

DOUGLAS COUNTY

The Trustee shall be under no obligation to make any investigation and shall incur no liability to any bondholder or the Company on account of any action it may take, or refrain from taking, in the premises.

SECTION 4. The Trustee shall be entitled to receive all moneys paid on account of the principal of any bonds or other securities held in pledge by it, and all stock dividends on any shares of stock so held in pledge, and all moneys at any time payable in respect of shares of stock, bonds or other securities so held in pledge, on dissolution or liquidation of the issuer thereof, or derived from any sale or condemnation of the property of such issuer. The shares of stock and all moneys so received shall be held by the Trustee, in trust, as additional security for the payment of the principal and interest of the bonds issued under this Indenture, and such moneys shall be disposed of by the Trustee pursuant to the provisions of Article IX hereof.

SECTION 5. Unless the Company shall be in default hereunder to the knowledge of the Trustee, the Trustee, upon the written request of the Company, shall consent to the extension or renewal at the same or a lower or a higher rate of interest or dividend of any securities which may then be held by the Trustee in pledge hereunder, and shall consent to the extension or renewal of any mortgages or liens securing such securities; but if the Company shall then be in default hereunder, to the knowledge of the Trustee, the Trustee may give such consent without the request of the Company; and, in any case, the Trustee, in so far as it legally may, shall do and perform all acts and things which may be requisite and necessary to give effect to any such renewal or extension so consented to, including the delivery and exchange of pledged securities or the presentation of the same for appropriate endorsement; and the Trustee, upon the written request of the Company, may consent to the exercise by the Company of any other right, power or remedy, with respect to such securities, to which the Company may be entitled as owner thereof, including the cancellation of any securities or shares of the stock of a corporation which has conveyed its property to the Company and subjected it to the lien hereof, provided that the exercise of such right, power or remedy, as requested by the Company, shall not, in the opinion of counsel satisfactory to the Trustee, be prejudicial to the bonds hereby secured; and the Company covenants that in exercising any such right, power or remedy, if permitted so to do by the Trustee, it will not in any way act prejudicially to the interests or rights of the Trustee or the holders of said bonds.

SECTION 6. Nothing in this Article contained shall authorize the authentication of bonds or the withdrawal of cash in lieu thereof under any provision of this Indenture on account of the pledge hereunder of any securities whatsoever.

ARTICLE VII

Maintenance and Renewal Fund Provisions

The Company covenants and agrees that during each calendar year, so long as any bonds issued under and secured by this Indenture shall be outstanding, amounts aggregating not less than (a) twelve and one-half per centum (12½%) of the gross operating revenues derived during such calendar year from the operation of the physical properties upon which this Indenture is or shall be a lien, or (whichever shall be less) (b) two and one-half per centum (2½%) of the amount of the fixed tangible property, plant and equipment of the Company during such year (determined as hereinafter in this Article provided), shall, except as hereinafter in this Article otherwise provided, be expended for one or more of the following purposes:

- (a) The maintenance and repair of the properties of the Company upon which this Indenture is or shall be a lien;
- (b) The construction or acquisition of bondable property, as defined in Section 3 of Article II of this Indenture;
- (c) The redemption or the purchase and cancellation of any bonds issued under and secured by this Indenture.

For the purposes of this Article, the thirteen months' period beginning December 1, 1936, and ending December 31, 1937, shall be deemed to be a calendar year.

For the purposes of this Article the amount of the fixed tangible property, plant and equipment of the Company shall be deemed to be the amount thereof as recorded on the books of the company as of December 1, 1936, plus all additions to said amount and less all retirements therefrom made or to be made from time to time subsequent to said date (but without deduction of any reserves for depreciation or retirements); and during any particular calendar year the amount of such fixed tangible property, plant and equipment of the Company shall be deemed to be the arithmetical average of the amount thereof at December 31st of such calendar year and the amount thereof at the close of business on the last day of the preceding calendar year, as recorded on the books of the Company.

If in any such calendar year the total expenditures for some one or more of the foregoing purposes shall be in excess of the amount required, as aforesaid, to be expended in such year, the Company shall be entitled to be credited to the extent of such excess on account of amounts required under the provisions of this Article to be expended in any subsequent calendar year or years.

No expenditures which shall have been made the basis for the authentication of bonds under this Indenture or which shall have been made out of moneys withdrawn under any provision of this Indenture and no expenditures which shall have been previously used to comply with this section or with any other provision of this Indenture shall be certified or be applied for the purpose of complying with this section.

On or before the first day of April in each year, beginning with the year 1938, the Company shall deliver to the Trustee a certificate signed in the name of the Company by its President or one of its Vice-Presidents and verified by an affidavit of its Treasurer or an Assistant Treasurer, setting forth in reasonable detail (1) the amount of gross operating revenues, derived as aforesaid, of the Company for the calendar year next preceding; (2) the amount of the fixed tangible property, plant and equipment of the Company, as recorded on its books as of the last day of each of the two calendar years next preceding and the arithmetical average thereof; and (3) the amounts expended during such calendar year for any one or more of the purposes specified in this Article which the Company desires to have applied to the requirements of this Article for such year; and (4) such excess amounts, if any, as may have been expended for any one or more of such purposes in any preceding calendar year or years (not prior to December 1, 1936), which the Company desires to have applied to the requirements of this Article for the calendar year next preceding the date of such certificate. Gross expenditures and/or net expenditures (as those terms are defined in Section 3 of Article II of this Indenture) for bondable property may be certified to comply with the provisions of sub-paragraph (b) of this Article.

If in any calendar year, the expenditures of the Company for one or more of the purposes set forth in sub-paragraphs (a), (b) and (c) of this Article shall not equal in the aggregate the amount required by this Article to be expended during such calendar year and if the Company shall not be entitled to take credit for such calendar year in the required amount on account of excess expenditures made in some preceding year or years, the Company shall pay in cash to the Trustee on or before April 1st next succeeding the expiration of such calendar year the amount of any deficiency. All sums received by the Trustee under this Article shall be held by it as a part of the trust estate until paid out as hereinafter provided. In case the expenditures made by the Company for the purpose specified in sub-paragraph (b) of this Article shall, in any calendar year, exceed the amount required to be expended and certified to comply with the requirements of this Article for such year, any moneys theretofore paid to the Trustee under the provisions of this Article and not withdrawn under the provisions of Article IX of this Indenture, may be withdrawn by the Company upon delivery to the Trustee of a certificate signed by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company certifying the expenditures made for said purpose during such calendar year and showing that they were in excess of the expenditures required by this Article to be made in such calendar year.