

tion determines that any items of Leased Equipment (other than the 31 5/16" Toshiba press and the 16 pocket Sheridan Binder listed in Exhibit B) have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Lessee may remove such items of Leased Equipment from the Building and the Leased Land and (on behalf of the County) sell, trade in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the County therefor, provided that the Lessee shall either:

(a) Substitute (either by direct payment of the cost thereof or by advancing to the County the funds necessary therefor) and install anywhere in the Building or on the Leased Land other machinery, equipment or related property having, in the Agent's judgement, equal or greater value and utility (but not necessarily having the same function) in the operation of the Project for the purpose for which it is intended, provided such removal and substitution shall not impair operating ability, all of which substituted machinery, equipment or related property shall be free of all liens and encumbrances (other than Permitted Encumbrances) and shall become a part of the Leased Equipment; or

(b) Not make any such substitution and installation, provided

(i) that in the case of the sale of any such Leased Equipment to anyone other than itself or in the case of the scrapping thereof, the Lessee shall, unless otherwise requested by Agent within thirty days after written notice from the Lessee of the removal, apply the proceeds from such sale or the scrap value thereof, as the case may be, to the prepayment of the Notes pursuant to the terms of the Notes and the Note Ordinance,

(ii) that in the case of the trade-in of such Leased Equipment for other machinery, equipment or related property not to be installed in the Building or on the Leased Land the Lessee shall, unless otherwise requested by Agent within thirty days after written notice from the Lessee of the removal, apply the amount of the credit received by it in such trade-in, to the prepayment of the Notes pursuant to the