

THE CITY OF RALLS

RALLS, TEXAS

14 May 1926.

Hon. Jno. D. McCall,
Attorney at Law,
Dallas, Texas.

Dear Mr. McCall:-

The City Commission of Ralls, after going over the deed of trust, mortgage, etc. which you prepared for the Ralls Revenue Sewerage Bonds, find the following features of it objectionable:

Sec. 3, Art. I Near the bottom of this section it is provided that the trustee may pay any lost or mutilated bond, etc. upon the legal holder furnishing his bond, "~~with~~ or without" sureties. The City prefers that the trustee shall be required to demand sureties.

Sec. 2 Art. II The City prefers to reserve the right to direct the trustee to redeem these bonds by paying the additional 5% rather than to commit so much to the discretion of the trustee. Kindly let this be amended so that the trustee shall take the action herein outlined when directed to do so by the City.

Sec. 5 Art. III It is here provided that the city warrants that these bonds are free from Federal income tax. This is a question of law and I doubt if the city will warrant that no Federal income tax might be assessed against these bonds. As I understand it, if such were true, the bond holders would pay these taxes; not the City. Why should the city pay them or warrant against such a tax.

Sec. 2 Art. IV Why should the trustee be authorized to pay off and discharge any kind of mechanic's or materialman's lien that might be claimed against this property without the necessity of having to litigate it. Why should not the city have the say so as to whether such a lien would be paid or not. Kindly amend this provision accordingly.

When these amendments are changed as suggested, I believe that the City will be ready to execute the deed of trust. The Commission and myself have read it over, and the above are all of the objectionable features that occurred to us.

Yours truly,



May 22, 1926.

Hon. L. A. Wicks,
City Attorney,
Dallas, Texas.

Dear Sir:

CITY OF DALLAS, TEXAS,
SEWER REVENUE BONDS.

Your letter of May 14th reached the office while I was in the act of leaving on a trip to South Texas.

This is the first opportunity I have had to make a reply.

Your four suggestions have been carefully considered. I see no reason why your suggestions as to amendments to Articles I, II and IV should not be followed. In other words the Deed of Indenture can be amended to meet your objections in those instances. Your suggested amendment to Article III cannot be made quite so readily. It is likely that if the City asserts such an interest in the bonds as to become responsible for payment of Federal income tax, the Internal Revenue Department would readily agree that the bonds are ^{free} from tax ~~by~~ instrumentalities of the City. A paving certificate is tax free and it is not even an indirect obligation of the City but it is an instrumentality by which streets are paved. ✓

In other words, if the City actually asserts the fact that the bonds are tax free that act itself almost accomplishes the purpose.

I do not think that we can waive this provision.

Cordially yours,

JDMcC:P
Copy to: Donald O'Neil,
Dallas, Texas.

Municipal Engineering Co.,
Dallas, Texas.