

ARTICLE VII

CASUALTY AND CONDEMNATION; PURCHASE
OF PROJECT DUE TO CASUALTY OR CONDEMNATION

SECTION 7.01. Damage and Destruction. If, while any Bonds are outstanding, all or any part of the Project shall be destroyed or damaged, the Tenant shall promptly notify the County, and at the Tenant's expense (whether or not the insurance proceeds hereinafter mentioned are sufficient for this purpose) the Tenant shall, except as otherwise permitted herein, promptly and diligently rebuild, restore, replace and repair the same in such manner as to restore the Project to at least the value thereof immediately prior to such damage or destruction. So long as any of the Bonds shall be outstanding, and upon Tenant's compliance with the provisions of the Indenture, including without limitation Section 7.08 thereof, and the receipt by the Trustee of the certificates and instruments referred to in the aforesaid Section 7.08, the Trustee shall pay to the Tenant from the insurance proceeds received and held by the Trustee on account of such damage or destruction the cost of the repairs, rebuilding or restoration, as certified to the Trustee in accordance with Section 7.08 of the Indenture, up to the full amount of such insurance proceeds and the Trustee shall apply the balance, if any, of such insurance proceeds to the payment of the principal of, premium, if any, and interest on the Bonds and for the redemption of the Bonds prior to maturity as provided in the Indenture. Any balance of such insurance proceeds exceeding the amount necessary to redeem all Bonds then outstanding shall be paid to the Tenant. If, during the Term, the entire Project or any material part thereof, shall be damaged or destroyed (a) to such an extent as to render the Project unsuitable to the Tenant for the purpose for which the same were used immediately prior to such damage or destruction and the Tenant, in its sole discretion deems it unwise to rebuild, repair or restore the Project, or (b) to such an extent that the restoration cost would exceed by 25% the proceeds of insurance, the Tenant, in lieu of rebuilding, repairing or restoring the Project, shall have the option to purchase the remainder of the Project. Such purchase shall be made in accordance with Section 10.02 hereof. For the purpose of this Article loss of "any material part" of the project shall mean a loss due to damage, destruction or a taking referred to in Section 7.02 hereof in each event exceeding 25% of the aggregate principal amount of the Bonds authorized and issued pursuant to the Indenture.

SECTION 7.02. Condemnation. If, during the Term, all or any part of the Project shall be taken by the exercise of the power of eminent domain or condemnation, the County and the Tenant shall, subject to all the terms of this Lease, be entitled