

## MORTGAGE RECORD 75

tions, the substantial form of the bonds, and all other particulars necessary completely to describe and define such new series within the provisions and limitations of this Indenture and in the case of each such new series there shall also be delivered to the Central Company a supplemental indenture in form satisfactory to the Central Company, duly executed by the Company, setting forth the terms and provisions of such new series in accordance with Section 4 of Article I hereof, which supplemental indenture shall be executed by the Trustees prior to the issuance of any Bonds of such new series.

E. A statement signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company stating that, in addition to the properties as existing on November 30, 1926 of the Company, the Company has acquired additional property or constructed permanent improvements, extensions or additions of the nature described in subdivision II of Section 2 of this Article, and stating the actual cost thereof, and stating the principal subdivisions of plant account to which such actual cost has been charged, and how much has been charged to each such subdivision, and stating further that said property, improvements, extensions or additions do not include any of the nature described in clauses (a), (b), (c), (d), (e) and (f) of the last paragraph of Section 2 of this Article, and stating further that the Company has not been reimbursed for any part of such actual cost in Bonds issued under this Indenture or in the alternative stating to what extent the Company has been so reimbursed, and if the Company has been so reimbursed to any extent whatsoever, stating that the property included in such statement which has theretofore been included in any previous statement used for the authentication of Bonds, does not appear in the statement then being made or the certificate then being furnished pursuant to paragraph F at a greater value than in any such previous statement and stating further that the title of the Company to such property, improvements, extensions or additions is subject to no lien or encumbrances thereon or affecting the title thereto prior to this Indenture, except current taxes and Farm Mortgages.

F. A certificate signed by some engineer deemed by the Central Company to be an engineer of good standing and reputation—who may be an engineer in the employ of the Company—stating that personally or through one or more competent assistants, he has examined the additional property and permanent improvements, extensions and additions specified in said statement referred to in paragraph E and has considered the same in relation to the business of the Company, and that in his judgment the aggregate fair value of such additional property and permanent improvements, extensions and additions as of a date not more than 30 days prior to the application for authentication of Bonds is, for the purposes of the Company, a certain sum stated which sum does not include the cost or value of any repairs, replacements or renewals necessary to keep the plant and property of the Company in satisfactory operative condition, except as provided in Clause (c) of the last paragraph of Section 2 of this Article.

G. Such instruments of conveyance, assignment and transfer as may be necessary in the opinion of counsel (who may be counsel to the Company) selected by the Company and approved by the Central Company, to vest in the Trustees to hold as part of the mortgaged property hereunder all the right, title and interest of the Company in and to the property with respect to which the authentication of Bonds shall be requested, or the opinion of such counsel that no such instruments are necessary for such purpose.

H. The opinion of counsel (who may be counsel to the Company) selected and approved in the manner provided in G above, to the effect that the Company has title to such property subject to no deed of trust, mortgage, lien, charge, or encumbrance thereon or affecting the title thereto prior to this Indenture, except current taxes and Farm Mortgages.

SECTION 6.— Upon the retirement of all of the Bonds of the 1927 Series, thereafter Residue Bonds to be issued under Sections 2 and 3 of this Article shall be authenticated and delivered only upon receipt by the Central Company of the documents specified in paragraphs B, C, and D of Section 5 above and the receipt of such other certificates, resolutions or statements as may be required by the terms of any Indenture hereafter authorized supplemental hereto.

SECTION 7.— The Bonds authorized to be issued under Section 4 of this Article shall be authenticated and delivered only upon receipt by the Central Company of the documents specified in paragraphs B, C, and D of Section 5 above, and of:

1. The surrender for cancellation or evidence satisfactory to the Central Company of the retirement of Bonds outstanding of any series theretofore issued hereunder, with all unmatured coupons appertaining thereto, and proof satisfactory to the Central Company of the cancellation of all matured coupons at any time theretofore appertaining to such Bonds or of the loss or destruction of any such Bonds or coupons and indemnity satisfactory to the Central Company against any claim or liability on account thereof, and

J. A certificate signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company, stating that the Company is not, to the knowledge of the signers, in default in the performance of any of the terms or covenants of this Indenture, or that the only default is one other than one of those enumerated in clauses (a), (b) and (c) of Section 1 of Article IX, and that such default has not continued for the period, if any, in said Section specified.

SECTION 8.— The resolutions, certificates, opinions and other instruments provided for in this Article II may be accepted by the Central Company as satisfactory and conclusive evidence as to the statements therein contained, and shall be full authority and protection to the Central Company for the certification and delivery of Bonds, and the Central Company may conclusively rely upon the truth of any statement made in any such resolution, certificate, opinion or other instrument, whether such statement be required by any provision of this Article or voluntarily made, but before authenticating and delivering Bonds under this Article the Central Company in its discretion may cause to be made such independent investigation as it may see fit, and the expense thereof shall be borne by the Company, or if paid by the Central Company, shall be repaid by the Company upon demand, with interest at the rate of six per cent. per annum. The Central Company shall have no responsibility for the application or use of any Bonds or any of the proceeds thereof authenticated and delivered by it.

SECTION 9.— If at any time the Company shall have caused to be secured for the Bankers (hereinafter in Article XVI designated) an audit by independent public accountants or an examination by independent engineers, it shall forthwith upon the receipt of the report of such accountants and/or engineers file a copy of such report or audit with the Central Company hereunder. And if it shall appear from any such report or audit that the Company has requested and has received the authentication of Bonds in excess of the amount to which it was at the time of such authentication entitled, the Company shall thereupon either surrender to the Central Company a principal amount of Bonds theretofore authenticated hereunder equal to the amount of such excess, or make a deduction from its next application for the authentication of Bonds equal to such excess, unless the situation occasioning such excess shall have been theretofore remedied.

SECTION 10.— No Bonds shall be issued under this Indenture for the purpose of providing funds for the Company to keep or maintain its property in good and business-like working order and condition, or merely to replace old and worn-out property except to the extent specified in Clause (c) of Subdivision II of Section 2 of this Article. Permanent improvements, extensions and additions in process of construction or erection and so far as actually constructed or erected and paid for, and directly placed under the lien of this Indenture, shall be deemed permanent improvements, extensions and additions within the meaning of this Article.

## ARTICLE III.

## PARTICULAR COVENANTS OF THE COMPANY.

The Company covenants and agrees:

SECTION 1.— That it is the lawful owner of the premises and property hereinbefore by it conveyed or transferred to the Trustees; that it has good right and lawful authority to mortgage the same