

ORDINANCE NO. 174

BY THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS, PROVIDING FOR THE ISSUANCE OF CITY OF MESQUITE, TEXAS, WATERWORKS AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 1957, IN THE AGGREGATE AMOUNT OF \$1,453,000.00, BEARING INTEREST AT THE RATES HEREINAFTER SET FORTH; TO SECURE FUNDS TO REFUND \$653,000.00 WATERWORKS AND SEWER REVENUE BONDS; \$300,000.00 FOR THE PURPOSE OF IMPROVING AND EXTENDING THE CITY'S WATERWORKS SYSTEM AND \$500,000.00 FOR THE PURPOSE OF IMPROVING AND EXTENDING THE CITY'S SEWER SYSTEM; PRESCRIBING THE FORM OF BOND; PLEDGING THE REVENUES OF THE CITY'S WATERWORKS AND SEWER SYSTEM TO THE PAYMENT OF THE PRINCIPAL AND INTEREST OF SAID BONDS; PROVIDING FOR THE EXPENSE OF OPERATING SAID SYSTEM; MAKING CERTAIN COVENANTS OF THE CITY IN REFERENCE TO THE BONDS AND THE BOND FUND FROM WHICH SAID PRINCIPAL AND INTEREST ARE TO BE PAID; PROVIDING THAT THE HOLDER OR HOLDERS OF SAID BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF SAID OBLIGATIONS OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION, AND REPEALING ALL ORDINANCES IN CONFLICT HEREWITH.

WHEREAS, the City has outstanding \$653,000.00 of Waterworks and Sewer Revenue Bonds, described as follows: \$304,000.00 Waterworks and Sewer Refunding and Improvement Revenue Bonds, dated March 1, 1951; \$34,000.00 Waterworks and Sewer System Revenue Bonds, dated April 1, 1954, and \$315,000.00 Waterworks and Sewer System Revenue Bonds, dated March 1, 1955, secured by a pledge of the revenues of the City's Waterworks and Sewer System; and

WHEREAS, it is desirable and necessary for the welfare of the City of Mesquite, Texas, to improve and extend the existing Waterworks and Sewer System in said City, and to issue bonds, payable and secured in the manner hereinafter set out to evidence the indebtedness therefor; and

WHEREAS, pursuant to applicable laws including Articles 1111-1118, both inclusive, of the Revised Civil Statutes of Texas, 1925, as amended, the City Council of the City of Mesquite, Texas, is authorized to improve and extend the existing Waterworks and Sewer System and to issue refunding bonds for the purpose of taking up all or any part of its outstanding revenue bonds, and in payment of the cost thereof, to issue bonds of said City, payable from the revenues pledged to the payment thereof in accordance with law, as more fully provided in this ordinance; and

WHEREAS, pursuant to the provisions of Articles 1111-1118, both

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inclusive, supra, the City Council of the City of Mesquite, Texas, is authorized to issue refunding bonds for the purpose of taking up all or any part of issues of revenue bonds issued under said articles or under other laws, and to include in a single issue bonds for the purpose of refunding outstanding bonds and new bonds to obtain additional funds for purposes authorized in said article; and

WHEREAS, the City has determined the advisability and necessity of issuing revenue bonds for the purpose of refunding \$653,000.00 of bonded indebtedness of the City's Waterworks and Sewer System; \$1,900,000.00 for the purpose of improving and extending the City's Sanitary Sewer System and \$1,200,000.00 for the purpose of improving and extending the City's Waterworks System; and

WHEREAS, pursuant to such determination, the City Council of the City of Mesquite, Texas, adopted a resolution on January 4, 1957, calling an election on various propositions including the following:

PROPOSITION NO. 8

"Shall the City Council of the City of Mesquite, Texas, be authorized to issue the bonds of said City in the amount of \$653,000.00, maturing serially in such installments as may be fixed by the City Council, the maximum maturity being not more than Thirty Five (35) years from their date, bearing interest at a rate not to exceed Six (6%) per cent per annum, for the purpose of refunding the following described bonds: \$304,000.00 City of Mesquite, Texas, Waterworks and Sewer Refunding and Improvement Revenue Bonds, Series 1951, dated March 1, 1951; \$34,000.00 City of Mesquite, Texas, Waterworks and Sewer System Revenue Bonds, Series 1954, dated April 1, 1954, and \$315,000.00 City of Mesquite, Texas, Waterworks and Sewer System Revenue Bonds, Series 1955, dated March 1, 1955, to be issued in accordance with and secured in the manner provided in Articles 1111-1118, both inclusive, of the Revised Civil Statutes of Texas, 1925, as amended, each such refunding bond to be conditioned that the holder thereof shall never have the right to demand payment of said obligation out of funds raised or to be raised by taxation, secured by a pledge of the net revenues from the operation of the City's Waterworks and Sewer System."

PROPOSITION NO. 9

"Shall the City Council of the City of Mesquite, Texas, be authorized to issue the bonds of said City in the amount of \$1,900,000.00, maturing serially in such installments as may be fixed by the City Council, the maximum maturity being not more than Thirty Five (35) years from their date bearing interest at a rate not to exceed Six (6%) per cent per annum, for the purpose of improving and extending the City's Sanitary Sewer System, to be issued in accordance with and secured in the manner provided in Articles 1111-1118, both inclusive, of the Revised Civil Statutes of Texas,

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1925, as amended, each bond to be conditioned that the holder thereof shall never have the right to demand payment of said obligations out of funds raised or to be raised by taxation, secured by a pledge of the net revenues from the operation of the City's Waterworks and Sewer System. "

PROPOSITION NO. 10

"Shall the City Council of the City of Mesquite, Texas, be authorized to issue the bonds of said City in the amount of \$1,200,000.00, maturing serially in such installments as may be fixed by the City Council, the maximum maturity being not more than Thirty Five (35) years from their date, bearing interest at a rate not to exceed six (6%) per cent per annum, for the purpose of improving and extending the City's Waterworks System, to be issued in accordance with and secured in the manner provided in Articles 1111-1118, both inclusive, of the Revised Civil Statutes of Texas, 1925, as amended, each bond to be conditioned that the holder thereof shall never have the right to demand payment of said obligations out of funds raised or to be raised by taxation, secured by a pledge of the net revenues from the operation of the City's Waterworks and Sewer System. "

; and

WHEREAS, at the election held in said City on the 29th day of January, 1957, a majority of the resident, qualified electors owning taxable property in said City, and who had duly rendered the same for taxation voting at said election sustained the propositions to issue the bonds hereinafter described by the following vote:

PROPOSITION NO. 8

"FOR THE ISSUANCE OF WATERWORKS AND SEWER
REVENUE REFUNDING BONDS" 306 Votes;

"AGAINST THE ISSUANCE OF WATERWORKS AND
SEWER REVENUE REFUNDING BONDS" 213 Votes.

PROPOSITION NO. 9

"FOR THE ISSUANCE OF SEWER IMPROVEMENT
AND EXTENSION REVENUE BONDS" 303 Votes;

"AGAINST THE ISSUANCE OF SEWER IMPROVEMENT
AND EXTENSION REVENUE BONDS" 212 Votes.

PROPOSITION NO. 10

"FOR THE ISSUANCE OF WATERWORKS IMPROVEMENT
AND EXTENSION REVENUE BONDS" 302 Votes;

"AGAINST THE ISSUANCE OF WATERWORKS IMPROVEMENT
AND EXTENSION REVENUE BONDS" 216 Votes.

and

WHEREAS, it is considered to be to the best interest of the City that said bonds be authorized in one issue secured by a first lien on and pledge of the net revenues from the operation of the City's Waterworks and Sewer System; and

WHEREAS, at this time it is considered proper to sell only One Million Four Hundred Fifty Three Thousand (\$1,453,000.00) Dollars of bonds, to wit: \$653,000.00 for the purpose of refunding a like amount of outstanding Waterworks and Sewer Revenue Bonds; \$300,000.00 for the purpose of improving and extending the City's Waterworks System and \$500,000.00 for the purpose of improving and extending the City's Sewer System, reserving the right to the City to sell all or any part of the remaining authorized \$900,000.00 of bonds for improving and extending the Waterworks System and \$1,400,000.00 of bonds for improving and extending the Sewer System, to be considered when issued as a part of the same series of indebtedness insofar as liens and rights are considered; and

WHEREAS, it is now necessary and proper that the City Council proceed with the issuance of such revenue bonds;

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MESQUITE:

1. That for the purpose of refunding \$653,000.00 of bonded indebtedness of the City's Waterworks and Sewer System and for the purpose of improving and extending the City's Waterworks and Sewer System, there be issued the negotiable bonds of the City of Mesquite, Texas, in the aggregate amount of One Million Four Hundred Fifty Three Thousand (\$1,453,000.00) Dollars.

2. That said bonds known as "City of Mesquite, Texas, Waterworks and Sewer Refunding and Improvement Revenue Bonds, Series 1957" shall be issued pursuant to the provisions of the Constitution and Statutes of Texas, including particularly Articles 1111-1118, both inclusive, of the Revised Civil Statutes of Texas, as amended, and the Charter of said City; shall be numbered from One (1) to One Thousand Four Hundred Fifty Three (1,453), both inclusive, shall be in the denomination of One Thousand (\$1,000.00) Dollars each, aggregating One Million Four Hundred Fifty Three Thousand (\$1,453,000.00) Dollars; shall bear interest at the rates as follows:

Bonds Nos. 1 to 308, both incl.,	3-3/4% per annum;
Bonds Nos. 309 to 653 " "	4-1/4% per annum;
Bonds Nos. 654 to 873 " "	4-1/2% per annum;
Bonds Nos. 874 to 1453 " "	4-3/4% per annum;

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payable September 1, 1957, and semi-annually thereafter on March 1st and September 1st of each year.

3. That said bonds shall be dated March 1, 1957, and shall become due and payable serially as follows:

<u>BONDS NUMBERS</u>	<u>MATURITY DATES</u>	<u>AMOUNTS</u>
1 to 26, both incl.,	March 1, 1958	\$26,000.00
27 to 53 " "	March 1, 1959	27,000.00
54 to 81 " "	March 1, 1960	28,000.00
82 to 110 " "	March 1, 1961	29,000.00
111 to 140 " "	March 1, 1962	30,000.00
141 to 171 " "	March 1, 1963	31,000.00
172 to 203 " "	March 1, 1964	32,000.00
204 to 237 " "	March 1, 1965	34,000.00
238 to 272 " "	March 1, 1966	35,000.00
273 to 308 " "	March 1, 1967	36,000.00
309 to 345 " "	March 1, 1968	37,000.00
346 to 384 " "	March 1, 1969	39,000.00
385 to 424 " "	March 1, 1970	40,000.00
425 to 466 " "	March 1, 1971	42,000.00
467 to 510 " "	March 1, 1972	44,000.00
511 to 556 " "	March 1, 1973	46,000.00
557 to 604 " "	March 1, 1974	48,000.00
605 to 653 " "	March 1, 1975	49,000.00
654 to 704 " "	March 1, 1976	51,000.00
705 to 758 " "	March 1, 1977	54,000.00
759 to 814 " "	March 1, 1978	56,000.00
815 to 873 " "	March 1, 1979	59,000.00
874 to 933 " "	March 1, 1980	60,000.00
934 to 997 " "	March 1, 1981	64,000.00
998 to 1064 " "	March 1, 1982	67,000.00
1065 to 1134 " "	March 1, 1983	70,000.00
1135 to 1208 " "	March 1, 1984	74,000.00
1209 to 1286 " "	March 1, 1985	78,000.00
1287 to 1368 " "	March 1, 1986	82,000.00
1369 to 1453 " "	March 1, 1987	85,000.00

4. That said bonds and coupons shall be payable in lawful money of the United States of America at the Mercantile National Bank at Dallas, Texas, without exchange or collection charges to the owner or holder thereof.

5. In Bonds Numbers Five Hundred Eleven (511) to Eight Hundred Seventy Three (873), both inclusive, the City reserves the option of calling each such bond for redemption prior to maturity on any interest payment date on and after March 1, 1972, at par and accrued interest to date so fixed for redemption.

Thirty days' notice of such call shall be given in writing to the place of payment and notice shall be published in a financial publication published in the City of New York, New York. Said notice shall appear in said publication in at least one issue, the date of said issue being not less than thirty days prior to the date so fixed for redemption. If any such bond is called for redemption in said manner and if funds sufficient to pay the redemption price shall have been duly placed in the bank of payment by the date fixed for redemption, it shall not thereafter bear interest. If fewer than all of the optional bonds are called for redemption, they shall be called in their inverse numerical order.

6. In Bonds Numbers Eight Hundred Seventy Four (874) to One Thousand Four Hundred Fifty Three (1,453), both inclusive, the City reserves the option of calling each such bond for redemption prior to maturity on any interest payment date on and after March 1, 1977, at par and accrued interest to date so fixed for redemption. Thirty days' notice of such call shall be given in writing to the place of payment and notice shall be published in a financial publication published in the City of New York, New York. Said notice shall appear in said publication in at least one issue, the date of said issue being not less than thirty days prior to the date so fixed for redemption. If any such bond is called for redemption in said manner and if funds sufficient to pay the redemption price shall have been duly placed in the bank of payment by the date fixed for redemption, it shall not thereafter bear interest. If fewer than all of the optional bonds are called for redemption they shall be called in their inverse numerical order.

7. That each of said bonds and interest coupons shall be executed by the imprinted facsimile signature of the Mayor and countersigned by the imprinted facsimile signature of the City Secretary, and the corporate seal of the City of Mesquite, Texas, shall be impressed upon each of said bonds. Such facsimile signatures shall have the same effect as manual signatures.

8. That said bonds shall constitute special obligations of said City of Mesquite and each of said bonds shall contain the provision that the holder thereof shall never have the right to demand payment of said obligation out of funds raised or to be raised by taxation.

9. The form of said bond shall be substantially as follows:

NO. _____

\$1,000.00

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF DALLAS
CITY OF MESQUITE
WATERWORKS AND SEWER REFUNDING AND IMPROVEMENT
REVENUE BOND
SERIES 1957

The City of Mesquite, in the County of Dallas, State of Texas, a municipal corporation duly incorporated under the laws of the State of Texas, for value received, hereby acknowledges itself indebted to and promises to pay to the

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bearer hereof on the 1st day of March, 19____, the sum of

ONE THOUSAND DOLLARS

in lawful money of the United States of America, with interest thereon from date hereof at the rate of (*%) per cent per annum, payable September 1, 1957, and semi-annually thereafter on March 1st and September 1st of each year, until the principal sum shall be paid, which interest is payable in lawful money of the United States of America, upon presentation and surrender of proper coupons as they severally become due, both principal and interest being payable at the Mercantile National Bank at Dallas, Dallas, Texas, without exchange or collection charges to the owner or holder hereof.

This bond is one of a series of bonds of like tenor and effect, except as to number, interest rate, maturity and right of prior redemption, numbered One (1) to One Thousand Four Hundred Fifty Three (1,453), both inclusive, of the denomination of One Thousand (\$1,000.00) Dollars each, aggregating One Million Four Hundred Fifty Three Thousand (\$1,453,000.00) Dollars, issued by the City of Mesquite, Texas, for the purpose of refunding \$653,000.00 of bonded indebtedness of the City's Waterworks and Sewer System, and for the purpose of improving and extending the City's Waterworks and Sewer System, in accordance with the Constitution and laws of the State of Texas, and the Charter of said City, and pursuant to an ordinance passed by the City Council, duly recorded in the minutes of said City Council.

The date of this bond in conformity with the ordinance above mentioned is March 1, 1957.

**(The City reserves the option of calling this bond for redemption prior to maturity on any interest payment date on and after March 1, 1972, at par and accrued interest, provided thirty days' notice of such call is given in writing to the place of payment and provided said notice is published in a financial publication published in the City of New York, New York. Said notice shall appear in said publication in at least one issue, the date of said issue being not less than thirty days prior to the date so fixed for redemption. If such bond is called for redemption in said manner and if funds sufficient to pay the redemption price shall have been duly placed in the bank of payment by the date fixed for redemption, it shall not thereafter bear interest. If fewer than all of the optional bonds are called for redemption, they shall be called in their inverse numerical order.)

***(The City reserves the option of calling this bond for redemption prior to maturity on any interest payment date on and after March 1, 1977, at par and accrued interest, provided thirty days' notice of such call is given in writing to the place of payment and provided said notice is published in a financial publication published in the City of New York, New York. Said notice shall appear in said publication in at least one issue, the date of said issue being not less than thirty days prior to the date so fixed for redemption. If such bond is called for redemption in said manner and if funds sufficient to pay the redemption price shall

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have been duly placed in the bank of payment by the date fixed for redemption, it shall not thereafter bear interest. If fewer than all of the optional bonds are called for redemption, they shall be called in their inverse numerical order.)

The City reserves the right to issue the remaining \$900,000.00 Waterworks Improvement and Extension Revenue Bonds and the remaining \$1,400,000.00 Sewer Improvement and Extension Revenue Bonds authorized at the election held in said City on the 29th day of January, 1957, and additional parity revenue bonds for waterworks and sewer improvements and extensions, under the conditions stated in the ordinance authorizing this bond, said bonds being payable from the same source as are the Bonds of this issue and secured by the same revenues, and shall be on a parity with this issue of bonds.

The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation. Each successive holder of this bond and each successive holder of each of the coupons hereto attached, is conclusively presumed to forego and renounce his equities in favor of subsequent holders for value without notice, and to agree that this bond and each of the coupons hereto attached, may be negotiated by delivery by any person having possession hereof, howsoever such possession may have been acquired, and that any holder who shall have taken this bond or any of the coupons from any person for value and without notice, thereby has acquired absolute title thereto, free from any defenses enforceable against any prior holder and free from all equities and claims of ownership of any such prior holder. The City of Mesquite and its officials and the paying agent hereinabove named shall not be affected by any notice to the contrary.

AND IT IS HEREBY CERTIFIED AND RECITED that the issuance of this bond and the series of which it is a part, is duly authorized by law and by a majority of the resident, qualified electors owning taxable property in said City, and who have duly rendered the same for taxation, voting at an election held for that purpose within said City; that all acts, conditions and things required to exist precedent to and in the issuance of this bond to render the same lawful and valid have been properly done, have happened and been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the ordinance hereinabove mentioned and that this series of revenue bonds does not exceed any constitutional or statutory limitations, and that provision has been made for the payment of the principal and interest of this bond and the series of which it is a part by irrevocably pledging to the payment thereof net revenues of the Waterworks and Sewer System of the City of Mesquite.

IN WITNESS WHEREOF, the City of Mesquite, Texas, by its City Council has caused the seal of said City to be impressed hereon and this bond and the annexed coupons to be executed by the facsimile signature of the Mayor and countersigned by the facsimile signature of the City Secretary.

Mayor, City of Mesquite, Texas.

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COUNTERSIGNED:

City Secretary, City of Mesquite, Texas.

*(Bonds Nos. 1 to 308, both incl., 3-3/4% per annum;
 Bonds " 309 to 653 " " 4-1/4% per annum;
 Bonds " 654 to 873 " " 4-1/2% per annum;
 Bonds " 874 to 1453 " " 4-3/4% per annum.)

**(This paragraph should be printed only in Bonds Nos. 511 to 873, both incl.)

***(This paragraph should be printed only in Bonds Nos. 874 to 1453, both incl.)

10. The form of said coupons shall be substantially as follows:

NO. _____ \$ _____

ON THE 1st DAY OF

_____, 19 _____

The City of Mesquite, Texas, out of revenues specified in the bond to which this coupon is attached, will pay to the bearer *(unless the bond to which this coupon is attached shall have been called for previous redemption as therein provided and provision for the redemption thereof made), at the Mercantile National Bank at Dallas, Texas, without exchange or collection charges to the owner or holder hereof, the sum of _____ (\$ _____) Dollars, in lawful money of the United States of America, said sum being _____ months' interest due that day on "City of Mesquite, Texas, Waterworks and Sewer Refunding and Improvement Revenue Bond, Series 1957", bearing the number hereinafter specified, dated March 1, 1957. The holder hereof shall never have the right to demand payment of this obligation out of funds raised or to be raised by taxation.
 Bond No. _____

City Secretary

Mayor.

*(This parenthetical expression shall be printed only in coupons maturing Sept. 1, 1972, and subsequent attached to Bonds Nos. 511 to 873 both incl., and only in coupons maturing Sept. 1, 1977 and subsequent attached to Bonds Nos. 874 to 1453, both incl.)

11. The form of Comptroller's Certificate, which shall be printed on the back of each bond shall be substantially as follows:

OFFICE OF COMPTROLLER :
STATE OF TEXAS :

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I HEREBY CERTIFY that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this bond has been examined by him as required by law, and that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding special obligation of the City of Mesquite, Texas, payable from the revenues pledged to its payment by and in the ordinance authorizing same, and said bond has this day been registered by me.

WITNESS MY HAND and seal of office at Austin, Texas,

Comptroller of Public Accounts of the
State of Texas.

(SEAL)

12. (DEFINITIONS) (a) the term "System" as used in this ordinance, shall mean the City's Waterworks and Sewer System, including all present future extensions, additions, replacements and improvements thereto.

(b) The term "Net Revenues", as used in this ordinance shall mean the gross revenues of the System less the expense of operation and maintenance, including all salaries, labor, materials, repairs and extensions necessary to render efficient service, provided however, that only such repairs and extensions, as in the judgment of the City Council, reasonably and fairly exercised, are necessary to keep the plant or utility in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the Bonds authorized by this Ordinance and any additional bonds permitted to be issued under Section 23 hereof, shall be deducted in determining "Net Revenues".

(c) The term "Bonds" shall mean the \$1,453,000.00 of bonds authorized by this ordinance.

(d) The term "Additional Bonds" means the Additional Bonds which the City reserves the right to issue under Section 23 hereof.

13. (PLEDGE) The Net Revenues of the System in an amount sufficient to establish and maintain the Funds hereinafter provided are hereby irrevocably pledged for the payment of the Bonds and Additional Bonds, if issued under the conditions and in the manner specified in this ordinance, and the interest thereon, and it is hereby ordained that the Bonds and the Additional Bonds if so issued, and the interest thereon shall constitute a first lien upon said Net Revenues.

14. (RATES) The City covenants and agrees with the holders of the Bonds and Additional Bonds if and when issued:

(a) That it will at all times charge and collect for services rendered by the System rates sufficient to pay all operating, maintenance, depreciation, replacement and betterment expenses, and other costs deductible in determining "Net

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Revenues" as herein defined, and to pay the interest on and principal of the Bonds and to establish and maintain the funds as hereinafter provided.

(b) If the Additional Bonds are issued, or if the System should become legally liable for any other indebtedness, the City will fix and maintain rates and collect charges for the services of the System sufficient to discharge such indebtedness.

15. (FUNDS) All revenue derived from the operation of the System, shall be kept separate from other funds of the City. To that end, the following special funds are hereby created:

(a) City of Mesquite Waterworks and Sewer Refunding and Improvement Revenue Fund, hereinafter called "Revenue Fund".

(b) City of Mesquite Waterworks and Sewer Refunding and Improvement Revenue Bonds Interest and Redemption Fund, hereinafter called "Interest and Redemption Fund".

(c) City of Mesquite Waterworks and Sewer Refunding and Improvement Revenue Bonds, Series 1957, Reserve Fund, hereinafter called "Reserve Fund".

(d) City of Mesquite Waterworks and Sewer Refunding and Improvement Revenue Bonds, Series 1957, Contingency Fund, hereinafter called "Contingency Fund".

16. (REVENUE FUND). All revenues of every nature received through the operation of the System shall be deposited from day to day, as collected, into the Revenue Fund, and the reasonable and proper expenses of operating and maintaining the System, including salaries, labor and materials shall be paid therefrom upon approval of the City Council. The City Treasurer shall not make any disbursement from said Fund for repairs in excess of \$250.00, or for extensions, except pursuant to a resolution adopted by the City Council declaring that it is the judgment of the City Council that such repairs or extensions are necessary to keep the plant or utility in operation and render adequate service to the City and the inhabitants thereof, or that such repairs or extensions are necessary to meet some physical accident or conditions which would otherwise impair the Bonds, and such resolution, in either case, shall recite the facts and reasons for such judgment. Certified copies of such resolution shall be furnished without cost to Bondholders requesting the same. Such resolution shall not be binding or conclusive upon any Bondholder. The revenues of the System not actually required to pay expenses and costs incurred as permitted by this Section shall be deposited, to the extent required, in the other funds created by this ordinance, each of which shall have priority thereto in the order in which they are treated in the following sections.

17. (INTEREST AND REDEMPTION FUND). On or before the 10th day of each month, beginning March 10, 1957, the City shall deposit in the Interest and Redemption Fund an amount of money not less than one-sixth of the next semi-annual installment of interest and one-twelfth of the next maturing principal. The amount received from the purchasers of the bonds as interest accrued thereon to the date of delivery shall be placed in the Interest and Redemption Fund, which shall

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reduce by such amount the sums which would otherwise be required to be placed into the Interest and Redemption Fund from the revenues of the System.

18. (RESERVE FUND) There is now on hand the amount of \$33,000.00 in the Reserve Fund created by the ordinance of March 20, 1951, which amount shall be transferred and deposited immediately to the credit of the Reserve Fund created by this ordinance. On or before the 10th day of each month, beginning March 10, 1957, there shall be deposited in the Reserve Fund an amount of money equal to \$900.00 until such time as there shall have been accumulated in said Fund the sum of \$88,800.00, which sum shall include the \$33,000.00 above mentioned. The Reserve Fund shall be used to pay principal of and interest on the Bonds falling due at any time when there is not sufficient money available in the Interest and Redemption Fund. No payment need be made into the Reserve Fund after there shall have been accumulated in said Fund the amount of \$88,800.00, except that when said Reserve Fund is reduced below that amount, payments into the Fund shall be resumed and continued until such time as the Fund has been restored to the sum of \$88,800.00. Money in the Reserve Fund may at the option of the City be invested in direct obligations of the United States of America having maturities not in excess of ten years from the date of the making of such investment. Any obligations in which money is so invested shall be kept in escrow in the Mercantile National Bank at Dallas, Dallas, Texas, and shall be promptly sold and the proceeds of sale applied to the making of payments required to be made from the Reserve Fund, whenever such payments are necessary to be made under this Section. The deposits into this Fund shall be subordinate to those required to be made into the Interest and Redemption Fund.

19. (CONTINGENCY FUND) On or before the 10th day of each month, beginning March 10, 1957, there shall be deposited in the Contingency Fund an amount of money equal to \$250.00, until such time as there has been accumulated in said fund the sum of \$15,000.00. In the event such amount shall be depleted said monthly payments shall be resumed and continued until the full amount has been restored. Money in the Contingency Fund may be invested under the conditions set forth in Section 18 relating to the investment of monies in the Reserve Fund. This fund shall be used to supplement any deficiency in the Reserve Fund and Interest and Redemption Fund, or to pay the cost of the necessary or emergency repairs, under the circumstances and to the extent permitted by law, for the payment of which no other funds are available.

20. (DEFICIENCIES IN FUNDS) If in any fiscal year the City shall, for any reason, fail to pay into the Interest and Redemption Fund, Reserve Fund and Contingency Fund the full amounts above stipulated, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and unallocated revenues of the following fiscal year or years, and such payments shall be in addition to the amounts hereinabove provided to be otherwise paid into said Funds during such fiscal year or years.

21. (EXCESS REVENUES) Any revenues in excess of those required to establish and maintain the Funds as above required may be used for the redemption of Bonds or Additional Bonds then eligible for prior redemption, or for extensions

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of the System to the extent now or hereafter permitted by law, and if, in the opinion of a competent and generally recognized engineer, such extensions will produce sufficient revenues to pay for their maintenance and operation and will impose no additional expense on the then existing system, or for any other lawful purpose.

22. (SECURITY OF FUNDS) All funds created by this ordinance shall be secured in the manner and to the fullest extent permitted by laws of the State of Texas for the security of public funds, and such funds shall be used only for the purposes permitted in this ordinance.

23. (ADDITIONAL BONDS) The City reserves the right to issue Additional Bonds, (including the remaining \$900,000.00 Waterworks Revenue Bonds and \$1,400,000.00 Sewer Revenue Bonds voted at the election held in said City on January 29, 1957), which when issued, may be secured by and payable from a first lien on and pledge of the net revenues of the System in the same manner and to the same extent as are the bonds authorized by this ordinance and such bonds, when issued, shall be in all respects of equal dignity with the Bonds. The Additional Bonds may be issued in one or more installments; provided however, that none of the additional Bonds shall be issued unless:

(a) Each of the Funds created by this ordinance contains the amount of money then required to be on deposit therein;

(b) The Net Earnings of the System for the preceding twelve months' period are equal to at least 1-1/2 times the average annual requirements for the payment of principal and interest on the then outstanding Bonds and the Additional Bonds, as such Net Earnings are shown by a report of a certified public accountant. The term "Net Earnings" as used in this Section shall mean the gross revenues after deducting the expense of operation and maintenance but not deducting expenditures which under standard accounting practice shall be charged to capital expenditures;

(c) A competent independent engineer certifies in writing his opinion as to annual expenses and income and Net Earnings of the System throughout the life of the Bonds and the Additional Bonds, and such certificate shows that the average annual Net Earnings from the System will be at least one and one-half times the average annual requirements for the payment of principal and interest on the then outstanding Bonds and the Additional Bonds;

(d) That the proceeds of such bonds shall be used solely for the making of improvements and extensions of the Waterworks and Sewer System which may be determined by the City Council to be necessary and economically feasible;

(e) The Additional Bonds are made to mature March 1 of each of the years in which they are scheduled to mature;

(f) The Additional Bonds previously shall have been voted by the qualified property taxpaying voters of the City.

24. (MAINTENANCE AND OPERATION) The City shall maintain the System in good condition and operate the same in an efficient manner and at a reasonable cost. So long as any of the Bonds are outstanding the City agrees to maintain insurance for the benefit of the holder or holders of the Bonds, on the System of a kind and in an amount which usually would be carried by private companies engaged in a similar type of business. Nothing in this ordinance shall be construed as requiring the City to expend any funds which are derived from sources other than the operation of the System, but nothing herein shall be construed as preventing the City from doing so.

25. (ACCOUNTS AND FISCAL YEAR) The City shall keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of all transactions relating to the System. The City will operate the System and will keep its books of records and accounts on the basis of a fiscal year ending September 30.

26. (ACCOUNTING REPORTS) Within ninety (90) days after the close of each fiscal year, the City will furnish (without cost) to R. A. Underwood and Company Dallas, Texas, and any Bondholder who may so request, a signed or certified copy of a report by a certified public accountant covering the next preceding fiscal year showing the following information:

- (a) Income and Expense Statement;
- (b) Balance Sheet;
- (c) Accountant's comment regarding the manner in which the City has complied with the requirements of this ordinance, and his recommendation for any changes or improvements in the operation of the System;
- (d) List of insurance policies in force at the end of the fiscal year, showing as to each policy, the risk covered, the name of the insurer, and the expiration date;
- (e) The number properties connected with each system and the total income from each system for the year;
- (f) The number of unmetered customers of each system at the end of the year;
- (g) The number of gallons of water registered through the master meter and the number of gallons sold during the year.

27. (INSPECTION) Any holder or holders of Bonds shall have the right at all reasonable times to inspect the System and all records, accounts and date of the City relating thereto.

28. (SPECIAL COVENANTS) The City hereby further covenants as follows:

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(a) That it has the lawful power to pledge the revenues supporting this issue of bonds and has lawfully exercised said power under the Constitution and laws of the State of Texas, including said power existing under Articles 1111 to 1118, both inclusive, Revised Civil Statutes of the State of Texas, with amendments thereto; that the Bonds issued hereunder, and the Additional Bonds, when issued, shall be ratably secured under said pledge of income, in such manner that one bond shall have no preference over any other bond of this issue.

(b) The City covenants and represents that other than for the payment of the Bonds herein provided for, the rents, revenues and income of the System have not in any manner been pledged to the payment of any debt or obligation of the City or of the System.

(c) That, so long as any of said Bonds remain outstanding, the City will not sell or encumber the System or any substantial part thereof, and that, with the exception of the Additional Bonds expressly permitted by this ordinance to be issued, it will not encumber the revenues thereof unless such encumbrance is made junior and subordinate to all of the provisions of this ordinance.

(d) That no free service of the System shall be allowed, and should the City or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the City out of funds from sources other than the revenues and income of the System.

(e) To the extent that it legally may, the City further covenants and agrees that, so long as any of the Bonds or Additional Bonds or any interest thereon are outstanding, no franchise shall be granted for the installation or operation of any competing water system, that the City will prohibit the operation of any water and sewer system, other than that owned by the City, and the operation of any such system by anyone other than this City is hereby prohibited.

29. (BONDS ARE SPECIAL OBLIGATIONS) The Bonds are special obligations of the City payable from the pledged revenues, and the holder thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

30. (APPROVAL BY THE ATTORNEY GENERAL) The Bonds and a complete record relating thereto shall be submitted to the Attorney General of Texas for his approval, and after he shall have approved them, the Bonds shall be deposited with the Comptroller of Public Accounts for registration. Upon registration of said bonds, the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's certificate of registration prescribed herein to be printed on the back of each bond, and the seal of said Comptroller shall be affixed to each of said bonds.

31. In addition to all other rights, the holder or holders of the bonds herein authorized to refund bonds dated March 1, 1951, April 1, 1954 and March 1, 1955, shall be and are hereby subrogated to all the rights possessed and enjoyed by the holders of the original bonds.

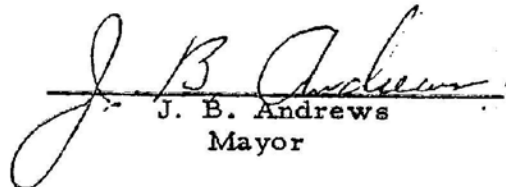
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32. The Comptroller is authorized to receive from the holder the \$304,000.00 City of Mesquite, Texas, Waterworks and Sewer Refunding and Improvement Revenue Bonds, Series 1951, dated March 1, 1951; the \$34,000.00 City of Mesquite Texas, Waterworks and Sewer System Revenue Bonds, Series 1954, dated April 1, 1954, and the \$315,000.00 City of Mesquite, Texas, Waterworks and Sewer System Revenue Bonds, Series 1955, dated March 1, 1955, and to deliver to said holder in exchange therefor refunding bonds of the issue herein authorized on the basis of par, being Bonds Numbers One (1) to Six Hundred Fifty Three (653), both inclusive, maturing serially March 1, 1958 to 1975, both inclusive. Provided that the Comptroller shall not register any of the Bonds authorized by this ordinance until and unless there shall be surrendered to him for cancellation all of said original bonds aggregating in amount the respective amount of refunding bonds provided to be registered. The holder or holders of said original bonds shall be entitled to the accrued interest of the refunding bonds as compensation for not drawing interest on the original bonds beyond the date calculated in the ordinance.

33. The sale of \$800,000.00 of the bonds herein authorized to First of Texas Corporation and Columbian Securities Corporation, San Antonio, Texas, and Shearson, Hammill and Company and R. A. Underwood and Company, Dallas, Texas, at a price of par and accrued interest to date of delivery is hereby confirmed. Delivery of such bonds shall be made to such purchasers as soon as may be after the passage of this ordinance upon payment therefor in accordance with the terms of sale.

34. All ordinances and resolutions, and parts thereof in conflict herewith are hereby expressly repealed insofar as they conflict herewith.

PASSED AND APPROVED this the 5th day of March, 1957.


J. B. Andrews
Mayor

ATTEST:


Norma G. McGaughey
City Secretary