to others having use therefor, and to effect flood protection within the District, which embraces the entire city of Fort Worth (population 163,227), together with approximately 148,000 acres of agricultural land needing protection against floods. Also to remodel a levee system now inadequate to protect an industrial district.

5.

Self Liquidating Character of Loan Desired: The loan desired by applicant will be "self liquidating," in the sense that the making of it would not result to cast any burden on the Federal Government, by reason of two factors: 1 - the underlying taxing power of Applicant (See "Appendix G, page 7); 2 - Assured expectancy of a commercial income to be derived from sales of water, and to give

annual income exceeding the maximum annual bond obligations of Applicant, together with the required administration, maintenance and operating costs (See "Appendix I," pages 9 and 10).

6.

How Proceeds of Loan To Be Applied: The detail of remaining requirements will appear in items 1, 2, 3, 4 and 7 of "Appendix C." The value of the indestructible physical properties of applicant, as of July 11th, 1932, is shown by "Appendix D" and its note, to be \$5,384,077.42, which concurs with the cost.

7.

Financial Condition of Applicant as of July 25th, 1932: "Appendix E," page 5.

8.

History of Applicant's Tax Collections, and Statement Concerning The Property Subject To Taxation By Applicant: First observing that applicant's tax is on the basis advalorem, and without limit as to rate or amount (Par. 1, "Appendix H," page 8), and that for the year 1931, the value of the property subject to Applicant's tax was appraised to be \$331,973,230.00, we refer you to Appendices "F" and "G," pages 6 and 7.

9.

Applicant's Power and Necessity To Contract For the Sale of 214,000 Acre Feet of Water Per Year and Other Statutory Characteristics of Applicant: See "Appendix H," and especially subdivisions (d) and (e) thereof,

relating to the quantity of water controlled for sale and Applicant's right to make contracts for sale and delivery, either within or beyond its boundaries.

10.

Expectancy of Commercial Income of Applicant: Applicant's works were designed to care for each of the three demands set forth in "Appendix I," page 9. The commercial income anticipated by Applicant will require time for development, but the stated demands are inevitable. It will be observed that the expectancy of annual commercial income exceeds the maximum annual requirements for retiring bonds.

11.

Present Emergency and Facts Producing Necessity For Immediate Application: In October, 1931, Applicant endeavored to sell \$1,250,000.00 of its bonds. No bids were received. Continuously since that time effort has been made to find a market for these unsold bonds. In February 1932 the funds derived from prior sales of bonds was nearly exhausted. On February 4, 1930, Applicant entered into contract for the construction of all elements of its works, except remodeling of the levee system to protect approximately 3000 acres in the city of Fort Worth. The Bridgeport Works (see map "Appendix J") on December 14, 1931, had been finally accepted as substantially complete, and fully paid for.

In February 1932, in order to anticipate maturity of the "Contractor's Monthly Estimates" for work to be done on the Eagle Mountain Works, Applicant was compelled to resort to forced sales of its bonds to local buyers

in relatively small amounts. Although the local banks already had substantial holdings of Applicant's bonds, they, since February 1, 1932, have absorbed \$300,000.00 of these bonds. Other local buyers have absorbed \$35,000.00 of these bonds. The local banks as of today hold approximately \$450,000.00 of Applicant's bonds. By emergency financing Applicant has promptly paid all monthly estimates up to and including that of July 11, 1932. Further emergency financing cannot be had from any known source, in the absence of a showing by Applicant that it has assurance of effecting a sale of its bonds within a time to permit repayment of very short term loans.

On August 10 next, and on the tenth day of each succeeding month, Contractor's Estimates will mature, provided Applicant has not defaulted, and thereby released the Contractors and their surety from further obligation, which will include their duty to maintain all Bermuda grass on earthen embankments for one year next after completion, repair gullies interfering with the development of a sod, and to replace all material or work, within one year found to have been defective.

Other Effects Of Default: (a) The Contractors may elect to shut down and stay on the job, charging to Applicant an overhead and equipment expense estimated to exceed \$300.00 per day; or,

(b) The Contractors could remove from the job and claim profits which might have been earned, together with certain other losses incurred, such as insurance and bond coverage premiums necessary to be "short-rated" on cancellation.

(c) The Bridgeport Reservoir: The gap in the Berkshire Levee at the Bridgeport location should be closed. The gap was left to permit operation of the Bridgeport-Graham Branch of the Chicago, Rock Island and Texas Railway Company: It will be necessary for it to construct 10.65 miles of substitute line and abandon 9.54 miles of existing line. ~~Excavation work is required~~ The Rock Island will not permit that this be done until Applicant makes available the lawful compensation to be paid as a condition for the "taking." Applicant has not been, and now is not, able to make compensation - Item 2 "Appendix C." For fear of extreme flood and consequent inundation of the Rock Island's line, Applicant is limiting storage of water at Bridgeport to approximately 40,000 acre feet, or 14% of the total capacity 290,000. acre feet.

Undesirable second growth trees will come upon the greater part of exceeding 8,000 acres already cleared: Prompt inundation of all land possible is highly to be desired to avoid future heavy expense to remove second growth timber. In case of drouth, water from Bridgeport should be available to replenish water in Lake Worth (map Appendix J), which is the source of supply for the city of Fort Worth. Lastly, delay of completion of each and both reservoirs will operate to delay the initiation of commercial revenue.

(d) The Eagle Mountain Main Dam: (Map, "Appendix J"): About thirty days from August 1st will be required to bring the earthen embankment

in the river section to an elevation giving assurance against over-topping of the earth in place, in case of extreme flood. A slightly longer time will be required to place rip-rap on the upstream side to protect earth in place. The conduit gates cannot safely be installed until the two prior named conditions have been removed. Constant work during August will remove all hazard to the investment already made: August is normally a dry month.

Other Hazards Incident To The Present Condition At Eagle

Mountain Dam: In case of extreme flood, Applicant would be required to open wide the conduit gates at Bridgeport to avoid inundation of the Rock Island. Eagle Mountain Reservoir receives water from a large area not tributary to the Bridgeport Reservoir. It is possible for a flood to come in such volume that the conduits at Eagle Mountain could not carry all, forcing an accumulation of water sufficient to over-top the incomplete earth work. The earth work would go out and release water in such volume as would top the earth work at Lake Worth (thereby destroying the source of supply for the city of Fort Worth) and over-top and take out the levees in Fort Worth. Many people live in the area protected by these levees, and the city's principal industrial area is embraced within the levee's protection. By a flood of the year 1922, there was a property loss exceeding \$3,000,000.00 and thirty-seven lives were lost. The present exposure of both life and property now is much greater than in 1922. The completion of Applicant's works will remove these hazards.

G E N E R A L

Applicants works were designed by Hawley and Freese, Consulting Engineers, of Fort Worth, Texas. The plans were approved by John A. Norris, Chas. S. Clark and A. H. Dunlap (composing the State Board of Water Engineers, all experienced hydraulic engineers); and Daniel W. Mead, a consulting engineer of Madison, Wisconsin, who is a consultant on the Federal Hoover Dam project. Inspection by Hawley, Freese and Nichols has been constant and rigid. The State Board of Water Engineers have made inspection of the work approximating once each month. Mr. Mead has made two detailed inspections. The works, so far as completed, are well done and adequate.

C O N C L U S I O N

Attached hereto find appendices, in folio, as "Appendix K," as follows:

1 - Duplicate of the order of Applicant's Board of Directors, dated July 26, 1932, directing the making of this application for a loan.

2 - Affidavit of Ed B. Cheatham, verifying the truth of all accounting facts stated in the appendices herewith presented.

3 - Affidavit of Marvin C. Nichols, of Applicant's engineers, verifying the probable accuracy of the estimate of the cost to complete the Applicant's works as contained in items 1, 2, 3 and 4 of "Appendix C," and as well supporting the facts stated in sub-division 11 hereof, and relating to the "Present Emergency."

4 - Affidavit of Ireland Hampton, concerning Appendices "H"

and "I."

5 - Balance Sheet, showing receipts and disbursements of Applicant from August 6, 1929 (when the bonds of "Series A" were sold and the statutory "Construction Fund" was created) to July 25, 1932.

Applicant hereby tenders the final approving opinion of Chapman & Cutler (bond attorneys, of 111 West Monroe Street, Chicago, Illinois), concerning the validity of the bonds offered hereby for purchase, and urgently requests that the money to be derived from the loan hereby sought do be made available for use without any delay which may be avoided.

Respectfully,

TARRANT COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NUMBER ONE,

BY:



As President.

ATTEST:

W. K. Dupling.
As Secretary.

"A P P E N D I X A"

SCHEDULE OF BONDS OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE,
NOT SOLD, AND NOW DESIRED TO BE SOLD.

<u>YEAR</u>	<u>PRINCIPAL MATURING</u> <u>SEPTEMBER 15</u>
1935	\$ 2,000.00
1936	3,000.00
1937	3,000.00
1938	2,000.00
1939	3,000.00
1940	3,000.00
1941	4,000.00
1942	4,000.00
1943	3,000.00
1944	4,000.00
1945	5,000.00
1946	4,000.00
1947	4,000.00
1948	4,000.00
1949	14,000.00
1950	16,000.00
1951	15,000.00
1952	18,000.00
1953	15,000.00
1954	21,000.00
1955	22,000.00
1956	25,000.00
1957	27,000.00
1958	28,000.00
1959	30,000.00
1960	29,000.00
1961	31,000.00
1962	46,000.00
1963	48,000.00
1964	51,000.00
1965	53,000.00
1966	57,000.00
1967	59,000.00
1968	62,000.00
1969	65,000.00
1970	188,000.00
1971	197,000.00
TOTAL BONDS UNSOLD	<u>\$ 1,165,000.00</u>
BONDS HERETOFORE SOLD	<u>5,335,000.00</u>
TOTAL ISSUE AUTHORIZED	\$ 6,500,000.00
AVERAGE MATURITY OF UNSOLD BONDS	<u>32</u> YEARS

Note: The above bonds are dated November 16, 1931; each for \$1,000.00; the coupon rate is 5%; interest maturities semi-annually on March 15th and September 15th; the original coupons No. 1, maturing March 15th, 1932, have been detached and cancelled.

"A P P E N D I X B"

BONDS SOLD, DATES OF SALES, COUPON INTEREST RATES,
AND
AMOUNT REALIZED

DATE SOLD	PAR SUM	COUPON RATE	NET RECEIVED
August 6, 1929	\$ 2,000,000.00	5%	\$1,930,000.00
October 17, 1930	1,500,000.00	4 $\frac{1}{2}$ %	1,489,950.00
April 23, 1931	1,500,000.00	4 $\frac{1}{2}$ %	1,494,450.00
February 17, 1932	20,000.00	5%	18,462.26
February 25, 1932	5,000.00	5%	4,664.44
February 26, 1932	3,000.00	5%	2,794.61
March 15, 1932	2,000.00	5%	1,804.20
April 26, 1932	5,000.00	5%	4,500.00
May 6, 1932	300,000.00	5%	270,000.00
	<u>\$ 5,335,000.00</u>		<u>\$5,216,625.51</u>

(See Note)

S U M M A R Y :

NET RECEIVED	\$ 5,216,625.51
TOTAL DISCOUNT	<u>118,374.49</u>
T O T A L	\$ 5,335,000.00

Note: The item Discount (\$118,374.49) has been minimized by income other than from taxes, as follows:

1. Land Rentals and Sales of Houses, etc.	\$ 22,701.41
2. Interest on Average Daily Balances in Applicant's Depository	<u>66,767.53</u>
T O T A L	\$ 89,468.94

(Note) \$84,000.00 par value, Series "D" Bonds Purchased by Tarrant County Water Control and Improvement District Number One Interest & Sinking Fund, not included in above tabulation.

"A P P E N D I X C"

SHOWING PRESENT ESTIMATE OF THE COST TO COMPLETE THE WORKS OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE

1. To Close Gap Berkshire Levee at Bridgeport Reservoir	\$ 37,000.00
2. To Make Compensation To Chicago, Rock Island and Texas Railway Company, For Condemning 9.54 miles of Railway	243,000.00
3. To Complete Main Dam, Rip-Rap and Install Gates at Eagle Mountain Reservoir	536,000.00
4. To Remodel and Increase The Capacity of The Levee System In the City of Fort Worth (See Note)	250,000.00
5. Reserve for Engineering, Loan, Legal, Overhead Expense and Contingencies	<u>99,000.00</u>
COST TO COMPLETE	\$1,165,000.00

Note: Contract for remodeling the levee in Fort Worth has not been placed because of the difficulty of procuring funds: There is urgent necessity that this work be done quickly as it may be. The gap in the Berkshire Levee must remain until the Chicago, Rock Island and Gulf Railway Company is able to construct a re-located line to be 10.65 miles in length, to be a substitute for 9.54 miles to be abandoned.

The last payment to the contractors was made on July 11, 1932, and the above estimate is to be considered as of that day. The amount of this estimate is intended to reflect the sum remaining to be paid currently and to include final acceptance of the work.

"A P P E N D I X D"

INVENTORY AND VALUES OF INDESTRUCTIBLE PHYSICAL PROPERTIES
OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE

1. Lands Owned In Fee Simple

(a) To Be Inundated, 21,242.48 acres, at cost	\$ 874,287.12
(b) Marginal Land, Subject to Later Sale, 13,126.84 acres, at cost	<u>433,747.32</u>
VALUE TOTAL LANDS	\$1,308,034.74

2. Works Creating Reservoirs:

(a) Eagle Mountain, in Tarrant County	\$2,132,876.55
(b) Bridgeport, in Wise County	<u>1,545,999.45</u> 3,678,876.00
CONSERVATIVE TOTAL VALUE	\$4,986,910.74

Note: Administration, Engineering and Legal Expense, Office, Clerical, Discount and Other Like Incidentals are not reflected in the above values. It is believed that the 13,126.84 acres of marginal lands, if sold after the Reservoirs are filled, will bring substantially more money than the \$433,747.32, which represents the total cost of marginal land, at the average price paid for all land. As of July 11th, 1932, all proper cost factors embraced, the value was \$5,384,077.42.

"A P P E N D I X B"

FINANCIAL STATEMENT OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE
AS OF JULY 23RD, 1932

1. Construction Fund	\$ 746.15
2. Interest & Sinking Fund (Cash and Securities)	<u>240,008.41</u>
T O T A L	\$ 240,754.56

Note: The law governing this district requires that until completion of the works there be accounts as follows: (a) Construction Fund, out of which all costs are to be paid; (b) Interest and Sinking Fund. The interest and sinking fund balance is composed of cash \$155,848.19 (of which \$127,975.00 will be required to pay interest coupons maturing September 15, 1932) and municipal bonds of par and actual value \$84,000.00. Especially: While our bonds are not issued as "term sinking ^{fund} bonds," but, are issued on the level tax plan, the sum of \$112,033.41 (as of July 23rd, 1932), appears in our "Interest and Sinking Fund" as an absolute and unrequired surplus. The source from which this was principally derived appears in the note to "Appendix F."

"A P P E N D I X F"

CONDENSED HISTORY OF THE TAX LEVIES AND DELINQUENCIES OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE
FROM THE YEAR 1925 (THE FIRST YEAR LEVY) TO AND INCLUDING THE YEAR 1931

1. TOTAL LEVIES		\$	995,405.37
2. COLLECTIONS:			
(a) Collected		\$	818,267.40
(b) Minimum of \$27,000.00 (June Collections), to be paid by Tax Collector by August 1, 1932		27,000.00	845,267.40
TOTAL UNPAID		\$	150,137.97
RATIO OF UNPAID TO TOTAL LEVIES			15%

Note: The District Levy of Taxes for 1932 has not yet been made and payments cannot begin until October 1st, next. Equalization is not yet finished. In 1931 the Legislature provided for paying the District's taxes in installments, one-half by November 30th, and the remainder by June 30th, following: For that reason our tax collector's settlement for taxes collected in June will not be ascertained and paid over to our depository until about August 1st, 1932. Our levies for all years have been based on an estimate of delinquency covering 15% of the value of the property subject to our tax. We have an absolute surplus, exceeding requirements, in our sinking fund, which as of July 23rd, 1932, is the sum \$112,033.41. Our annual interest requirements and maturities of principal, assuming all bonds outstanding, will reach the approximate peak in the year 1935, at the sum \$372,937.50: For 1935 and subsequent years, the annual requirements will remain practically unchanged because of the level tax plan upon which the bonds were issued. Preliminary investigation establishes that taxes of the Second Installment for 1931 (due June 30th, 1932), and to be paid over by our tax collector about August 1st next, will exceed \$27,000.00, which will give an absolute Sinking Fund Surplus exceeding \$139,000.00.

"A P P E N D I X G"

PROPERTY VALUES SUBJECT TO TAX OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE;
LEGAL BASIS FOR TAX;
MANNER OF ESTABLISHING BASIS FOR TAX; COST TO LEVY,
ASSESS AND COLLECT TAX FOR YEAR 1931

1. Property values each year are appraised for actual conservative value. The value in 1931 was established to be:
(a) Real Estate \$210,115,915.00
(b) Personal Property 91,527,315.00 \$331,973,230.00

2. Legal Basis: Advalorem and without limit, under Sec. 59, Art. XVI of the Constitution of Texas, and enabling Act, Chapter 25, Acts of the 39th Legislature, Regular Session.

3. The District having established the property values, applies its taxing power to such per cent of such established value as will permit the District's levy to be applied to Tarrant County's Tax Rolls. This for 1931, resulted to apply 25¢ on the hundred dollars of value to
\$151,021,000.00

4. To produce, basis all paid, 377,710.11

5. Cost to levy, assess and collect 3,662.50

Note: It is estimated that the method set out in subdivisions 1 and 3 above, effects an economy in annual cost of administering taxes, of not less than \$12,000.00. An alternate method would be for the District independently to assess and collect its taxes, as under the law it may do.

"A P P E N D I X H"

THE NATURE, DUTIES AND POWERS OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE
AS DERIVED FROM THE APPROPRIATE LAWS OF TEXAS.

1. Constitution, ~~Art.~~ ^{Sec.} 59, ~~Section~~ ^{Art.} XVI: The District is a body politic, and a corporate governmental agency, having power to tax, limited only by the sums required to accomplish the purposes for which the District was created.
2. Chapter 25, Acts of 39th Legislature, Regular Session; As Amended by, Chapter 107, Acts of 40th Legislature, First Called Session, And Chapter 280, Acts of 41st Legislature, Regular Session (Enabling Acts Under Sec. 59 of Article XVI of The Constitution):

(a) Under Section 2 of said Chapter 280, the District has "power to control, abate, and amend any shortage, or harmful excess of waters, and to protect, preserve and, when necessary, restore, the purity and sanitary condition of waters within the State of Texas: These objects may be accomplished by any and all practicable means."

(b) By Section 3 of said Chapter 280, the District has power to enact ordinances, prescribe penalties, and establish its own peace officers.

(c) Under Section 18 of said Chapter 280, this District has been established as a municipality; its bonds are municipal bonds, and bear the legend "Municipal Bond": They are "legals" for every purpose in Texas.

(d) Under subdivision (h) of Section 15 of said Chapter 280, the District has the power to contract with any person, co-partnership, corporation, governmental agency or body politic for furnishing water, and improvements, facilities and service to render practicable the use of the water, either within or without the boundaries of the District, which include the entire city of Fort Worth and approximately 48,000 acres of rural land, needing protection against flood, situated in the valley of the West Fork of the Trinity River, in Tarrant County, Texas.

(e) Under Title 128, of the Revised Civil Statutes of Texas, Code of 1925, "Use of Water," the District has, from the State Board of Water Engineers, a permit to store a maximum of 500,000 acre feet of water, and annually to use 214,000 acre feet thereof. Under the District's adopted plans for improvements (approved by the State Board of Water Engineers as a condition precedent to the issuance of \$6,500,000.00 of bonds by this District), this District cannot be the ultimate user of the water stored — It must market the water stored upon a commercial basis. For that reason, the permit provides that the District may use the channel of the Trinity River to flow water to any points below, as contractees may require. This will include additional water now needed for the irrigation of rice in Chambers and Liberty Counties. Other demands for which provision has been made will be set out in "Appendix I."

"A P P E N D I X I"

WATER TO BE CONTROLLED BY
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE
FOR SALE BY CONTRACT; DESIGNATION OF ANTICIPATED USERS; ESTIMATE
OF THE QUANTITIES TO BE USED AND THE ANNUAL COMMERCIAL INCOME TO
THE DISTRICT, BASED ON AN AVERAGE OF FORTY YEARS (1935 - 1975) NEXT
AFTER THE WORKS ARE COMPLETED AND WATER IS KNOWN TO BE AVAILABLE

1. City of Fort Worth: (a) Present source of supply "Lake Worth," on the West Fork of the Trinity River, below the reservoirs of the District. Lake Worth through siltation has a present capacity not exceeding 12,000 acre feet of water, and continuing siltation must be anticipated.

(b) The average annual requirements of the city must largely (ultimately all) be provided by purchase from the District, and this average annual demand (predicated on average population 250,000 — present population 163,227 — using 100 gallons each per day) is 9,125,000,000 gallons of water; which, at the reasonable price $\frac{1}{4}$ ¢ per 1000 gallons, will yield annually \$365,000.00

2. Wise County Water Control and Improvement District Number One: Created for purpose of constructing its own canal from applicant's Bridgeport Reservoir, and to serve 26,000 acres of irrigable valley land, all irrigable by gravity flow, situated in the Wise County District. It is contemplated that the Wise County District will pay a stand-by charge of \$4.00 per acre per year, to include delivery of a maximum of 2 feet of water per acre per year

104,000.00

TOTAL ABOVE ITEMS

\$169,000.00

3. To be derived from sale of 13,127 acres of land forming margins to the two reservoirs of applicant, at (original average cost) \$33.04 per acre, and required by law to be paid into this District's Sinking Fund. Assuming all marginal land sold within three years, there would remain 24 years, being 27 years approximate average life of the District's \$6,500,000.00 of bonds, less the 3 years for sale. The \$433,747.00 derived from the sale of these lands will have an annual value during the succeeding 24 years, on a $\frac{1}{2}$ % basis, of

28,448.00

ANNUAL TOTAL OF ITEMS DEEMED ASSURED

\$197,448.00

4. Rice and Sugar Cane Growers Of Liberty and Chambers Counties: These two counties are situated on the Trinity River. Water may be flowed to their pumps by gravity from this District's reservoirs. Their operations at present are much restricted and rendered hazardous by irregularity of stream flow. Their maximum need for water comes at the time of the year when stream flow normally is low. The topography of their country is such that storage basins cannot be provided. They now desire water to supplement that available at low flow periods, both for lands in cultivation and other lands, which, under favorable water conditions, they would place in cultivation. Their present installation of pumps has capacity for 50,000 acres. The advice available indicates irrigation not exceeding 17,000 acres, and that under hazardous conditions. The State Board of Water Engineers this day give advice that these growers now desire two feet of water per acre, per year, for 50,000 acres. This District can furnish the desired water and it cannot be obtained from any other known source. Water can be delivered to them by gravity, and dispatched

Continued - "Appendix I"

Forward

\$497,448.00

as required. Based on the foregoing known demand, we assume an annual, optional, income from 50,000 acre feet of water per year, at \$4.00 per acre foot, to yield

200,000.00

PREDICTED TOTAL INCOME FROM SOURCES OTHER THAN TAXATION ()

\$697,448.00

D E D U C T I O N S

1. Maximum Annual Bond Requirements

372,937.00

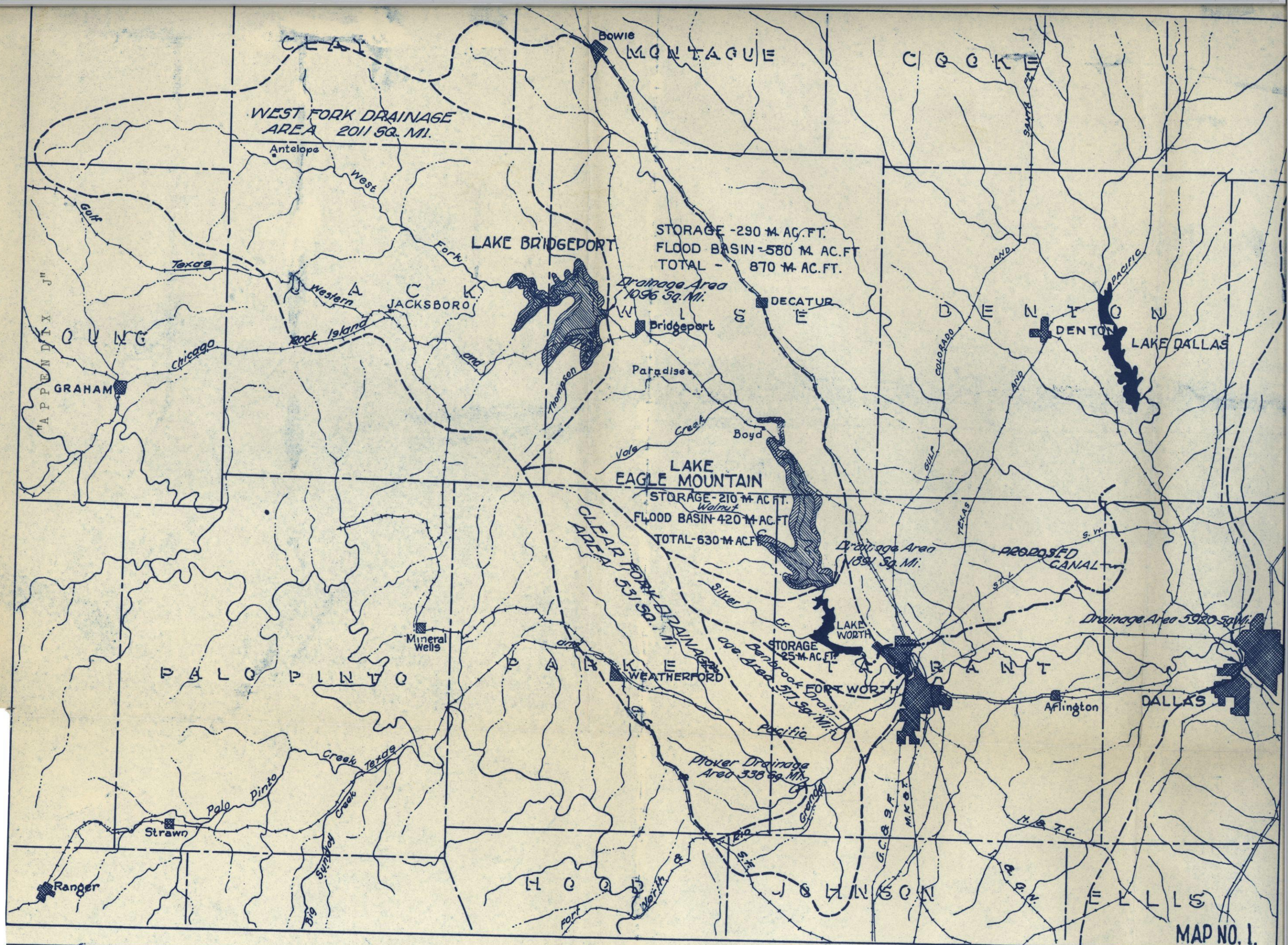
\$324,511.00

2. Maintenance, Overhead and Operation, per year

60,000.00

NET SURPLUS

\$264,511.00



MAP NO. 1.

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
26TH DAY OF JULY, A. D. 1932, 7:45 P. M.

Directors W. R. Bennett, E. E. Bewley, C. A. Hickman, Joe B. Hogsett and W. K. Stripling, were present and participating, they being all the members of the Board. Director Bennett presided in his capacity as President of the Board. Director Stripling acted in his capacity as Secretary of the Board.

1.

President Bennett presented for consideration a proposed application for a loan by this District, directed to The Reconstruction Finance Corporation, dated July 26, 1932, whereby it is proposed to sell eleven hundred and sixty-five (1165) of the district's unsold bonds, being those bonds specifically described in "Appendix A," of the proposed application. A true copy of said application is attached to these minutes as "Exhibit A," and it hereby is made part hereof.

2.

There was full consideration of the proposed application, and all facts giving rise to the proposal therefor, whereupon Director Bewley moved the adoption of a proposed order as follows:

"(a) It is moved that the proposed application for a loan by the Reconstruction Finance Corporation to this District, as written (being as set forth in "Exhibit A" of the Minutes of this meeting, and here referred to as part hereof) do be approved and adopted as the act and deed of this District.

"(b) Further, be it ordered that said application be executed in the name of Tarrant County Water Control and Improvement District Number One, by W. R. Bennett, as President, and that W. K. Stripling do attest said application by signing his name, as Secretary and imprinting thereon the official seal of this District -- Whereupon, said application shall, in all things, become the act and deed of this District.

"A P P E N D I X K"

"(c) Due to the emergency which exists in the affairs of this District, it hereby is directed that said executed application do forthwith be transmitted to the Reconstruction Finance Corporation, at its office in Washington, D. C.,

"(d) It further is ordered that the officers, attorneys, engineers, and accountant of this District, do all things reasonably required to effect a favorable and speedy prosecution of said application. Any and all expense necessary to be so incurred shall be borne by this District — It is so ordered without other or further action by this Board.

"(e) The only limitation upon the duties and powers hereinbefore provided is that there may not be an actual sale of the bonds now proposed for sale until such time as this Board of Directors shall have approved the terms and conditions for such sale, and shall have made specific provision for the delivery of said bonds, and the custody of the money to be derived therefrom.

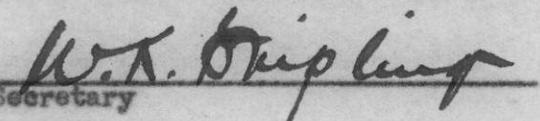
"In all things, it is so ordered as the act and deed of this District."

Adoption of the foregoing order was seconded by Director Hogssett. After discussion of the proposed order, a vote was taken; whereupon, directors Bennett, Bewley, Hickman, Hogssett and Stripling voted for the motion, they being all members of the Board — The motion was carried and it was so ordered.

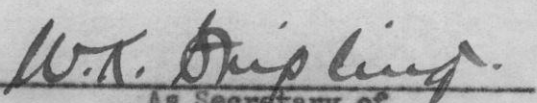
No further business was presented and the meeting was adjourned.

APPROVED

As President


As Secretary

I HEREBY certify that the foregoing is an exact duplicate of the Minutes of the meeting therein described, as the same appear in the official records of this District.


As Secretary of
Tarrant County Water Control and
Improvement District Number One.

(2)

"A P P E N D I X K"

STATE OF TEXAS)
TARRANT COUNTY)

BEFORE ME, the undersigned authority, on this day personally appeared E. B. Cheatham, known to me to be the person whose name is subscribed hereto, and he being by me first duly sworn, does on oath depose and say:

I keep all records of the receipts and disbursements of money by Tarrant County Water Control and Improvement District Number One, as I have done since January, 1928. The records kept by me embrace all matters relating to the financial transactions and condition of said District. This affidavit is furnished to become a part of "Appendix K," of an application for a loan to be filed by said District, with the Reconstruction Finance Corporation.

I hereby specifically refer to the tabulated statements of facts embraced in certain of the appendixes which are herewith presented, and being as follows: "A," "B," "D," "E," "F," and "G," and the Balance Sheet showing receipts and disbursements of the "Construction Fund," which forms part of "Appendix K." Said tabulated statements were prepared by me from the original records of said District; said records, recite the truth, and each of the stated tabulations correctly exhibits the facts to which it purports to relate: The statements disclosed by all of said tabulated exhibits are true in substance and in fact.

E. B. Cheatham

SUBSCRIBED AND SWORN TO before me on this the 26th day of July, A. D. 1932.

My Commission Expires June 1st, 1933.

Coye Blawlock
Notary Public in and for Tarrant County, Tex.

"A P P E N D I X K "

STATE OF TEXAS)
 (
TARRANT COUNTY) BEFORE ME, the undersigned authority, on this day personally appeared MARVIN C. NICHOLS, who is known to me to be the person whose name is subscribed hereto, and he being by me first duly sworn, did on oath depose and say as follows:

I am an Hydraulic Engineer, and a member of the Engineering Co-partnership of Hawley, Freese and Nichols, of Fort Worth, Texas. A large part of my employment of the three years last passed has been in supervising the work being done on the improvements being provided by Tarrant County Water Control and Improvement District Number One. I especially have supervised the monthly estimates and from time to time have made the estimates predicting future costs by periods to be used as a basis for providing money for the work. I here refer to items 1, 2, 3 and 4, of "Appendix C," attached to the accompanying application for a loan from the Reconstruction Finance Corporation to Tarrant County Water Control and Improvement District Number One. I have made a searching investigation of the probable cost to complete the works of the applicant, as stated in said items 1, 2, 3 and 4. To the best of my judgment and belief, the total sum One Million Sixty-Six Thousand (\$1,066,000.00) Dollars, as stated therein, will be wholly adequate to complete the applicant's works. In my opinion the sum Ninety-Nine Thousand (\$99,000.00) Dollars, shown in item 5 of said "Appendix," will be adequate to cover the cost factors therein stated. In my judgment very close prediction of the completed cost of the work can be made at this time due to the following facts: 1 - The quantities of material and work required for completion of the works are very closely known; 2 - The applicant now has acquired the fee simple title to all lands required for inundation; 3 - Practically all land to be temporarily covered at times of extreme flood has been placed under proper easement; 4 - All discernible factors appear

"APPENDIX K"

to be now known, save the amount of money required to compensate the Chicago, Rock Island and Texas Railway Company, and as to this, the attorneys for the District give advice that in their opinion (under an agreement of facts existing between applicant and the Chicago, Rock Island and Texas Railway Company) the maximum liability of applicant can not exceed the sum Two Hundred Forty-Three Thousand (\$243,000.00) Dollars, as stated in item 2 of "Appendix C."

Marvin C. Nichols

SUBSCRIBED AND SWORN TO before me on this the 25th day of July,

A. D. 1932.

My Commission Expires
June 1, 1933.

E. B. Heathman
Notary Public in and for Tarrant County,
Texas.

"A P P E N D I X K"

STATE OF TEXAS)
TARRANT COUNTY)

BEFORE ME, the undersigned authority, on this day personally appeared IRELAND HAMPTON, who is known to me to be the person whose name is subscribed hereto, and he being by me first duly sworn, did on oath depose and say as follows:

I am a lawyer residing in Fort Worth, Texas. For more than ten years, I have specialized in the law and economics of water uses and control in Texas. Beginning in the year 1923, I assisted Major John B. Hawley (senior partner of the engineering co-partnership, Hawley, Freese and Nichols, of Fort Worth) in working out certain related physical and economic factors to be considered in determining whether a Water/Improvement District should be created in Tarrant County. The District was created in October, 1924. Thereafter, during preliminary surveys, I collaborated both with Major Hawley and his partner, Mr. S. W. Freese. During this preliminary period, we investigated the potential irrigation of land in Wise County. We found the owners of more than 28,000 acres of irrigable land and the property owners of the town of Bridgeport to be practically unanimous for the creation of a water district to construct its own canals to take water by gravity, from the present (then considered) Bridgeport Reservoir, by gravity to the town of Bridgeport and to irrigate the land found to be irrigable by gravity. The District was created by an overwhelming favoring vote, and their preliminary surveys are complete, showing approximately 26,000 acres of valley land to be irrigable. Because of the unfavorable condition of the bond market, their plans have been held in abeyance.

Studies of Lake Worth were made and it was found that siltation was destroying storage space at a rate about 1000 acre feet per year, whereby all storage space would be lost by a year not later than 1944; adequacy under conditions of drouth was not assured even in 1926. In December 1926 or January 1927, Mr. Freese went to Chambers and Liberty Counties to investigate the water

"A P P E N D I X K"

needs and supply of the rice and cane farmers in those two counties. He found them to be then seeking a regulated supplemental flow of water, especially through the summer months. (By oral advice given me on July 23, 1932, by John A. Norris, Chairman of the State Board of Water Engineers, find that these farmers are still seeking water equal to two feet per acre per year for land exceeding 50,000 acres).

After the investigations made by Mr. Freese in Liberty and Chambers Counties, all the economic factors hereinbefore related were co-ordinated with the physical factors to control an available and adequate water supply, whereupon final plans for the improvements of the Tarrant County District were formulated. These plans were adopted on July 29, 1927, and they are deemed adequate to care for the needs hereinbefore related. On October 8, 1927, the electors of the Tarrant County District authorized the issuance of serial bonds to mature not later than forty years after their date and to bear interest at a rate not to exceed 5% per annum, maximum par value of bonds to be \$6,500,000.00.

I here refer to "Appendix H," and "Appendix I," attached to the application for a loan to Tarrant County Water Control and Improvement District Number One by the Reconstruction Finance Corporation, and say:

1 - As to "Appendix H:" The statements of law, and concerning water quantities, as covered by the District's permit, are true in substance and in fact;

2 - As to "Appendix I:" I say, that the stated expectancy of income from sources not derived from taxation, are reasonably founded to the full degree that may be predicated upon existing wants, which are capable of being filled from an only known, or most economical, source of supply; here embodied in the works of the Tarrant County District.

PAGE THREE OF (4)

"A P P E N D I X K"

As to the values of water used in "Appendix I," I have based them far under known costs for similar uses, or to provide a supply for similar uses. As to the quantity of marginal land and the probable sum to be derived from a sale thereof: The acres of such land are correctly stated and the estimate of the price procurable therefor, at a proper time, in my opinion, is conservative.

Freeland Hampton

SUBSCRIBED AND SWORN TO before me on this the 25th day of July, A. D.

1932.

My Commission Expires
June 1, 1933.

J. B. Cheatham
Notary Public in and for Tarrant County,
Texas.

(5)
2A P P E N D I X K"

TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE
TABULATION SHOWING RECEIPTS AND DISBURSEMENTS OF CONSTRUCTION FUND
FROM AUGUST 6, 1929, TO JULY 25, 1932

RECEIPTS	CONSTRUCTION FUND	
Transfer Balance of Checking Account	\$ 166.68	
Sale \$2,000,000.00 Series "A" Bonds	1,930,000.00	
Sale \$1,500,000.00 Series "B" Bonds	1,489,950.00	
Sale \$1,500,000.00 Series "C" Bonds	1,494,450.00	
Sale \$ 335,000.00 Series "D" Bonds	302,225.51	
Sale to Interest & Sinking Fund, \$ 84,000.00 Series "D" Bonds	75,600.00	
Interest on Bank Daily Balances	66,767.53	
Land Rentals	20,363.91	
Sale of Land	778.82	
Collection for Contractors	544.00	
Short Term Temporary Bank Loans	172,000.00	
Refund of Condemnation Deposits	41,181.72	
Refund, Unearned Interest, Temporary Bank Loans	3,540.02	
Sale Improvements off Lands	2,327.50	
35% Dividend-Claim A/C Texas National Bank	1,139.42	
Cancellation Vo. #2191, R. L. VanZandt, Recr.	1,097.47	
Abstract & Recording Expense Collected	395.22	
Right of Way Easement	10.00	
Pro-Rata Taxes Collected, on Lands Purchased	503.06	
Miscellaneous	523.34	\$5,603,564.20
DISBURSEMENTS		
	CONSTRUCTION FUND	
Land Purchases	\$ 1,257,539.83	
Perpetual Easement Rights	6,499.20	
Construction Easement	381.50	
Eagle Mountain Dam Construction	2,132,876.55	
Bridgeport Dam Construction	1,545,999.45	
Engineering	224,015.97	
Arbitration Expense	324.92	
Settlements Made with: Wise Co., Road Settlement	15,000.00	
Texas Pipe Line Co.	25,000.00	
Texas Power & Light Company	3,500.00	
Southwest Telephone Co.	210.00	
R. R. Harris, Owner Newark Telephone Exchange	500.00	
Deposits Made in Condemnation	84,612.50	
R.L.VanZandt, Receiver, Texas National Bank	4,352.98	
Collection for Contractors	544.00	
Repayment Short Term Temporary Bank Loans	172,000.00	
Interest on Short Term Temporary Bank Loans	4,860.00	
Stream Flow Measurements	624.00	
Directors	6,739.00	
Legal	42,190.45	
Office	15,814.61	
Land Department	13,502.71	
Bridgeport Lake	772.14	
Auditing Service	920.00	
Expense, Paying Bond Interest Coupons	461.50	
Election Expense, Holding Election	5,663.45	
Preparation and Sale of Bonds	6,054.95	
Miscellaneous	1,858.34	\$5,602,818.05
CASH BALANCE JULY 25, 1932:	\$	746.15