dollars of the bonds secured hereby be employed in the acquisition of first mortgage bonds and other liens upon the property of the City Water Company of Lawrence, Kansas and of the Paola Water Works Company of Paola, Kansas for the extension of the business of the party of the first part, and the better protection and benefit of the trust hereby created, it is hereby agreed that two hundred of the bonds hereby secured shall be reserved by the Trustee to be used in the acquisition by the Mortgage Company of said first mortgage bonds and other liens by purchase or exchange, said reserved bonds to be delivered upon the written request of the President of the party of the first part countersigned by Coffin & Stanton of New York and the bonds and liens so acquired shall be delivered to the Trustee and held by it or, upon the request of the president of the party of the first part countersigned by Coffin and Stanton, delivered to said president of the party of the first part, to be by him held as part of the assets of the Trust hereby created and for the better protection and security of said Trust. It is also agreed that when all the first Mortgage bonds of either said City Water Company of Lawrence or said Paola Water Company, have been acquired as herein above provided for, the entire series shall be cancelled and the Mortgage securing the same shall be released and discharged of record by said American Loan and Trust Company. And it is further covenanted and agreed by said party of the first part that the remaining one hundred thousand dollars of this issue shall be held by said Trustee and any of the same shall be withdrawn and used only upon the filing with said Trustee of a certificate executed by the President of the party of the first part setting forth that a certain specified amount of said bonds are actually needed for improvements, extensions or the payment of obligations of said Company, or of said Paola Water Company or of said City Water Company of Lawrence, and said party of the first part covenants that said one hundred thousand dollars shall be withdrawn and used only for said purposes as from time to time it may be necessary. The certificate as above provided shall be sufficient authority of said Trustee to release said bonds.

And it is further covenanted and agreed, That the party of the first part, after ten years from the date hereof, shall establish a sinking fund for the redemption of the bonds hereby secured, by paying to the Trustee annually a sum equal to two per centum of the par value of said bonds or if all of said bonds have not been issued, two per centum of the amount then outstanding, and that said bonds shall be redeemable thereafter at the option of the said party of the first part, as fast as the amount of said sinking fund is sufficient therefor, and at par according to their number beginning with the lowest number.

Article Second