

DOUGLAS COUNTY

ARTICLE ONE

THE BONDS--GENERAL:

Section 1.01. Bonds of any series issued hereunder according to the provisions of this mortgage shall be the binding obligations of the company in accordance with their purport and tenor, subject to the provisions of this mortgage indenture or indentures supplemental hereto, but only if such bonds prior to their delivery are executed in behalf of the company and authenticated by the trustee as provided for in section 1.03(b) of this Article One.

Section 1.02. The aggregate principal amount of bonds which may be executed by the company and authenticated and delivered by the trustee and be secured by this indenture shall be unlimited, provided, however, that said bonds shall be issued pursuant to and only as specifically provided for in this indenture.

The bonds and the coupons to be attached shall be substantially in the form hereinbefore recited with such omissions, variations, and insertions as may be authorized by the board of directors consistently with the provisions of this indenture.

Section 1.03. (a) Bonds issuable hereunder (other than bonds of Series A, provisions for the issuance of which are hereinafter set forth under Article Two) may be executed, issued and authenticated from time to time whenever authorized by a resolution of the board of directors of the company, and, if required by law when consented to by the requisite vote of the stockholders of the company. The resolution of the board of directors, a certified copy of which shall be delivered to the trustees, shall set forth the title of the bonds of each series to be issued, the principal amount thereof, their date, date of maturity, interest rate and such other characteristics and provisions, if any, as may be permitted by this section 1.03. Bonds issued hereunder may be issued in one or more series and each series shall be identified by a specified date or period or by a letter of the alphabet, or by some other proper designation. The texts of various series of bonds (including bonds of Series A) may, as between series but not as to bonds of the same series, differ in respect to the following characteristics as set forth in the aforesaid resolution:

- (1) title, provided that the title of each series of bonds shall be satisfactory to the trustee;
 - (2) date of issue;
 - (3) date of maturity, provided, however, no series of bonds shall be issued maturing prior to January 1, 1957;
 - (4) interest rate not exceeding eight per cent (8%) per annum, and interest payment dates;
 - (5) inclusion of statement as to maximum aggregate principal amount of series;
 - (6) right of redemption and redemption premium;
 - (7) provision in respect of sinking fund and/or pledging of revenues;
 - (8) privileges as to conversion into stock or other securities of the company;
 - (9) privileges as to purchase of a stock of the company;
 - (10) provisions in respect of exchangeability and interchangeability of bonds;
 - (11) denominations of the bonds; bonds may be in any denomination that the company may desire;
 - (12) paying agent or agents;
 - (13) such other terms and provisions as are not in conflict with the general form hereinbefore set forth.
- Bonds of any one series may be of different denominations and shall bear distinctive identifying numbers, but shall otherwise be identical.

There shall be filed with the trustees along with the aforesaid resolution of the board of directors (and the resolution of the stockholders, if any be required) an opinion of counsel setting forth that all things necessary for the issuance and authentication of the bonds authorized to be issued by said resolution or resolutions have been done and that the bonds when authenticated will be entitled to the benefit and security of this mortgage, and of any supplements hereto according to the tenor of the bonds. Thereupon, the trustee shall authenticate and deliver such bonds as directed by the president, vice president, or treasurer of the company.

(b) The bonds issuable hereunder shall be executed on behalf of the company by its president or a vice president, under its corporate seal thereunto affixed, and attested by its secretary or any assistant secretary, or by such other lawful form of execution as may be prescribed by resolution of the board of directors of the company. In case any officer of the company who shall have signed any bond or attested the seal thereon shall cease to be such officer of the company before the bond so signed or sealed shall have been actually authenticated and delivered by the trustee, such bond, nevertheless, may be authenticated and delivered and issued as though the person who had signed or sealed such bond had not ceased to be such officer of the company; and also any bond may be signed on behalf of the company and the seal thereon may be attested by such person as at the actual date of the execution of such bond shall be the proper officer of the company, although at the date of such bond such person shall not have been such officer of the company. The coupons to be attached to the bonds shall be authenticated by the facsimile signature of the present or any future treasurer of the company, and the company may adopt and use for that purpose the facsimile signature of any person who shall have been such treasurer, notwithstanding the fact that he may not have been such treasurer at the date of such bond or that he may have ceased to be such treasurer at the time when such bond shall be actually authenticated and delivered.

The bonds when executed shall be delivered to the trustee for authentication by it; and the trustee shall authenticate and deliver said bonds as in this indenture provided and not otherwise. Only such bonds as shall bear thereon endorsed a certificate of authentication substantially in the form hereinbefore recited, executed by the trustee, shall be secured by this indenture, or be entitled to any lien, right, or benefit hereunder. No bond and no coupon thereunto appertaining shall be or become valid or obligatory for any purpose until such certificate shall have been duly executed on such bond; and such authentication by the trustee upon any bond shall be conclusive evidence and the only evidence that the bond so authenticated has been duly authenticated and delivered hereunder. Before authenticating and delivering any bond, the trustee shall detach and cancel any coupons thereon then matured and deliver same to the treasurer of the company.

Section 1.04. The company shall keep at the office of the trustee books for the registration and transfer, as in this mortgage provided, of bonds issued hereunder. Such books shall, in addition to the name of the holder of each registered bond, show the address of each such holder.

All bonds shall be negotiable and shall pass by delivery, unless registered as to principal in the manner in this section 1.04 provided. Any bond may be registered, as to principal only, on the said books at the office of the trustee and such registration shall be noted on each registered bond by the trustee, acting as registrar, and after such registration no transfer shall be valid unless made on said books by the registered holder in person, or by his duly authorized attorney, and similarly noted on the bond. Upon presentation to the trustee of any such bond registered as to principal, accompanied by a written instrument of transfer, in a form approved by the trustee, executed by the registered holder, such bond shall be transferred upon such books. The registered holder of any such bond registered as to principal, shall also have the right to cause the same to be discharged from registration by transfer to bearer, in which case transferability by delivery shall be restored, and thereafter the principal of such bond, when due, shall be payable to the person presenting the bond. Any such bond registered as payable to bearer may be registered again in the name of the holder with the same effect as upon first registration thereof. Successive registrations and transfers as aforesaid may be made from time to time as desired. Registration as to principal of any bond, however, shall not affect the negotiability of the coupons appertaining to such bond, but title to every such coupon shall continue to pass by delivery and it shall remain payable to bearer.

Section 1.05. The holder of any bond or bonds all of the same series may surrender the same to the trustee, with all unmatured coupons, for cancellation, and thereupon the company shall, upon payment of proper charges, supply and execute, and the trustee shall authenticate and deliver in exchange therefor, a like aggregate principal amount in bonds of the same series and maturity, of such denomination or denominations as may be provided for in the bond itself or as may be authorized by resolution of the board of directors of the company, with all unmatured coupons attached. Any such resolution shall be filed with the trustee.