ORDINANCE #752

Ordinance

for

$2,940,000 Water and Sewer Revenue Bonds

of the

City of El Paso, Texas

PUBLIC SERVICE BOARD

EL PASO WATER UTILITIES

May 22, 1952

ORDINANCE #752

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ORDINANCE #752

El Paso, Texas
May 13, 1952

The City Council of the City of El Paso met in regular session at the regular meeting place of the council in the City Hall in the City of El Paso at 10:00 o'clock A.M., on May 13, 1952. Roll call disclosed the following to be present:

Fred Hervey, Mayor
Clarence Harper, Alderman
H. T. Etheridge, Jr., Alderman
Ernest Ponce, Alderman
Allen Falby, Alderman
Travis White, City Attorney
W. R. Collins, City Clerk

After the meeting had been duly called to order and the minutes of the preceding meeting approved, an ordinance entitled:

"AN ORDINANCE fixing the details and form for Water and Sewer Revenue Bonds of the City of El Paso in the total amount of $2,940,000 originally authorized by ordinances adopted on November 20, 1951; making certain provisions for the security and payment of such bonds; providing for the sale thereof, and providing for the issuance and delivery of such bonds.",

was introduced and read in open meeting, and unanimously passed on first reading.

(Other business not pertinent to the above appears in the minutes.)

Pursuant to motion duly made and carried, the meeting was adjourned.

/s/ Fred Hervey
Mayor

ATTEST:

/s/ W. R. Collins
City Clerk

May 22, 1952. The ordinance was adopted on second reading

without change by the following vote:

Aye: C. W. Harper, Allen G. Falby, Ernest Ponce, H. T. Etheridge, Jr.

Nay: None

The ordinance was then signed by the Mayor and Clerk, was declared to be in effect, and is as follows:

> "AN ORDINANCE fixing the details and form for Water and Sewer Revenue Bonds of the City of El Paso in the total amount of $2,940,000 originally authorized by ordinances adopted on November 20, 1951; making certain provisions for the security and payment of such bonds; providing for the sale thereof, and providing for the issuance and delivery of such bonds."

****

WHEREAS the City of El Paso now owns and operates a waterworks plant and system and a sewer system as a combined public utility lying within and without the boundaries of the City; and

WHEREAS said waterworks plant and system and sewer system have become inadequate to meet the needs of the city and its inhabitants and it is necessary to provide for the improvement and extension thereof and to finance the cost thereof through the issuance of revenue bonds under the provisions of Articles 1111 et seq.; Texas Revised Civil Statutes, as amended; and

WHEREAS the revenues to be derived by the city from the operation of said plant and systems have not been pledged or hypothecated in any manner or for any purpose and all of the net revenues of the aforesaid plant and systems are available to be pledged for the payment of the bonds so hereinafter authorized; and

WHEREAS it is estimated that the cost of the aforesaid improvements and extensions to the waterworks plant and system and sewer system will be $2,940,000 and in order to pay the cost there of it is necessary to issue bonds in the amount of $2,940,000; and

WHEREAS to that end there was held in the City of El Paso c December 8, 1951, an election at which there were submitted to th qualified electors of said city who owned taxable property therei and who had duly rendered the same for taxation, the followin propositions:

PROPOSITION NUMBER 1

Shall the City Council of the City of El Paso, Texas, b authorized to issue water revenue bonds of said city i the amount of $855,000, maturing over a period commencing not less than one year and ending not more than 3C years from their date or dates, as may be determined b the City Council of said city, and bearing interest at a rate or rates not exceeding three and one-half per cent (3 1/2%) per annum, for the purpose of improving and extending the waterworks plant and system of said city, through the acquisition of additional wells, complete with reservoir and pumping and other related equipment, and to provide for the payment of principal of and interest on such bonds by pledging the net revenues from the operation of said waterworks plant and system, provided that if this proposition and any or all of Propositions Numbers 2, 3, 4, and 5 appearing on this ballot carry at the election, the City Council shall be authorized to combine into a single issue all of the bonds authorized in this proposition and in any or all of said additional propositions which so carry and to pledge to the payment of principal of and interest on the combined issues all net revenues authorized to be pledged to the payment of all of the individual issues so combined (being net revenues of the waterworks plant and system alone or of the sewer system along, or of both waterworks plant and system and sewer system, as the case may be), as authorized by the Constitution and Laws of Texas, and particularly Articles 1111 to 1118, inclusive, Revised Civil Statutes of Texas and amendments thereto?

PROPOSITION NUMBER 2

Shall the City Council of the City of El Paso, Texas, be authorized to issue water revenue bonds of said city in the amount of $330,000, maturing over a period commencing not less than one year and ending not more than 30 years from their date or dates, as may be determined by the City Council of said city, and bearing interest at

a rate or rates not exceeding three and one-half per cent (3 1/2%) per annum, for the purpose of improving and extending the waterworks plant and system of said city, through the extension of the water distribution system, and to provide for the payment of principal of and interest on such bonds by pledging the net revenues from the operation of said waterworks plant and system, provided that if this proposition and any or all of Propositions Numbers 1, 3, 4, and 5 appearing on this ballot carry at the election, the City Council shall be authorized to combine into a single issue all of the bonds authorized in this proposition and in any or all of said additional propositions which so carry and to pledge to the payment of principal of and interest on the combined issues all net revenues authorized to be pledged to the payment of all of the individual issues so combined (being net revenues of the waterworks plant and system along or of the sewer system alone, or of both waterworks plant and system and sewer system, as the case may be), as authorized by the Constitution and Laws of Texas, and particularly Articles 1111 to 1118, inclusive, Revised Civil Statutes of Texas and amendments thereto?

PROPOSITION NUMBER 3

Shall the City Council of the City of El Paso, Texas be authorized to issue water revenue bonds of said city in the amount of $45,000, maturing over a period commencing not less than one year and ending not more than 30 years from their date or dates, as may be determined by the City Council of said city, and bearing interest at a rate or rates not exceeding three and one-half per cent (3 1/2%) per annum, for the purpose of improving and extending the waterworks plant and system of said city, through the acquisition of shallow wells, and to provide for the payment of principal of and interest on such bonds by pledging the net revenues from the operation of said waterworks plant and system, provided that if this proposition and any or all of the Propositions Numbers 1, 2, 4, and 5 appearing on this ballot carry at the elections, the City Council shall be authorized to combine into a single issue all of the bonds authorized in this proposition and in any or all of said additional propositions which so carry and to pledge to the payment of principal of and interest on the combined issues all net revenues authorized to be pledged to the payment of all of the individual issues so combined (being net revenues of the waterworks plant and system alone or

of the sewer system alone, or of both waterworks plant and system and sewer system, as the case may be), as authorized by the Constitution and Laws of Texas, and particularly Articles 1111 to 1118, inclusive, Revised Civil Statues of Texas and amendments thereto?

PROPOSITION NUMBER 4

Shall the City Council of the City of El Paso, Texas, be authorized to issue sewer revenue bonds of said city in the amount of $710,000, maturing over a period commencing not less than one year and ending not more than 30 years from their date or dates, as may be determined by the City Council of said City, and bearing interest at a rate or rates not exceeding three and one-half per cent (3 1/2%) per annum, for the purpose of improving and extending the sewer system of said city, through the extension of the sewer collection system, and to provide for the payment of principal of and interest on such bonds by pledging the net revenues from the operation of said sewer system, provided that if this proposition and any or all of Propositions Numbers 1, 2, 3, and 5 appearing on this ballot carry at the election, the City Council shall be authorized to combine into a single issue all of the bonds authorized in this proposition and in any or all of said additional propositions which so carry and to pledge to the payment of principal of and interest on the combined issues all net revenues authorized to be pledged to the payment of all of the individual issues so combined (being net revenues of the waterworks plant and system alone or of the sewer system alone, or of both waterworks plant and system and sewer system, as the case may be), as authorized by the Constitution and Laws of Texas, and particularly Articles 1111 to 1118, inclusive, Revised Civil Statutes of Texas and amendments thereto?

PROPOSITION NUMBER 5

Shall the City Council of the City of El Paso, Texas, be authorized to issue sewer revenue bonds of said city in the amount of $1,000,000, maturing over a period commencing not less than one year and ending not more than 30 years from their date or dates, as may be determined by the City Council of said city, and bearing interest at a rate or rates not exceeding three and one-half per cent (3 1/2%) per annum, for the purpose of improving and extending the sewer system of said city, through the acquisition of secondary sewer treatment facilities and to provide for the

payment of principal of and interest on such bonds by pledging the net revenues from the operation of said sewer system, provided that if this proposition and any or all of Propositions Numbers 1, 2, 3, and 4 appearing on this ballot carry at the election, the City Council shall be authorized to combine into a single issue all of the bonds authorized in this proposition and in any or all of said additional propositions which so carry and to pledge to the payment of principal of and interest on the combined issues all net revenues authorized to be pledged to the payment of all of the individual issues so combined (being net revenues of the waterworks plant and system alone or of the sewer system alone, or of both waterworks plant and system and sewer system, as the case may be), as authorized by the Constitution and Laws of Texas, and particularly Articles 1111 to 1118, inclusive, Revised Civil Statutes of Texas and amendments thereto?

and

WHEREAS notice of said election was duly given and said election was duly and properly held and at said election a majority of the duly qualified electors of said city who own taxable property therein and who had duly rendered the same for taxation voting on said propositions voted in favor of said propositions by a vote of 1379 in favor of and 238 opposed to Proposition Number 1, 1339 in favor of and 272 opposed to Proposition Number 2, 1349 in favor of and 259 opposed to Proposition Number 3, 1308 in favor of and 315 opposed to Proposition Number 4, and 821 in favor of and 805 opposed to Proposition Number 5; and

WHEREAS the city is accordingly now authorized to issue its bonds in the sum of $2,940,000 to be payable from the net revenues of the city's waterworks plant and system and sewer system in the manner for which provision is hereinafter more particularly made;

NOW, THEREFORE, be it ordained by the City Council of the City of El Paso:

Section 1. That the qualified electors of the City of El Paso, Texas (hereinafter sometimes referred to as "the city",) who own taxable property therein and who have duly rendered the same for taxation, voting at an election called for the purpose and duly held on December 8, 1951, have authorized the issuance of the bonds for which provision

is hereinafter made.

Section 2. That for the purpose of improving and extendin the waterworks plant and system and sewer system of sai city through the acquisition of additional wells, complet with reservoir and pumping and other related equipment the extension of the water distribution system, acquirin shallow wells, extending the sewer collection system an acquiring secondary sewer treatment facilities, there b borrowed upon the credit of the income and revenues of th system, as defined in the next paragraph hereof, the su of $2,940,000, the expenditure of which amount shall b allocated as set forth in the aforesaid propositions.

The words "the system" as hereinafter used shall be understood to mean the complete waterworks plant and system of the city as they now exist and may be improved, added to, or extended hereafter, and the complete sewer system of the city as it no exists and may hereafter be improved, added to, or extended, there being included in such term all water and sewer facilities now or hereafter owned or operated by the city, lying within and without the boundaries of the city, and including all real estate and real and personal property of every kind and nature comprising any part of or used or useful in the operation of the water and sewer facilities of the city.

Section 3. That the bonds herein authorized in the amount of $2,940,000 shall be issued pursuant to Articles 1111 et seq., Texas Revised Civil Statutes, 1925, as amended, and shall be payable as to both principal and interest solely from the net revenues of the system as more specifically hereinafter provided.

Section 4. That the bonds herein authorized shall be called "Water and Sewer Revenue Bonds," shall be dated March 1, 1952, shall be in the denomination of $1,000 each, and shall be numbered 1 to 2940, inclusive. Such bonds shall be payable as to both principal and interest in lawful money of the United States of America at the main office of the Chemical Bank & Trust Company in the City of New York, New York, and shall mature serially in numerical order on March 1 of each year and shall bear interest as follows:

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Bond Numbers	Amount	Interest Rate	Year
1 - 245	$245,000		1954
246 - 505	260,000		1955
506 - 770	265,000		1956
771 - 1040	270,000		1957
1041 - 1320	280,000		1958
1321 - 1610	290,000		1959
1611 - 1905	295,000		1960
1906 - 2215	310,000		1961
2216 - 2575	360,000		1962
2576 - 2940	365,000		1963

Interest shall be payable semiannually on March 1 and September 1 of each year, and interest falling due on and prior to maturity shall be represented by appropriate coupons to be attached to the bonds.

Such bonds shall be callable for redemption prior to maturity at the option of the city on September 1, 1953 and at any time thereafter, in inverse order of maturities, with the bonds within any maturity to be selected by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption and a premium of $25 for each bond redeemed on or before March 1, 1958, and thereafter at a premium of $2.50 for each six months or fraction thereof from the date fixed for redemption to the stated maturity date of the bond. Notice of the proposed redemption of any bond is to be given not less than thirty days prior to the date fixed for redemption by registered mail to the registered owner of such bond, mailed to the address of such owner shown on the Registrar's registration books. If any bond so called for redemption is not at the time registered as to principal, thirty days' notice of redemption shall be given by publication of an appropriate notice at least once in a newspaper published in the English language and having a general circulation in the City of El Paso, Texas, and in a financial newspaper or journal published in the Borough of Manhattan, City and State of New York, and by registered mail to the bank at which the bonds are payable.

Section 5. That each of said bonds shall be signed by the Mayor of the City of El Paso, shall be countersigned by the City Clerk, and shall have the corporate seal of the city impressed thereon. The coupons shall be signed by the facsimile signatures of the Mayor and City Clerk, and said officials by the execution of the bonds shall adopt as and for their own proper signatures their respective facsimile signatures appearing on said coupons.

Section 6. That said bonds shall be registrable as to principal in the manner for which provision is made in the following section hereof.

Section 7. That said bonds, the coupons to be thereto attached, and the endorsements to appear on the back thereof shall be in substantially the following form:

(form of bond)

UNITED STATES OF AMERICA

STATE OF TEXAS

COUNTY OF EL PASO

CITY OF EL PASO

WATER AND SEWER REVENUE BOND

Number_____ $1,000

The City of El Paso, a lawfully created and existing municipal corporation in El Paso County, Texas, solely from the special fund hereinafter specified and from no other source, for value received hereby promises to pay to bearer, or if this bond be registered as to principal then to the registered owner hereof, on the first day of March, 19___, the principal sum of One Thousand Dollars ($1,000), and to pay, solely from said special fund, interest thereon at the rate of _____ per cent (_____%) per annum from date hereof until principal has been paid, which interest is payable semiannually on March 1 and September 1 of each year. Both principal of and interest on this bond are payable in lawful money of the United States of America at the main office of Chemical Bank & Trust Company in the City of New York, New York. Interest falling due on and prior to maturity is payable only upon presentation and surrender of the interest coupons hereto attached as they severally become due.

This bond is one of a duly authorized issue of $2,940,000, of like date and tenor, except as to maturity, option of redemption (and rate of interest), issued for the purpose of extending and improving the waterworks plant and system and sewer system of said city through the acquisition of additional wells, complete with reservoir and pumping and other related equipment, the

extension of the water distribution system, acquiring shallow wells, extending the sewer collection system and acquiring secondary sewer treatment facilities, pursuant to authority granted at an election held in said City on December 8, 1951, and pursuant to ordinance adopted by the City Council of said city on November 20, 1951, reference to which ordinance is hereby made for a description of the funds charged with and pledged to the payment of the interest on and principal of the bonds of said issue, the conditions under which additional parity bonds payable from such funds may be issued, the nature and extent of the security thereof, and a statement of the rights, duties and obligations of the city and the rights of the holders of the bonds, to all the provisions of which ordinance the holder hereof by the acceptance of this bond assents.

The bonds of the issue of which this bond is one are callable for redemption prior to maturity at the option of the city on September 1, 1953, and at any time thereafter, in inverse order of maturities, with the bonds within any maturity to be selected by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption and a premium of $25 for each bond redeemed on or before March 9, 1958, and thereafter at a premium of $2.50 for each six months or fraction thereof from the date fixed for the redemption to the stated maturity date of the bond. Notice of the proposed redemption of any bond is to be given not less than thirty days prior to the date fixed for redemption by registered mail to the registered owner of such bond, mailed to the address of such owner shown on the Registrar's registration books. If any bond so called for redemption is not at the time registered as to principal, thirty days' notice of redemption is to be given by publication of an appropriate notice at least once in a newspaper published in the English language and having a general circulation in the City of El Paso, Texas, and in a financial newspaper or journal published in the Borough of Manhattan, City and State of New York, and by registered mail to the bank at which the bonds are payable.

This bond shall not be deemed to constitute a debt of the city or a pledge of its faith and credit, but shall be payable as to principal and interest solely from the net revenues derived from the operation of the waterworks plant and system and sewer system of said city, including all additions, extensions and improvements thereto which may hereafter be made, and 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.

This bond is issued under and pursuant to the Constitution and Laws of the State of Texas, including the charter of the city and Articles 1111 et seq., Texas Revised Civil Statutes, 1925, as amended, and it is required by said laws and said city hereby covenants and agrees that it will make and collect rates and charges for all services supplied by said plant and system fully sufficient to pay the expenses of operating and maintaining said plant and systems, and to pay principal of and interest on all obligations payable from such revenues, including this bond and the series of which it is a part, and to establish an adequate reserve therefor.

This bond may be registered as to principal in accordance with the provisions endorsed hereon.

Each successive holder of this bond during such time as it is payable to bearer, and each successive holder of each of the coupons 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 while so payable to bearer, and each of the coupons hereto attached, may be negotiated by delivery by any person having possession hereof, however 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 and its officials and the paying agent hereinabove named shall not be affected by any notice to the contrary.

It is hereby certified and recited that all acts and things required by the Constitution and Laws of the State of Texas and the charter of the city to happen, exist and be performed precedent to and in the issuance of this bond and the adoption of said ordinance have happened, exist and have been performed as so required.

IN WITNESS WHEREOF, the City of El Paso has caused this bond to be signed by its Mayor and countersigned by its City Clerk and its corporate seal to be impressed hereon and has caused the coupons hereto attached to be executed with the facsimile signatures of said officials, all as of this first day of March, 1952.

/s/ Fred Hervey
Mayor

Ordinance #752 (text)

COUNTERSIGNED:

/s/ William R. Collins
City Clerk

(Form of Coupon)

Number_____ $_____

One_____, 19____, unless the hereinafter mentioned bond is then optional for redemption and has been properly called and provision for the redemption thereof made, the City of El Paso, Texas, will pay to bearer at the main office of Chemical Bank & Trust Company in the City of New York, New York, the sum of _____Dollars ($_____) in lawful money of the United States of America, solely from the special fund referred to in and for interest on its Water and Sewer Revenue Bond, dated March 1, 1952. The holder of this coupon shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation. Bond Number_____.

/s/ Fred Hervey
Mayor

Countersigned:

/s/ William R. Collins
City Clerk

(Form of Registration Endorsement)

The within bond may be registered as to principal on books kept by the City Comptroller of the City of El Paso, as Registrar, upon presentation hereof to such Registrar, who shall make notation of such registration in the registration blank below, and this bond may thereafter be transferred only upon written assignment of the registered owner or his attorney thereunto duly authorized, duly acknowledged or proved, such transfer to be made on such books and endorsed hereon by the Registrar. If so registered this bond may thereafter be transferred to bearer and thereby transferability by delivery shall be restored but this bond shall again be subject to successive registration and transfers as before. The principal of this bond, if registered, unless registered to bearer, shall be payable only to the registered owner or his legal representatives. Notwithstanding the registration of this bond as to principal, the coupons hereto attached shall remain payable to bearer and shall continue to be transferable by delivery.

Date of Registration	Name of Registered Owner	Signature of Registrar

(Form of State Comptroller's Certificate)

Office of Comptroller)
) Register Number_____
State of Texas)

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 El Paso, 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, this _____day of_____, 1952.

/s/_____
Comptroller of Public Accounts
of the State of Texas

Public Service Board

Section 8. That pursuant to authority contained in Article 1115, Texas Revised Civil Statutes, the complete management and control of the system during such time as any of the bonds herein authorized are outstanding and unpaid shall be in the hands of a Board of Trustees, to consist of five citizens of the United States of America residing in El Paso County, Texas, to be known as the "Public Service Board", hereinafter sometimes referred to as the "Board". The Mayor of the City of El Paso shall ex officio be one member of the Board, and the remaining members of the Board shall consist of M. Conrey Bryson to serve for a term ending December 31, 1954, Carl A. Beers to serve for a term ending December 31, 1955, Clifton G. Mayburn to serve for a term ending December 31, 1956, and Paul Harvey to serve for a term ending December 31, 1957, each term of office to commence on the date

of the adoption of this ordinance. After the expiration of each of the above prescribed terms of office, each member of the Board other than the Mayor shall serve for a term of five years. Each member shall serve until his successor qualifies. All vacancies in membership whether occasioned by expiration of office or otherwise shall be filled in the following manner. The Chairman of the Board and the Mayor shall jointly agree upon and submit to the Board for its approval, the names of three or more persons eligible to serve as members of such Board. At such time as the Board has signified by majority vote its approval of any three names so submitted to it, said Board shall file with the City Council the names of such three persons. Within 30 days after the filing of such names the City Council shall by majority vote appoint one of the three. If the City Council rejects all three names submitted, three other names shall be submitted to the City Council in like manner, and so on until an appointment is made. Members shall be eligible for re-election.

Subject to the provisions and restrictions contained in this ordinance, the Board shall have complete authority and control of the management and operation of the System and the expenditure and application of its revenues.

The members of the Board shall meet for the purpose of organization as soon as may be after the adoption of this ordinance, and shall organize through the election of one of its members as Chairman and one as Vice Chairman, and through the appointment of a Secretary and a Treasurer or a Secretary-Treasurer, who may but need not be, a member or members of the Board. The Board may make such regulations and by-laws for the orderly handling of its affairs as it may in its discretion see fit and shall thereafter, subject to the pertinent laws of the State of Texas, operate and manage the system with the same freedom and in the same manner as are ordinarily enjoyed by the Board of Directors of a private corporation operating properties of a similar nature.

The Board shall obtain and keep continually in force an employees' fidelity and indemnity bond of the so-called blanket type, written by a solvent and recognized indemnity company, and covering losses to the amount of not less than $50,000.

The Board shall elect or appoint all officers and employees which it may consider desirable, including a general manager of the system and an attorney or attorneys. All officers and employees, except the members of the Board and its treasurer,

general manager, and attorneys, shall be under such civil service provisions as are or may be established by the Charter of El Paso or the laws of Texas.

The members of the Board, other than the Mayor, shall, for each regular meeting attended, receive the sum of $20.00, except that the amount to be so paid to any member of the Board in any fiscal year shall not exceed the sum of $1,000. The members of the Board shall not be personally liable for any act or omission not wilfully fraudulent or mala fide. Any member of the Board, other than the Mayor of the City, who shall be continuously absent from all meetings of the Board for a period of three consecutive months shall, unless he shall have been granted leave of absence by the unanimous vote of the remaining members of the Board, be considered to have vacated his office. Any member of the Board, other than the Mayor, may be unanimous vote of the remaining members of the Board be removed from office, but only for adequate cause.

Wherever references appear in this ordinance to actions to be performed or covenants or agreements carried out "by the city" they shall, unless the context shall plainly make it appear otherwise, or unless the action is one required by law to be performed by the City Council rather than by the Public Service Board, be understood to refer to the Public Service Board.

Flow of Funds

Section 9. (1) That from and after the issuance of any of the bonds herein authorized the system shall be operated on the basis of a fiscal year commencing on March 1 of each year and ending on the last day of February of the following year, and all revenues of every nature received through the operation of the system, shall be paid from day to day as collected into a fund to be held by the Trustee for whom provision is hereinafter made and to be known as the "Waterworks and Sewage Fund". All payments made by consumers of water to the city, either directly or indirectly, for or measured by the amount of water used shall be regarded as revenues of the system for all purposes of this ordinance. There shall also be paid into the Waterworks and Sewage Fund at the time of the delivery of the first bonds to be delivered hereunder all money at the time on deposit in city funds to the credit of the Department of Water and Sewerage which shall have been received for water or service theretofore supplied by the system.

(2) There is hereby established a fund to be held by the Trustee and to be known as the "Maintenance and Operation Fund". During the remainder of the month in which the first bonds are

issued hereunder the Trustee shall transfer from the Waterworks and Sewage Fund to the Maintenance and Operation Fund such amount as the Board shall estimate will be required to maintain and operate the system during such month. On the first day of the next succeeding month and from time to time thereafter as money is available in the Waterworks and Sewage Fund the Trustee shall transfer therefrom to the Maintenance and Operation Fund such sums as will cause to be maintained therein an amount equal to the expenses of maintaining and operating the system for the ensuing three months, as estimated by the Board. The money in said fund shall be used for the payment of the reasonable and proper expenses of operating and maintaining the system, including salaries, labor, materials, repairs, and extensions necessary to render efficient service. The words "repairs" and "extensions" as used in this paragraph shall be construed to refer only to such repairs and extensions as are necessary to keep the system in operation or which are necessary to remedy some physical accident or condition which would otherwise impair the security of the bonds herein authorized, and the making of which is expressly authorized by the Board, it being expressly hereby recited and agreed that only emergency replacements are intended to be made as a maintenance and operation expense.

(3) All money in the Waterworks and Sewage Fund not required to be paid into the Maintenance and Operation Fund under the foregoing provisions of this section shall to the extent hereinafter required be paid into a fund to be held by the Trustee for the payment of principal of and interest and redemption premiums on the bonds herein authorized and any bonds issued on a parity therewith, which fund shall be designated as the "Water and Sewer Revenue Bond Fund" and is referred to hereinafter as the "Bond Fund". The amounts to be so paid into the Bond Fund in each fiscal year shall be as follows:

(a) At some time during the first 15 days of each month, beginning with the month of September, 1952, there shall be paid into the Bond Fund an amount equal to one-sixth of the interest payable on the interest payment date next ensuing with respect to all bonds payable therefrom. The sum received from the purchasers of the bonds as interest accrued thereon to the date of delivery shall be placed in the Bond Fund; and

(b) At some time during the first 15 days of each month, beginning with the month of March, 1953, there shall be paid into the Bond Fund an amount equal to one-twelfth of the principal that will mature on March 1 next ensuing with respect to all bonds payable therefrom; and

(c) In the event that at any time any of the bonds have been called for redemption prior to their stated dates of maturity, the amount of the premium to be paid on such bonds at the time of redemption shall be added to the amount hereinabove required to be paid on account of principal during the month immediately preceding the date on which such bonds are to be redeemed. The amount of such premium may be paid from the "Reserve Fund" hereafter established. If in any fiscal year the Board shall for any reason fail to pay into the Bond Fund the full amounts above stipulated, an amount equivalent to such deficiency shall be set apart and paid into said fund from the first money in the Waterworks and Sewage Fund in the following fiscal year or years not required to be paid into the Maintenance and Operation Fund, and such payments shall be in addition to the amounts hereinabove provided to be otherwise paid into said fund during such fiscal year or years.

(4) There is hereby created in the hands of the Trustee a separate fund to be known as the "Water and Sewer Revenue Bond Reserve Fund" and referred to hereafter as the "Reserve Fund", into which there shall be transferred from the Waterworks and Sewage Fund on or before the fifteenth day of each month beginning with the month of June 1952 and continuing through the month of February 1953 the sum of $20,000 and thereafter, beginning with the month of March 1953 the sum of $10,000, (but subject to the prior payment from the Waterworks and Sewage Fund of the amounts thereinabove required to be paid into the Maintenance and Operation Fund and Bond Fund) until such time as there shall be in the Reserve Fund the sum of $400,000. Money in the Reserve Fund shall be used to pay principal or interest payable from the Bond Fund at any time and to the extent that there is not sufficient money in the Bond Fund and as to which there would be a default if money in the Reserve Fund were not used. Payments into the Reserve Fund at the rate of $20,000 a month shall be resumed whenever, by reason of the making of payments out of said fund or otherwise, the money in the fund shall not be in the full amount above required to be maintained therein.

(5) At the end of each month there shall be paid to the City Treasurer from any money which may remain in the Waterworks and Sewage Fund after all payments hereinabove required to be paid from such fund in such month have been made and all deficiencies accumulated from prior months have been remedied such amounts consistent with the revenues available for such purpose in each such month as will result in there having been so paid in each of the following fiscal years amounts equal to the following percentages of the total amounts received by the Board from the sale of water during the fiscal year:

Fiscal Year Ending February 28 or 29	Percentage of Total Water Sales
1953	20%
1954	15%
1955	14%
1956	14%
1957	14%
1958	14%
1959	13%
1960	13%
1961	13%
1962	10%
1963	10%

If the city shall prior to February 28, 1963, issue any junior lien bonds payable from the revenues of the system, the payments for which provision is made in this paragraph shall no longer be made. The money so received by the City Treasurer may be expended by the city under the direction of the City Council for any purpose for which revenues of the system may legally be used under the laws of the State of Texas.

(6) All money remaining in the Waterworks and Sewage Fund at the end of each month after all payments hereinabove required to be made from such fund in such month have been made and all deficiencies accumulated from prior months have been remedied shall be paid by the Trustee to such bank or trust company authorized by the Board to act as depository of a special fund, hereby created and established, to be known as the "Waterworks and Sewage System Improvement Fund", and referred hereafter to as the "Improvement Fund", and such depository shall deposit the amounts so received in such fund. Money in such fund shall be held or used for the following purposes:

(a) To pay principal or interest payable from the Bond Fund falling due at any time at which at to the extent that there is not sufficient money in the Bond Fund and Reserve Fund for the making of such payment.

(b) For any of the following purposes, but not necessarily in the order named:

1. To pay the cost of any special or extra-ordinary repairs or replacements to or of the properties comprising the system, properly payable with such money under the provisions of the laws of Texas, necessitated by reason of some emergency.

2. To the extent permitted by law, for the making of extensions, improvements, and betterments to the system,

3. For the retirement of bonds payable from the Bond Fund, through purchase on the open market at the best prices obtainable or through redemption.

4. For the payment of principal, interest and redemption premiums on any junior lien bonds which may be issued payable from the revenues of the system.

Money in the Reserve Fund and in the Improvement Fund may at the request of the Board be invested in direct obligations of, or unconditionally guaranteed by the United States of America, which obligations shall be held by the Trustee as a trust fund for the benefit of the bondholders. Whenever money in either fund which has been so invested is required for the purposes for which the fund is created, the Board shall require the depository of such fund to sell at prevailing market prices a sufficient amount of such obligations to produce the sum necessary to be paid from the fund. Such requirement shall be evidenced by written order to be signed by the Chairman of the Board and directed to the depoitory of such fund.

The funds hereinabove created shall be secured in the manner required by the laws of Texas for the security of city funds. In addition thereto, the money in the Bond Fund and, to the extent that it is not invested, the money in the Reserve Fund and the Improvement Fund, shall be continually secured by the deposit of collateral securities having a market value at all times not less the amount in the fund. The money in the Bond Fund and Reserve Fund shall be held by the Trustee as a trust fund for the benefit of the holders of the bonds, the beneficial interest in which shall be regarded as existing in such holders. The Secretary of the Board shall require the Trustee not later than February 15 and August 15 of each year to transmit to the paying agent bank from the Bond Fund, or if necessary, from the Reserve Fund, money fully sufficient to pay all principal, interest and redemption premiums which will become payable on the next succeeding March 1 or September 1 as the case may be, including amounts so due on bonds called for redemption or purchased on the open market as above provided, except that by agreement with the holders of any bonds so purchased on the open market, payment of principal, interest, and premiums thereon due by reason of such purchase, may be made by the Trustee to the holders thereof upon surrender of bonds and proper coupons. All bonds so paid, redeemed or purchased shall be

canceled and shall not be subject to reissuance.

Insurance

Section 10. That the Board hereby agrees to carry at all times for the benefit of the holders of the bonds, insurance on the system of the kinds and in the amounts which are usually carried by private companies operating similar properties. All moneys received for losses under such insurance policies, other than public liability policies, are hereby pledged by the Board as security for the bonds until and unless such proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by repairing the property damaged or replacing the property destroyed, and adequate provision for making good such loss and damage made within ninety days from the date of the loss. The payment of premiums for all insurance policies required under the provisions of this section shall be considered to be maintenance and operation expenses.

Books and Records

Section 11. That the Board covenants and agrees that so long as any of the bonds remain outstanding proper books of record and account will be kept by the Board showing complete and correct entries of all transactions relating to the system, and that the holders of any of the bonds, or any duly authorized agent or agents of such holders, shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the system and all properties comprising the system. The Board will furnish to the City Clerk, to the Trustee, to the Paying Agent and to the Consulting Engineers each month a statement in reasonable detail showing the earnings and expenditures of the system and the application of money in the Waterworks and Sewage Fund for the preceding month. The Board further agrees that it will within sixty days following the close of each fiscal year cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the system, and that such audit will be available for inspection by the holders of any of the bonds. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

1. A statement in detail of the income and expenditures of the system for such fiscal year.

2. A balance sheet as of the end of such fiscal year.

3. The accountant's comment regarding the manner in which the Board has carried out the requirements of this ordinance.

4. A list of the insurance policies in force at the end of the fiscal year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy.

5. A list of the securities which have been on deposit as security for the money in the funds herein required to be secured by the deposit of collateral securities, and a list of the securities in which money in the Reserve Fund and Waterworks and Sewerage Improvement Fund has been invested during the fiscal year.

6. The number of metered water customers, the number of unmetered water customers and the number of properties connected with the sewer system at the end of the year.

All expenses incurred in the making of the audits required by this section shall be regarded and paid as a maintenance and operation expense. The Board agrees to furnish a copy of each such audit to the City Clerk, The Trustee, the Paying Agent, the Consulting Engineers and to each of the original purchasers of the bonds hereinafter named and to the holder of any of the bonds at his request after the close of each fiscal year, and that any such holder shall have the right to discuss with the accountant making the audit the contents of the audit and to ask for such additional information as he may reasonably require.

Additional Covenants

Section 12. That the City Council and the Board respectively, further covenant and agree with the holder or holders of said bonds from time to time or any of them:

A. That the Board will maintain and operate the system with all possible efficiency while any of the bonds remain outstanding and unpaid and that it will faithfully and punctually perform all duties with reference to the system required by the Constitution and Laws of the State of Texas, including the making and collecting of reasonable and sufficient rates for water and services supplied by the system and segregation and application of the revenues of the system as required by the provisions of this ordinance

Such rates shall always be sufficient to produce or yield revenues (sometimes referred to in this ordinance as "Required Revenues") to produce in each fiscal year an amount adequate to pay all expenses incurred for the operation and maintenance of the system as such expenses shall accrue during such year and to produce an additional amount equal to 150% of the aggregate amount required to be paid in such year for principal of and interest and redemption premiums on bonds payable from the Bond Fund.

B. That the Board will bill charges for sewer services jointly with charges made for the sale of water and for water services, and will require the sewerage charges to be paid by the customer at the same time the water charges due by such customer are paid. New water connections will be permitted to be made by the water system only on a metered basis.

C. That in consideration of the purchase of the bonds, and in order better to secure the prompt payment of principal thereof and interest thereon, as well as for the purpose of protecting the health and welfare of the inhabitants of the City of El Paso, and acting under authority of the general laws of Texas and Section 42 of the city charter, the City Council and the Board, respectively hereby expressly agree and covenant with the holders of the bonds from time to time that:

1. Acting in the exercise of its police powers, the City Council will take all action necessary to require every owner, tenant or occupant of each lot or parcel of land in the city which abuts upon a street or other public way containing a sewer line and upon which lot or parcel a building shall have been constructed for residential, commercial or industrial use to connect such building with the system and to cease to use any other method for the dispoal of sewage, sewage waste or other polluting matter. All such connections shall be made in accordance with rules and regulations to be adopted from time to time, which rules and regulations may provide for an inspection charge to assure the proper making of such connection.

2. The city will require the occupant of any premises, the owner or occupant of which shall be delinquent for more than thirty days in the payment of sewer charges imposed hereunder, to cease to dispose of sewage or industrial

or commercial waste originating from or on such premise by discharge thereof into the system until such delinquen charges with all penalties for delinquencies shall have been paid, and, in order to enforce the provisions of this paragraph and to prevent the creation of a health hazard, it is agreed that if any such occupant shall not cease such disposal at the expiration of a period of thirty days running from the giving of the notice to cease such disposal, it will cease supplying water to or selling water for use on such premises until such time as all delinquencies have been removed.

3. If the owner or occupant of any premises connected with the system shall become delinquent for more than thirty days in the payment of sewer charges assessed against him or it, the Board will proceed immediately with a suit in assumpsit or similar action against such owner or occupant to recover the amount of any such delinquent charges, together with penalties and with interest computed thereon at the rate of six per cent per annum.

4. The Board will shut off the supply of water to any premises the owner or occupant of which shall be delinquent for more than thirty (30) days in the payment of any charges imposed hereunder.

D. That neither the Board or the City Council will do, or omit to do, or suffer to be done, or omitted to be done, any matter or thing whatsoever whereby the lien of the bonds on the revenues of the system might or could be lost or impaired, and that the Board will pay or cause to be paid, or will make adequate provision for the satisfaction and discharge of all lawful claims and demands for labor, materials, supplies, or other objects which, if unpaid, might by law be given precedence to, or an equality with the bonds as a lien or charge upon the revenues of the system or any part thereof; provided that nothing in this paragraph shall be construed to require the Board to pay, discharge or make provision for any such lien, charge, claim or demand so long as the validity thereof shall be by it in good faith contested.

E. That the city will not sell, encumber or in any manner dispose of the system or any substantial part thereof, including any and all extensions and additions that may be made thereto, until the bonds herein authorized to be issued shall have been paid in full as to both principal and interest (provided that this covenant shall not be

construed to prevent the disposal by the city of property which in the Board's judgment has become inexpedient to use in connection with the system, when other property of equal value is substituted therefor or when the proceeds of the disposition of such property are placed in the Bond Fund, in addition to all other amounts required to be placed in the Bond Fund in the current fiscal year, and are used for the retirement of bonds in advance of maturity).

F. That so long as any of the bonds herein authorized remain outstanding, any obligations hereafter issued payable in whole or in part from the revenues of the system shall be junior and subordinate in all respects to the bonds herein authorized and to any bonds which may hereafter be issued on a parity with the bonds herein authorized under the following paragraphs of this subsection, and such junior and subordinate bonds shall be payable only from such revenues of the system as are not required to make all of the payments and carry out all of the covenants and agreements for which provision is made in this ordinance.

The provisions of this subsection are subject to the following exceptions:

1. If prior to the payment of the bonds herein authorized it shall be found desirable to refund said bonds under the provisions of any law then available, said bonds or any part thereof may be refunded, with the consent of the holders thereof (unless said bonds have matured or have been properly called for redemption), and the refunding bonds so issued shall enjoy complete equality of lien with the portion of said bonds which is not refunded, if any there be, and the refunding bonds shall continue to enjoy whatever priority of lien over subsequent issues may have been enjoyed by the bonds refunded, provided, however, that if only a portion of the bonds outstanding is so refunded and if such bonds are refunded in such manner that the interest rate of the bonds is increased or that any refunding bond matures at a date earlier than the maturity date of the corresponding bond refunded thereby, then such bonds may not be refunded without the consent of the holders of the unrefunded portion of the bonds issued hereunder.

2. Additional bonds may also be issued on a parity with the bonds authorized herein, but only if all of the following conditions are met:

such resignation shall take effect immediately on the appointment of such successor.

The Trustee or any successor thereof, may be removed at any time by the holders of a majority in principal amount of the bonds then outstanding, excluding any bonds held by or for the account of the city, by an instrument or concurrent instruments in writing signed and acknowledged by such bondholders or by their attorneys-in-fact duly authorized and delivered to the city. The Trustee, or any successor thereof, may be removed by the city for cause. Copies of each such instrument and of any resolution of the city providing for any such removal shall be delivered by the city to the Trustee, and any successor thereof.

In case the Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator thereof or of its property shall be appointed, or if any public officer shall take charge or control thereof or of its property or affairs, a successor shall be appointed by the holders of a majority in principal amount of the bonds then outstanding, excluding any bonds held by or for the account of the city, by an instrument or concurrent instruments in writing signed and acknowledged by such bondholders or by their attorneys-in-fact duly authorized and delivered to the city. Pending such appointment by the bondholders, the city shall forthwith appoint a successor to act until such appointment is made by the bondholders. Copies of each such instrument and of any resolution of the city providing for any such appointment shall be delivered by the city to the successor and to the predecessor Trustee. The city shall publish notice of any such appointment at least once in a newspaper printed in the English language and customarily published on each business day and of general circulation in the Borough of Manhattan, City and State of New York, the first publication to be made within 20 days after such appointment. Any appointment made by the city shall, immediately and without further act, be superceded and revoked by appointment subsequently made by bondholders. If in a proper case no appointment of a successor shall be made within 45 days after the giving of written notice of after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any bondholder may apply to any court of competent jurisdiction for the appointment of such a successor, and said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint such successor. Any successor

moneys, unless properly indemnified. The Trustee shall not be liable in connection with the performance of its duties except for its own negligence or default.

The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parites. The Trustee may consult with counsel, who may or may not be of counsel to the city, and the opinion of such counsel shall be of full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this ordinance, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by an authorized officer of the city, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this ordinance upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the city to the Trustee shall be sufficiently executed if executed in the name of the city by an authorized officer of the city.

Unless otherwise provided by contract with the Trustee, the city shall pay to the Trustee from time to time, reasonable compensation for all services rendered by it hereunder, and also all its reasonable expenses, charges, counsel fees and other disbursements and those of its attorneys, agents, and employees, incurred in and about the performance of its powers and duties hereunder.

The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than 60 days' written notice to the city and publishing notice thereof, specifying the date when such resignation shall take effect, at least once in a newspaper printed in the English language and customarily published on each business day and of general circulation in the Borough of Manhattan, City and State of New York, the first publication to be made within 20 days after the giving of such written notice. Such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the city or bondholders as herein provided, in which event

(a) The net revenues of the system must in each of the two completed fiscal years immediately preceding the issuance of the additional bonds have been equal to one and one-half (1 1/2) times the highest combined interest and principal requirements for any succeeding twelve months' period on all bonds then outstanding payable from the revenues of the system and the bonds so proposed to be issued excluding from such calculation any bonds having a lien on the net revenues inferior to the lien of the bonds proposed to be issued. "Net Revenues" for the purpose of this paragraph shall be understood to refer to the gross revenues of the system remaining after there have been deducted therefrom the expenses of operating and maintaining the system as such expenses are defined in Section 9 above.

(b) All payments hereinabove required to be made into the Bond Fund and Reserve Fund must be current.

(c) The additional bonds must be payable as to principal on March of each year in which principal falls due, and payable as to interest on March 1 and September 1 of each year.

(d) The proceeds of the bonds must be used solely for the purpose of improving, extending or bettering the system.

G. That so far as it legally may, the city will not grant a franchise for the operation of any competing water or sewer system in the city until all bonds issued pursuant hereto shall have been retired.

H. That the Board will at its own expense employ in each fiscal year an independent engineer or firm of engineers having a wide and favorable repute for skill in such matters, whose employment shall be approved in writing to the Board by the Trustee, to report upon the physical condition of the real property assets of the system, the adequacy of the system to supply the inhabitants of the city with sufficient quantities of potable water, adequate fire protection and adequate sewer service, and to make such recommendations for improvements in the management and operation of the system and for the making of needed extensions, additions and improvements thereto as such engineer or engineers may think proper. A copy of each such annual

report of the consulting engineer shall be filed by the Board with the City Clerk and the Trustee and shall be mailed to each holder of the bonds herein authorized who shall have so requested in writing. The engineer or engineers so retained are herein sometimes referred to as the "Consulting Engineers," and the payment of their fees shall be regarded as one of the expenses of maintaining and operating the system.

I. That the Board will impose and collect rates and charges for water and services supplied by the system fully adequate to produce the "Required Revenues" referred to in subsection A of this section, and to carry out all of the covenants and agreements contained in this ordinance. The Board will permit no free water or services to be supplies to the city or to any other user, and the city agrees that it will pay from its general funds the reasonable value of all water and services obtained from the system by the city and all departments and agencies thereof.

Concerning the Trustee

Section 13. That El Paso National Bank of El Paso, Texas, is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the ordinance by filing with the City Clerk its acceptance in writing in form satisfactory to the City Council, and, by filing such acceptance in writing, the Trustee shall be deemed to have accepted such duties and obligations with respect to all bonds thereafter to be issued under this ordinance.

The recitals of fact and representations in this ordinance and in the bonds contained shall be taken as the statements of the city, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this ordinance or of the bonds or in respect of the security afforded by the ordinance, and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to the issuance of the bonds for value, or the application of the proceeds thereof except to the extent that such proceeds are paid to the Trustee in its capacity as Trustee, or the application of any moneys paid to the city or others in accordance with the ordinance. The Trustee shall be under no obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect of this ordinance or of the bonds, or to advance any of its own

appointed under the provisions of this section shall be a bank or trust company located in the State of Texas or in the Borough of Manhattan, City and State of New York, and having a capital and surplus aggregating at least $2,500,000, if there be such a bank or trust company willing and able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required by this ordinance. If any such successor Trustee shall be a bank not located in the City of El Paso, such successor Trustee is authorized to appoint a subdepositary located in the City of El Paso for the purpose of holding and paying out the Maintenance and Operation Fund under the foregoing provisions of this ordinance.

Any successor appointed under the provisions of this section shall execute, acknowledge and deliver to its predecessor, and also to the city, an instrument accepting such appointment, and thereupon such successor, without any further act, shall become fully vested with all moneys, securities, rights, powers, duties, and obligations of its predecessor hereunder, with like effect as if originally appointed herein as Trustee, but the Trustee then ceasing to act shall nevertheless, on request by the city or of such successor, execute, acknowledge and deliver such instruments of transfer and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of such Trustee in and to any property held by it hereunder, and shall pay over, assign and deliver to such successor any money or other property subject to the trusts and conditions herein set forth. Should any instrument in writing from the city be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, securities, rights, powers, duties or obligations, any and all such instruments in writing shall, on request, and so far as may be authorized by law be executed and ackonwledged and delivered by the city.

All notices required or permitted by this ordinance to be served on the city shall be adequately served if sent by registered mail to the Secretary of the Board, addressed to the principal office of such Board.

In computing the percentages of bondholders required by the provisions of this section, there shall be taken into consideration not only the bonds herein authorized at the time outstanding, but also any bonds then outstanding which may have been issued on a parity under the provisions of Section 12 hereof.

Remedies

Section 14. A. No coupon which in any way before, at, or after maturity shall have been transferred or pledged separate and apart from the bond to which it appertains shall, unless accompanied by such bond, be entitled, in case of default hereunder, to any benefit of or from this ordinance, except after the prior payment in full of the principal of all bonds and of all coupons not so transferred or pledged. In case the time for the payment of any coupon or the interest on any bond shall be extended, whether or not such extension be by or with the consent of the city, such coupon or such interest so extended shall not be entitled in case of default hereunder to the benefit or security of this ordinance except subject to the prior payment in full of the principal of all bonds then outstanding and of all coupons and interest the time for the payment of which shall not have been extended.

B. Each of the following events is hereby declared an "event of default," that is to say: If

(a) payment of the principal of any of the bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) payment of any installment of interest shall not be made when the same shall become due and payable or within 30 days thereafter; or

(c) the city shall for any reason by rendered incapable of fulfilling its obligations hereunder; or

(d) any part of the system shall be destroyed or damaged and shall not be promptly repaired, replaced or reconstructed (whether such failure promptly to repair, replace or reconstruct the same be due to the impracticability of such repair, replacement or reconstruction or lack of funds therefor or for any other reason); or

(e) an order or decree shall be entered, with the consent or acquiescence of the city, appointing a receiver or receivers of the system or any part thereof or of the revenues thereof, or if such order or decree, having been entered without the consent or acquiescence of the city, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof; or

(f) any proceedings shall be instituted, with the

consent or acquiescence of the city, for the purpose of effecting a composition between the city and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors or under any circumstances payable from the revenues of the system; or

(g) the city shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the bonds or in this ordinance on the part of the city to be performed other than the covenant contained in Sub-Section I of Section 12 of this ordinance with respect to the maintenance of rates.

C. Upon the happening and continuance of any event of default specified in Sub-section B of this section, then and in every such case the Trustee may, and upon the written request of the holders of not less than 25% in principal amount of the bonds then outstanding shall, give to each member of the City Council of the city and to the Secretary of the Board 90 days' written notice of the happening of such event of default (and if the default be in the payment of principal or interest which has become due, stating that payment has been demanded and default made) which notice shall date from the sending of a letter to each person to be notified, by registered mail, postage and registration fees prepaid, and addressed to them at the post office in such city. If such default be not remedied within such ninety days as may be provided by law, the Trustee may, and upon the written request of the holders of not less than 20% in principal amount of the bonds then outstanding shall, proceed to protect and enforce its rights and the rights of the bondholders under the laws of Texas or under this ordinance by such suits, actions or special proceedings in equity or at law; or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustees, being advised by counsel, shall deem most effectual to protect and enforce such rights. In the enforcement of any remedy under this ordinance the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the city for principal, interest or otherwise under any of the provisions of the ordinance or of the bonds and unpaid, together

with any and all costs and expenses of collection and of all proceedings hereunder and under such bonds, without prejudice to any other right or remedy of the Trustee or of the bondholders, and to recover and enforce judgment or decree against the city, but solely as provided herein and in such bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from moneys in the Bond Fund and Reserve Fund and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

D. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the city, the Trustee and the bondholders, to the extent not inconsistent with such adverse proceedings, shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

E. Anything in this ordinance to the contrary notwithstanding, the holders of a majority in principal amount of the bonds then outstanding hereunder shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of the ordinance, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to bondholders not parties to such direction.

F. All rights of action under this ordinance or under any of the bonds secured hereby, enforceable by the Trustee, may be enforced by it without the possession of any of the bonds or the coupons appertaining thereto or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the holders of such bonds and coupons, subject to the provisions of the ordinance.

G. Nothing in this section contained shall affect or impair the right of any bondholder to enforce the payment of the principal of and interest on his bonds, or the

obligation of the city to pay the principal of and interest on each bond issued hereunder to the holder thereof at the time and place in said bond and the appurtenant coupons, if any expressed.

H. Wherever any action or right permitted by this section is delegated to a fixed percentage of bondholders, there shall be included for purposes of computing such percentage not only all bonds at the time outstanding hereunder, but also any bonds which may hereafter be issued on a parity with the bonds herein authorized. No bonds owned by or held for the account of the city or any of its funds may be taken into consideration for the purpose of such computation.

Construction Fund

Section 15. That the sale of the bonds herein authorized to Drexel & Company, of New York, New York, and associates at the price of $2,940,089.08 and accrued interest to the date of delivery is hereby confirmed. Such part of the proceeds of the sale of the bonds as is to be reserved for future expenditure in the making of the improvements and extensions for such the bonds are herein authorized shall be paid to the Trustee and the Trustee shall pay such moneys into a special fund to be known as the "Waterworks and Sewer System Construction Fund" hereinafter referred to as the "Construction Fund", which shall be established by the Trustee. Such moneys shall be subject to a lien and charge in favor of the holders of the bonds and shall be held for the further security of the holders until paid out from such fund for the purposes for which the bonds were voted, including proper incidental costs. Payments from the Construction Fund shall be made by the Trustee upon requisitions of the Board. Each requisition shall be signed by the Secretary of the Board and by one member thereof and shall certify that an obligation in the amount stated in the requisition has been incurred and that the same is a proper charge against the Construction Fund and has not been paid, and shall specify the purpose of such obligation in reasonable detail and to whom such obligation is owed.

Contribution in Aid of Construction

Section 16. Any moneys that may be received by the Board that shall represent contributions in aid of construction, shall be deposited in a separate bank account and shall at no time be considered as part of the revenues of the system. Pay-

ments from such bank account shall be made only for the purposes for which the contributions were made, including any refunds that may become due to any contributor.

Section 17. That as soon as may be after the adoption of this ordinance it shall be the duty of the Mayor and City Attorney to submit a complete certified transcript of proceedings had in connection with the adoption of this ordinance and the authorization of the bonds and to submit the printed bonds to the Attorney General of the State of Texas for his approval and for registration of such bonds by the State Comptroller after they have been so approved.

Section 18. That if any section, paragraph, clause or provision of this ordinance shall be held to be invalid for any reason, the invalidity thereof shall not affect any of the remaining sections, paragraphs, clauses or provisions of this ordinance.

Section 19. That all ordinances, resolutions and orders or parts thereof in conflict herewith are to the extent of such conflict hereby repealed.

Section 20. That this ordinance shall take effect immediately upon its adoption.

Adopted and approved May 22, 1952.

/s/ Fred Hervey
Mayor

Attest:

/s/ W. R. Collins
City Clerk

The above ordinance and the form of bond and coupon therein contained are approved this 22nd day of May, 1952.

/s/ Travis White
City Attorney

(Other business not pertinent to the above appears in the minutes of the meeting.)

Pursuant to motion duly made and carried, the City Council adjourned.

STATE OF TEXAS)
)
COUNTY OF EL PASO)

I, W. R. Collins do hereby certify that I am the duly qualified and acting Clerk of the City of El Paso, El Paso, County, Texas.

I further certify that the above and foregoing is a true and correct copy of excerpts of the minutes of two regular meetings of the City Council held on the dates indicated therein, and of an ordinance read and adopted at said meetings as such minutes and ordinance are officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed the seal of said city this 22nd day of May, 1952.

/s/ W. R. Collins
City Clerk

(SEAL)

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PUBLIC SERVICE BOARD

Section 8. That pursant to authority contained in Article 1115, Texas Revised Civil Statues, The complete management and control of the system during such time as any of the bonds herein authorized are aoutstanding and unpaid shall be in the hands of a Board of Trustees, to consist of five citizens of the United States of America residing in El Paso County, Texas, to be known as the "Public Service Board"., hereinafter sometimes referred to as the "Board". The Mayor of the City of El Paso shall ex-officio be one member of the Board, and the remaining members of the Board shall consist of M. Conrey Bryson to serve for a term ending December 31, 1954, Carl A. Beers to serve for a terms ending December 31, 1956, and Paul Harvey to serve for a term ending December 31, 1957, each term of office to commence on the date of the adoption of this ordinance. After the expiration of each of the above prescribed terms of office, each member of the Board other than the Mayor shall serve for a term of five years. Each member shall serve until his successor quailfies. All vacancies in membership whether occasioned by expiration of office or otherwise shall be filled in the following manner. The Chairman of the Board and the Mayor shall jointly agree upon and submit to the Board for its approval, the names of three or more persons eligible to serve as members of such Board. At such time as the Board has signified by majority vote its approval of any three names to submitted to its, said Board shall file with the City Council the names of such three persons. Within 30 days after the filing of such names the City Council shall by majority vote appoint one of the three. If the City Coucnil rejects all three names submitted, three other names shall be submitted to the city council in like manner, and so on until an appointment is made. Members shall be eligible for re-election.

Subject to the provisions and restrictions contained in this oridnance, the Board shall have complete authority and control of the management and operation of the System and the expenditure and application of its revenues.

The members of the Board shall meet for the purpose of organization as soon as may be after the adoption of this ordinance, and shall organize through the election of one of its members as Chairman and one as Vice Chairman, and through the appointment of a Secretary and Treasurer or a Secretary-Treasurer, who may but need not be, a member or members of the Board. The Board may make such regulations and by-laws for the orderly handling of its affairs as it may in its descretion see fit and shall thereafter, subject to the pertienent laws of the State of Texas, operate and manage the system with the same freedom and in the same manner as are ordinanrily enjoyed by the Board of Directors of a private corporation operating properties of a similar nautre.

The Board shall obtain and keep continually in force an employees' fidelity and indeminity bond of the so-called blanket type, written by a solvent and recognized indemnity company, and coverning losses to the amount of not less than $50,000.

The Board shall elect or appoint all officers and employees which it may consider desirable, including a general manager of the system and an attorney or attorneys. All officers and emplyees, except the members of the Board and its treasurer, general manager, and attorneys, shall be under such civil service provisions as are or may be established by the Charter of El Paso or the laws of Texas.

The members of the Board, other than the Mayor, shall, for each regualr meeting attended, receive the sum of $20.00, except that the amount to be so paid to any member of the Board in any fiscal year shall not exceed the sum of $1,000. The members of the Board shall not be personally liable for any act or omission not wilfully fradulent or mala fide. Any member of the Board, other than the Mayor the City, who shall be continously absent from all meetins of the Board for a period of three consecutive months shall, unless he shall have been granted by the Board, be considered to have vacated his office. Any member of the Board, be considered to thave vacated his office. Any member of the Board, other than the Mayor, may be unanimous vote of the remaining members of the Board be removed from office, but only for adequate cause.

Wherever references appear in this ordinance to actions to be performed or covenants or agreements carried out "by the city" they shall, unless the context shall planily make it appear otherwise, or unless the action is one required by the City Coucnil rather than by the Public Service Board, be understood to refer to the Public Service Board.