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needs of the Company, and the said bonds or any part thereof shall be certified and delivered by the Trustee to the President of the Company, or his order, from time to time, as the same may be called for, upon receipt of a certified copy of a resolution of its Board of Directors, certified as aforesaid, reciting that the amount of bonds called for are required for the corporate needs of the Company. The \$125000 of bonds remaining in the hands of the Trustee shall be used only for the purpose of paying for extensions and improvements or for the purchase of real estate or other property to be used and necessary for the proper operation of the company, and shall be certified and delivered by the Trustee to the Company or its order upon receipt of a certified copy of a resolution of its Board of Directors reciting the amount of bonds required to make extensions and improvements or for the purchase of real estate or other property, and that the proceeds of the sale of said bonds at not less than 90% of their face value will be applied to the payment of expenses already incurred or to be incurred for such purposes. Said resolution shall be accompanied by an affidavit of the Manager or Engineer of the Company setting forth the character, nature and amount of expenditure contemplated or already incurred. Upon presentation of said resolution and affidavit the Trustee shall certify and deliver to the Company or its order bonds secured hereby to the amount stated in said resolution to be so required. The Trustee shall not be under obligation or responsibility to see to the use or application or disposition of any bonds certified or delivered by it hereunder or of the proceeds thereof. In the event of the sale of the property of the Company to the City of Lawrence, and in the event that the said City of Lawrence desires to purchase the property subject to outstanding bonds secured by this mortgage, any or all of the bonds remaining in the hands of the trustee shall be certified and delivered by the Trustee to the Company or its order upon receipt of a certified copy of a resolution of its Board of Directors certified as aforesaid, reciting that the property has been sold to the City, and that it desires to purchase the same subject to such outstanding bonds, and also reciting the price at which the property has been so sold; provided, that in no event shall the aggregate amount of bonds issued and to be issued and secured by this mortgage, and on such certification and delivery remaining outstanding, exceed a sum equivalent to 80% of the price at which the property has been sold or is to be sold to the said City of Lawrence, and any bonds so issued for the purpose of being used as a part of the purchase price of the property the Company covenants that it will return to the trustee in the event of the failure of the consummation of the sale of said property to the City of Lawrence, and the bonds so returned to the Trustee shall be held by it in the same manner as the other unissued bonds^{herein} provided for, and may at any time be reissued in accordance with the terms and conditions hereinbefore set forth. the statements contained in such resolutions may be accepted by the Trustee as conclusive evidence of the fact stated.

3. It is further covenanted and agreed by the Company that it will establish a (Sinking Fund) sinking fund for the redemption of the bonds hereby secured by retaining and reserving in its treasury sufficient of the moneys received by it in the operation of its plant and property or otherwise, after deducting operating expenses, taxes, assess-