

562

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Executive Office

SUBMITTAL DATE:
October 21, 2010

SUBJECT: Southwest Communities Financing Authority

RECOMMENDED MOTION: that the Board approve the attached (1) Third Amended and Restated Joint Powers Agreement, and (2) Sub-Lease Agreement.

BACKGROUND: On November 30, 2004, the Board approved forming a Joint Powers Authority, the Southwest Communities Financing Authority (SCFA), with the cities of Canyon Lake, Lake Elsinore, Murrieta and Temecula for the purpose of financing and constructing an animal shelter in the southwest portion of the county.

Construction of the shelter, located in the community of Wildomar, began in 2008. During the course of construction the community of Wildomar incorporated. The City of Wildomar has requested to join the Authority allowing them to use the shelter. Approval of the Third Amended and Restated Joint Powers Agreement and Sub-Lease Agreement will make Wildomar a member agency of the Authority and provide them use of the shelter.

Dean Deines, Deputy County Executive Officer

FINANCIAL DATA	Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ N/A	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY:
Jay E. Orr

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Benoit, seconded by Supervisor Stone and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Stone, Benoit and Ashley
 Nays: None
 Absent: Tavaglione
 Date: November 2, 2010
 xc: EO

Kecia Harper-Ihem
 Clerk of the Board
 By:
 Deputy

FORM APPROVED COUNTY COUNSEL
 BY:
 DAVID H.K. HUFF
 DATE: 10/25/10
 Mental Concurrence

Policy Policy
 Consent Consent
 Dep't Recomm.:
 Per Exec. Ofc.:

Prev. Agn. Ref.: 11/30/04 #3.1 | District: 1 | Agenda Number:

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

3.8

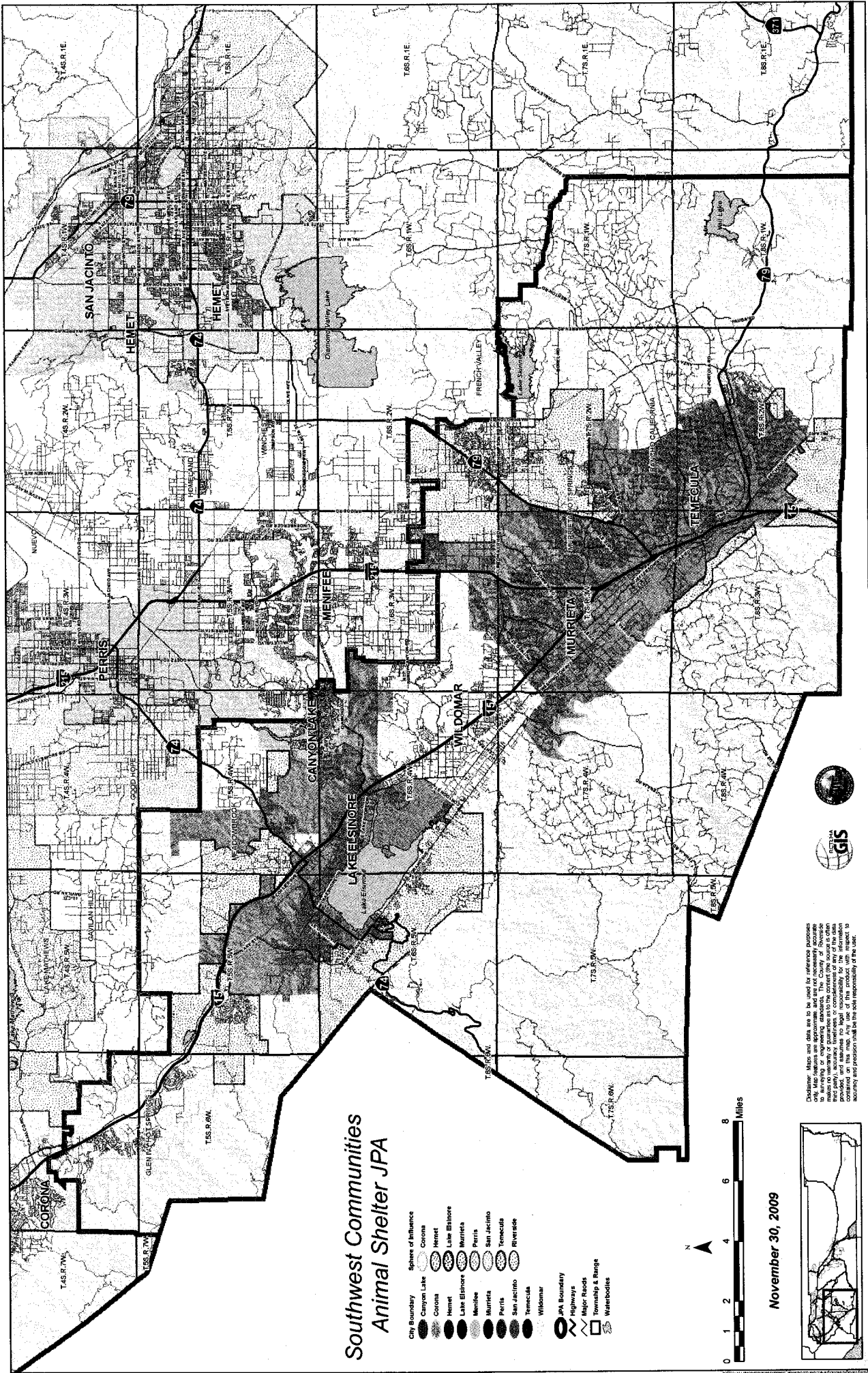


EXHIBIT A

Order No.: 72085114-X14

LEGAL DESCRIPTION

THOSE PORTIONS OF LOTS 1 AND 2, BLOCK 3, SEDCO TRACT 28, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 13, PAGE 44 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND LOT 141 OF SEDCO TRACT NO. 1 AS SHOWN ON A MAP RECORDED IN BOOK 10, PAGES 58 THROUGH 75 OF SAID MAPS, TOGETHER WITH THAT PORTION OF THE ATCHISON, TOPEKA AND SANTA FE RAILROAD, 150.00 FEET WIDE, ADJACENT TO LOT 141 OF SAID SEDCO TRACT NO. 1 AND LOT 1, BLOCK 3 OF SAID SEDCO TRACT NO. 28, AS DESCRIBED IN A DEED TO ELSINORE VALLEY MUNICIPAL WATER DISTRICT RECORDED OCTOBER 4, 2000 AS DOCUMENT NO. 2000-392252 IN THE OFFICE OF SAID COUNTY RECORDER, DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST WESTERLY CORNER OF SAID LOT 2, BLOCK 3 OF SAID SEDCO TRACT NO. 28;

THENCE ALONG THE NORTHWESTERLY LINE OF SAID LOT 2, NORTH 36° 35' 00" EAST, 74.40 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING ALONG THE NORTHWESTERLY LINE OF SAID LOTS 1 AND 2 OF BLOCK 3 OF SEDCO TRACT NO. 28, NORTH 36° 35' 00" EAST, 202.70 FEET TO THE NORTHERLY LINE OF THE LAND DESCRIBED AS PARCEL 2 IN A DEED RECORDED DECEMBER 19, 1986 AS INSTRUMENT NO. 324826 OFFICIAL RECORDS IN THE OFFICE OF SAID COUNTY RECORDER; THENCE ALONG THE NORTHEASTERLY LINE OF SAID LAND, SOUTH 53° 28' 00" EAST, 188.41 FEET TO A POINT IN THAT CERTAIN COURSE DESCRIBED AS HAVING A BEARING OF SOUTH 00° 27' WEST AND A DISTANCE OF 153.44 FEET IN THE WESTERLY LINE OF THE LAND DESCRIBED IN A DEED RECORDED JANUARY 31, 1941 IN BOOK 488 PAGE 337 OF SAID OFFICIAL RECORDS;

THENCE ALONG SAID CERTAIN COURSE NORTH 00° 27' 00" EAST, 60.86 FEET TO A LINE THAT IS PARALLEL WITH AND 70.00 FEET SOUTHERLY OF THE NORTHERLY LINE OF SAID LAND DESCRIBED IN BOOK 488, PAGE 337;

THENCE ALONG SAID PARALLEL LINE AND ITS EASTERLY PROLONGATION NORTH 87° 33' 00" EAST, 13325 FEET TO THE EASTERLY LINE OF THE LAND CONVEYED TO ELSINORE VALLEY MUNICIPAL WATER DISTRICT IN A DEED RECORDED AUGUST 2, 1993 AS INSTRUMENT NO. 297151 OFFICIAL RECORDS, SAID LINE BEING 25.00 FEET WESTERLY OF THE EASTERLY LINE OF SAID 150.00 FOOT WIDE PORTION OF THE ATCHISON, TOPEKA, AND SANTA FE RAILROAD;

THENCE ALONG SAID EASTERLY LINE OF LAND CONVEYED TO ELSINORE VALLEY MUNICIPAL WATER DISTRICT, SOUTH 02° 27' 00" EAST, 315.95 FEET TO THE EASTERLY PROLONGATION OF THE SOUTHERLY LINE OF THE LAND DESCRIBED AS PARCEL 8 IN A DEED RECORDED MARCH 4, 1969 AS INSTRUMENT NO. 21309 OF SAID OFFICIAL RECORDS;

THENCE ALONG THE SOUTHERLY LINE AND EASTERLY PROLONGATION, AND ALONG THE SOUTHERLY LINE OF LOT 141 OF SAID SEDCO TRACT NO. 1, SOUTH 87° 33' 00" WEST, 261.50 FEET TO THE SOUTHWEST CORNER OF SAID LOT 141, SAID SOUTHWEST CORNER ALSO BEING THE SOUTHERLY CORNER OF SAID LOT 2 OF SEDCO TRACT NO. 28;

THENCE ALONG THE SOUTHWESTERLY LINE OF SAID LOT 2, NORTH 53° 28' 00" WEST, 102.50 FEET;

LEGAL DESCRIPTION
(continued)

THENCE NORTH 36° 52' 38" EAST, 76.09 FEET;

THENCE NORTH 54° 06' 55" WEST, 149.78 FEET TO THE TRUE POINT OF BEGINNING.

SAID LAND IS DESCRIBED PURSUANT TO A LEGAL DESCRIPTION PROVIDED TO US. THIS MAY NOT BE A LEGAL DIVISION OF SAID LAND. THE DESCRIPTION IS PROVIDED ONLY TO FACILITATE THE ISSUANCE OF THIS REPORT.

END OF LEGAL DESCRIPTION

**THIRD AMENDED AND RESTATED JOINT POWERS AGREEMENT
BETWEEN THE COUNTY OF RIVERSIDE AND
THE CITY OF CANYON LAKE;
THE CITY OF LAKE ELSINORE;
THE CITY OF MURRIETA;
THE CITY OF TEMECULA; AND
THE CITY OF WILDOMAR;
CREATING THE
SOUTHWEST COMMUNITIES FINANCING AUTHORITY
(Animal Shelter)**

This third amended and restated Joint Powers Agreement, is made and entered into this 2nd day of November 2010, by and between the County of Riverside (hereafter referred to as "COUNTY"), and the City of Canyon Lake ("Canyon Lake"); City of Lake Elsinore ("Lake Elsinore"); City of Murrieta ("Murrieta"); City of Temecula ("Temecula"); and City of Wildomar ("Wildomar"), collectively the "Cities" each body being a body corporate and politic of the State of California, or public entities or agencies of the State of California;

RECITALS:

WHEREAS, COUNTY and Canyon Lake; Lake Elsinore; Murrieta; Temecula; and Wildomar have mutual interests in joining together to develop within the geographic area common to all parties, a plan or program to construct and operate an animal shelter located within the geographic boundaries as attached hereto in Attachment A-1, in compliance with State laws and regulations; and

WHEREAS, it is the interest and desire of the parties to enter into a Joint Powers Agreement to establish SCFA as a public entity, separate and apart from the parties hereto, as hereinafter described and set forth, which entity shall then set about the task of accomplishing the purpose of this Joint Powers Agreement in a manner most capable of promoting the greatest public good and welfare; and

WHEREAS, the parties hereto are each empowered by law to provide for the animal shelter needs to eligible residents of each entities either directly, or by contract or similar arrangement;

CLERK'S COPY
2010 November 2, 11:47 AM of the County of Riverside, California
1147, Riverside, CA 92501-1147
Thank you

NOW, THEREFORE, in consideration of the above recitals, of the mutual promises and agreements herein contained and for other valuable consideration, the parties hereto agree as follows:

SECTION 1. PURPOSE

This Joint Powers Agreement (hereinafter referred to as "Agreement") is made pursuant to the provisions of Article 1, Chapter 5, Division 7 of Title 1 (commencing with Section 6500) of the California Government Code, (hereinafter referred to as the "Act") for the express purpose of constructing, and housing animals, also known as operating an animal shelter, to serve residents of the parties hereof. Additionally, this Agreement shall permit the financing of public capital improvements and those purposes permitted under the Marks-Roos Local Bond Pooling Act of 1985, being Article 4, Chapter 5, Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the "Bond Law"). It is the intent of this Agreement that none of the decisions regarding field service boundaries or levels of service for animal control for each of the member entities shall be affected by the creation of this JPA, or by membership in this JPA.

The purpose of this Agreement shall be accomplished and the common powers of the parties hereto exercised in the manner hereinafter set forth.

SECTION 2. CREATION OF AUTHORITY

Pursuant to the Act and the Bond Law, there is hereby created a public entity to be known as the Southwest Communities Financing Authority ("SCFA"). SCFA shall be a public entity, separate and apart from the parties hereto, and as provided by law and not otherwise prohibited by this Agreement, shall be empowered to take such actions as may be necessary or desirable to implement and carry out the purpose of this Agreement.

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SECTION 3. TERM

This Agreement shall become effective as of the date hereof and shall continue in full force and effect until terminated as provided in Section 4. below.

SECTION 4. TERMINATION AND AMENDMENTS

(a) The parties hereto may amend this Agreement by mutual written consent.

(b) The parties hereto may terminate their participation in the Joint Powers Authority, and this Agreement as provided herein.

(c) If SCFA has incurred no obligations each party may terminate this Agreement by giving not less than sixty (60) days written notice thereof to the all other parties.

(d) If SCFA has acquired any indebtedness, fiscal obligation, and/or any property, each party hereto may terminate this Agreement by giving twelve (12) months written notice thereof to all other parties subject to the provisions of Sections 4(e) and 4(f) herein.

(e) This Agreement cannot be terminated until all forms of indebtedness, and/or fiscal obligation incurred by SCFA have been paid, or adequate provision for such payment shall have been made.

(f) In the event the Agreement is terminated, any property acquired by SCFA from the effective date of this Agreement, including but not limited to money, shall be divided and distributed between the parties in proportion to the contributions made, including contributions made as provided in Section 10 below, unless otherwise required by law.

SECTION 5. POWERS AND DUTIES OF SCFA

SCFA shall have the powers common to the parties to this Agreement to:

(a) Exercise those powers enumerated in the Act and Bond Law as the same as now exists or as may hereinafter be amended:

(b) Do all acts necessary or convenient to the exercise of the foregoing and to accomplish the purposes of this Agreement, including but not necessarily limited to the following:

(1) to make and execute all contracts, agreements, and documents including, without limitation, agreements with any of the parties to this Agreement, other local governments, agencies or departments, the State of California, the United States of America, or agencies thereof, or any entity, person or corporation of any kind or nature whatever;

(2) to employ agents, servants and employees;

(3) to acquire, hold and dispose of property, both real and personal;

(4) to acquire, construct, maintain, manage, operate and lease buildings, works and improvements;

(5) to accept gifts;

(6) to sue and be sued in its own name;

(7) to apply for and receive any available federal, State and/or local grants;

(8) to employ legal counsel;

(9) to employ consultants;

(10) to adopt a budget;

(11) to incur debts, liabilities and obligations;

(12) to establish a treasury for the deposit and disbursement of funds and monies, according to the policies and procedures set forth in this Agreement;

(13) to invest any money held in the treasury that is not required for immediate necessities of SCFA, as SCFA determines is advisable, in the same manner and upon the same conditions as local agencies pursuant to Section 52601 of the California Government Code.

(14) to issue bonds and other evidences of indebtedness for the construction of an animal shelter, and the consent of the Governing Board of each member to participation in this Joint Powers Authority shall be deemed consent for the issuance of bonds by SCFA, as required under California Government Code Sections 6500 et seq. and the Bond Law.

The listing of the above acts is not intended to indicate any priority of one act over another. Nor is such listing intended to be inclusive, and other acts may be done in the accomplishment of the purposes of this Agreement as are authorized. One or several acts may take place concurrently or in sequence.

SECTION 6. CREATION OF THE BOARD OF DIRECTORS

(a) Creation of the Board of Directors. In order to effectuate the purposes of this Agreement as set forth herein, SCFA shall be governed by a Board of Directors (hereinafter called the "Board"), and all of the powers of SCFA shall be exercised by the Board.

(b) Membership. The Board shall be composed of the following members:

- (1) One (1) member of the Board of Supervisors of Riverside County;
- (2) One (1) member of the City Council of the City of Canyon Lake;
- (3) One (1) member of the City Council of the City of Lake Elsinore;
- (4) One (1) member of the City Council of the City of Murrieta;
- (5) One (1) member of the City Council of the City of Temecula;
- (6) One (1) member of the City Council of the City of Wildomar.

(c) Designation of Members. Members shall serve on the Board during the term for which they are a member of the Board of Supervisors, or a member of the City Council from which they are appointed. A member's position on the Board shall automatically terminate if the term of the elected public office of such member is terminated.

(d) Reimbursement. The Board may provide for reimbursement of reasonable expenses incurred in connection with a member's service on the Board.

(e) Quorum and Transaction of Business. Four (4) members of the Board shall constitute a quorum. A vote of four (4) of the members present shall be required to take action, except for adjournment of a meeting which shall require only a majority of those present. No proxy or absentee voting shall be permitted.

(f) Meetings. The Board shall establish the time and place for its regular and special meetings. The dates, hour and location of regular meetings shall be fixed by formal action of the Board. The Board shall hold at least one (1) regular meeting every calendar year. Special meetings and adjourned meetings may be held as required or permitted by applicable law.

(g) Ralph M. Brown Act. All meetings of the Board, including, without limitation, regular, special and adjourned meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the California Government Code).

(h) Rules. The Board may adopt, from time to time, such rules and regulations for the conduct of its meetings and activities as it may deem necessary. In the absence of specific rules for SCFA meetings, the rules of the Board of Supervisors shall be applicable for the conduct of meetings of SCFA.

SECTION 7. FISCAL OBLIGATIONS OF THE PARTIES

It is the intent of the parties as members of SCFA that the following fiscal obligations shall be agreed upon for all parties to this Agreement:

(a) Debt repayment of any bonds issued by SCFA – shall be paid by each party based on the percentage of animals housed at the facility, on an annual basis.

(b) Administration costs of the SCFA – includes, but not limited to the following items: stipends, legal fees, audit, costs, administrative fee, mileage reimbursement – shall be borne equally by each party.

(c) Operation of animal shelter – shall be paid by each party based on the percentage of animals housed at the facility, on an annual basis.

(d) Determination of the percentages for sub-sections (a) and (c) shall be made on an annual basis in January based on the usage information received for the preceding calendar year. The percentages shall be designated for calculation starting July 1st of that same calendar year. No party shall divert any animals within its custody, care or control, including those held on behalf of a party under contracted services with an animal control or humane society provider, that are located within the SCFA's geographic boundaries (as reflected in attached Attachment A-1) from being housed at SCFA's animal shelter facility contemplated under this Agreement unless said facility lacks the capacity to accept the animal(s) in question or where the SCFA has granted express written consent for the animal(s) in question to be diverted to another animal shelter facility.

(e) Annexations of any area by any party shall result in that party assuming fiscal responsibility for the area annexed. The additional annexation shall result in a re-calculation of percentages of (a) and (c).

(f) Incorporation of any geographic area served by SCFA, and in the event of the new city not joining as a member in SCFA, COUNTY shall reserve the ability to contract directly with the new city for animal services.

(g) Any party withdrawing from SCFA agrees to payment of the current percentage of the following:

(i) After the issuance of bonds, the party agrees to payment of the party's current percentage of the amount of the outstanding bonds.

(ii) Any unpaid portion of the administrative costs of SCFA, calculated up to the effective date of termination of participation in SCFA of the party.

(iii) Any unpaid portion of the operation costs of the animal shelter, calculated up to the effective date of termination of participation in SCFA of the party.

SECTION 8. OFFICERS AND EMPLOYEES

(a) Chairperson and Vice Chairperson. The Board may select a chairperson and a vice chairperson from among its members at its first meeting, and annually thereafter. The term of the Chairperson and Vice Chairperson, when selected in this manner, shall be for one (1) year.

In the event that the Chairperson or Vice Chairperson so elected resigned from such office or ceases to be a member of the Board, the resulting vacancy shall be filled at the next regular meeting of the Board. In the absence or inability of the Chairperson to act, the Vice Chairperson shall act as Chairperson. The Chairperson, or in the Chairperson's absence, the Vice Chairperson, shall preside at and conduct all meetings of the Board.

(b) Treasurer. The Treasurer of the County of Riverside shall be and shall act as the Treasurer of SCFA. The Treasurer shall have the custody of SCFA's money and disburse SCFA funds pursuant to the accounting procedures of the County of Riverside. The Treasurer shall assume the duties described in Section 6505.5 of the California Government Code, namely: receive and receipt for all money of SCFA (with the exception of any bond proceeds which shall be deposited with the Trustee bank) and place it in the Treasury of the Treasurer to the credit of SCFA; be responsible upon an official bond as prescribed by the Board for the safekeeping and disbursement of all Agency money so held; pay, when due, out of money of SCFA so held, all sums payable, only upon warrants of the officer performing the functions of the Controller who has been designated by SCFA or the Board; verify and report in writing in conjunction with the annual audit of SCFA and to the parties to this Agreement the amount of money held for SCFA, the amount of receipts since the last report, and the amount paid out since the last report; and perform such other duties as are set forth in this Agreement or specified by the Board.

Any and all funds of the SCFA shall not be commingled with any other funds held by the Treasurer.

(c) Controller. The Auditor/Controller of the County of Riverside shall be the Controller of SCFA. The Controller shall draw warrants to pay demands against SCFA when such demands have been approved by the Board or by any other person authorized to so approve such by this Agreement or by resolution of the Board. The Controller shall perform such duties as are set forth in this Agreement and such other duties as are specified by the Board.

There shall be strict accountability of all funds and reporting of all receipts and disbursements. The Controller shall establish and maintain such procedures, funds and accounts as may be required by sound accounting practices. The books and records of SCFA in the hands of the Controller shall be open to inspection at all reasonable times by representatives of the parties to this Agreement.

(d) Program Administrator. The Executive Officer for the County of Riverside, or designee, shall be the Program Administrator for SCFA. The Program Administrator, or designee, shall direct the day-to-day operation of SCFA. The Program Administrator shall serve subject to the Board's policies, rules, regulations and instructions, and shall have the powers described in this Agreement and those delegated and assigned by the Board, including, without limitation:

(1) to appoint, remove and transfer employees of SCFA, including management level officers, subject to the conditions of employment of these individuals as employees of SCFA, except for the Treasurer, Controller and Attorney of SCFA and such others as the Board may designate;

(2) to enforce all orders, rules and regulations adopted by the Board relating to the regulation, operation, or control of funds, facilities, properties and apparatus of SCFA;

(3) to authorize expenditures whenever the Board shall have approved and authorized any work, improvement or task and shall have budgeted or appropriated the necessary money therefore;

(4) to have custody of and accountability for all property of SCFA except money;

(5) The Program Administrator, with the approval of the Board, shall contract with an independent certified public accountant or firm or certified public accountants to make an annual audit of the accounts and records of SCFA, and a complete written report of such audit shall be filed as public records annually, within six (6) months of the end of the fiscal year under examination, with each of the parties to this Agreement. Such annual audit and written report shall comply with the requirements of Section 6505 of the California Government Code. The cost of the annual audit, including contracts with, or employment of such independent certified public accountants in making an audit pursuant to this Agreement shall be a charge against funds of SCFA available for such purpose. The Board, by unanimous vote, may replace the annual audit with a special audit covering a two-year period.

(e) Assistant Program Administrator. The Board may appoint an Assistant Program Administrator, who shall be a person employed by any member agency of SCFA other than the County of Riverside, who is assigned to such duties for SCFA. The Assistant Program Administrator shall, with the consent of the Program Administrator, assist the Program Administrator in carrying out the direction of the day-to-day operation of SCFA. The Assistant Program Administrator shall serve subject to the Board's policies, rules, regulations and instructions, and shall have the powers described in this Agreement pertaining to the position of Program Administrator and those delegated and assigned by the Board.

(f) Consultants. Subject to the availability of funds, the Board may employ such consultants, advisors and independent contractors as are deemed necessary and desirable in implementing and carrying out the purposes of this Agreement.

(g) Attorney for SCFA. The offices of the Riverside County Counsel, or counsel as retained directly by SCFA shall be the attorneys for SCFA. The Board may employ by contract or otherwise, specialty counsel.

SECTION 9. EXECUTIVE MANAGEMENT COMMITTEE

There shall be an Executive Management Committee established consisting of the County Executive Officer, or designee of COUNTY, and City Managers, or designees of CANYON LAKE, LAKE ELSINORE, MURRIETA, TEMECULA, WILDOMAR and any other member city who may join SCFA. The Executive Management Committee shall meet as necessary to review the operations and business of SCFA.

SECTION 10. REIMBURSEMENT

Officers and employees of the parties (excepting members of the Board) designated in this Agreement to provide services for SCFA shall be reimbursed by SCFA for their actual costs of providing such services. In addition, additional services provided by officers and employees of the parties pursuant to contracts with SCFA shall be reimbursed as provided by the contracts. All reimbursements by SCFA shall be made after receiving an itemized billing for services rendered.

SECTION 11. FISCAL YEAR

The fiscal year of SCFA shall be the period commencing July 1 of each year and ending on and including the following June 30.

SECTION 12. CONTRIBUTIONS BY THE PARTIES

The parties to this Agreement may provide contributions in the form of public funds and/or in-kind services, equipment, furnishings, office space and other kinds of property which may be reasonably necessary for SCFA to accomplish the purposes of this Agreement.

SECTION 13. EMPLOYEES OF SCFA

(a) Riverside County Employees There shall be no individuals directly employed by SCFA.

“Employees” for the purposes of indemnification and defense provisions herein shall mean all persons employed by Riverside County, or any member agency, and assigned to duties for SCFA.

(b) Indemnification and Defense of Employees

(1) With respect to any civil claim or action against any Director, Officer, Employee, Board Member, Committee Member, or a person who formerly occupied such position, for an injury arising out of an act or omission occurring within the scope of such person’s duties, SCFA shall indemnify, hold harmless and defend such person to the full extent permitted or required under applicable sections of the California Government Code.

(2) Nothing herein shall be construed to require SCFA to indemnify and hold harmless any Director, Officer, Employee, Board Member, Committee Member, or a person who formerly occupied such position, if SCFA has elected to conduct the defense of such person(s) pursuant to an agreement reserving SCFA’s rights not to pay a judgment, compromise or settlement until it is established that the injury arose out of an act or omission occurring within the scope of his or her duties with SCFA.

(3) Nothing herein shall be construed to require the SCFA to indemnify, or to provide a defense for any Director, Officer, Employee, Board Member, Committee Member, or a person who formerly occupied such position where the individual has acted in an illegal, willful or intentionally negligent manner giving rise to the claim, or litigation.

(4) The following definitions shall apply to SCFA:

(i) “Directors” shall include the following: Members of the Governing Board of Directors of SCFA, Program Administrator, and the Assistant Program Administrator.

(ii) “Officers” shall include all individuals who are defined in “Directors” herein, the Treasurer, Controller, and Attorney(s) for SCFA as defined herein.

(iii) "Employees" shall mean all persons employed by Riverside County, or any other member agency, and assigned to duties for SCFA.

(iv) "Committee Members" shall mean all persons appointed by the Governing Board to any advisory committee or committees of SCFA, all persons appointed by the Program Administrator to any advisory committee or committees of SCFA.

SECTION 14. LIABILITIES

SCFA shall account separately for all funds collected or disbursed for each party to this Agreement. It is the intent of the parties, to the extent permitted by law, that the liabilities of each party for the animal shelter services provided to that party's members shall not become a liability of any other party to this Agreement.

The debts, liabilities and obligations of SCFA shall be the debts, liabilities and obligations of SCFA alone, and not of the parties to this Agreement.

SCFA shall indemnify, defend and hold harmless each party to this Agreement from and against any and all liabilities, debts, claims, demands or costs (including but not limited to attorney's fees) arising, or alleged to arise as a result of SCFA's operation or failure to operate. Moreover, to the extent permitted by law, SCFA shall indemnify, defend and hold harmless the City of Wildomar from and against any and all liabilities, debts, claims, demands or costs (including but not limited to attorney's fees) which arose, or are alleged to have arisen as a result of any liabilities, debts, claims, demands or costs (including but not limited to attorney's fees) incurred by SCFA on a date prior to Wildomar's formal admission as a SCFA member agency as based upon the date of final approval of the third amended and restated Joint Powers Agreement by all parties to this Agreement.

SECTION 15. NOTICES

Notices required or permitted hereunder shall be sufficiently given if made in writing and delivered either personally or upon deposit into the U.S. Mail, first class, postage prepaid to:

RIVERSIDE COUNTY

Executive Office
County Administrative Center
4080 Lemon Street, 4th Floor
Riverside, CA 92501

Attn: Deputy County Executive Officer - Finance

CITY OF CANYON LAKE

31516 Railroad Canyon Road
Canyon Lake, CA 92587

Attn: City Manager

CITY OF LAKE ELSINORE

130 South Main Street
Lake Elsinore, CA 92530

Attn: City Manager

CITY OF MURRIETA

24601 Jefferson Avenue
Murrieta, CA 92562

Attn: City Manager

CITY OF TEMECULA

43200 Business Park Drive
P.O. Box. 9033
Temecula, CA 92589

Attn: City Manager

CITY OF WILDOMAR

23873 Clinton Keith Road, Suite 201
Wildomar, CA 92595

Attn: City Manager

SECTION 16. OTHER AGREEMENTS NOT PROHIBITED

Other agreements by and between the parties to this Agreement or any other entity are neither prohibited nor modified in any manner by execution of this Agreement.

SECTION 17. SEVERABILITY

If any section, clause or phrase of this Agreement or the application thereof to any party or any other person or circumstance is for any reason held to be invalid by a court of competent jurisdiction, it shall be deemed severable and the remainder of this Agreement or the application of such provision to the other party or other persons or circumstances shall not be affected thereby.

SECTION 18. NONASSIGNABILITY

The rights, Titles and interests of any party to this Agreement shall not be assignable or transferable without the written consent of the Board of Supervisors for Riverside County, and the Governing Board of any of the other parties to this Agreement.

SECTION 19. MISCELLANEOUS

(a) Section Headings. The section headings herein are for convenience of the parties only, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions or language of this Agreement.

(b) Laws of California. This Agreement is made in the State of California, under the Constitution and laws of such State, and shall be construed and enforced in accordance with the laws of the State of California.

(c) Construction of Language. It is the intention of the parties hereto that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

(d) Cooperation. The parties to this Agreement recognize the necessity and hereby agree to cooperate with each other in carrying out the purposes of this Agreement including cooperation in manners relating to the public, accounting, litigation, public relations and the like.

(e) Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto.

(f) Publication Rights. Each party to this Agreement shall have the right to duplicate, at its own expense, any and all documents and reports created or acquired, in the joint exercise of powers hereunder by the Board or by any other party hereto pursuant to this Agreement.

(g) Government Code Section 6509 Designation. The laws of the State of California applicable to the COUNTY, as a general law county, shall govern the SCFA in the manner of exercising its powers, subject, however, to such restrictions as are applicable to said county in the manner of exercising such powers, as required by California Government Code Section 6509.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested to by their proper officers thereunto duly authorized as of the date first above written.

COUNTY OF RIVERSIDE

By: Marion Ashley
Chair, Board of Supervisors
MARION ASHLEY

Dated: _____

ATTEST:
Kecia Harper-Ihem, Clerk of the Board

By: [Signature]
Deputy

Dated: _____

[Seal]

Approved as to form and content:
Pamela J. Walls, County Counsel

By: [Signature]
Deputy County Counsel

CITY OF CANYON LAKE

By: Nancy E. Horton
Mayor, City Council

Dated: 11-3-2010

ATTEST:

By: [Signature]
Deputy

Dated: 2-22-2011

[Seal]

Approved as to form and content:
City Attorney

Elizabeth Martyn

CITY OF LAKE ELSINORE

By: Melissa M. Lentz
Mayor, City Council

Dated: October 26, 2010

ATTEST:

By: Carol Cowley
Deputy

Dated: October 26, 2010

[Seal]

Approved as to form and content:
City Attorney

Barbara Leibold

CITY OF MURRIETA

By: _____
Mayor, City Council

Dated: _____

ATTEST:

By: _____
Deputy

Dated: _____

[Seal]

Approved as to form and content:
City Attorney

CITY OF LAKE ELSINORE

By: [Signature]
Mayor, City Council

Dated: Jan 9, 2011

ATTEST:

By: [Signature]
Deputy

Dated: Jan 4, 2011

[Seal]

Approved as to form and content:
City Attorney

[Signature]

CITY OF MURRIETA

By: [Signature]
Mayor, City Council

Dated: Nov. 16, 2010

ATTEST:

By: [Signature]
Deputy City Clerk

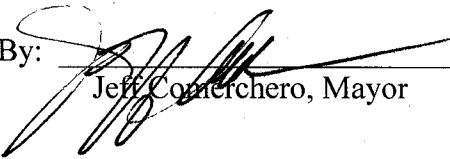
Dated: Nov. 16, 2010

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Approved as to form and content:
City Attorney

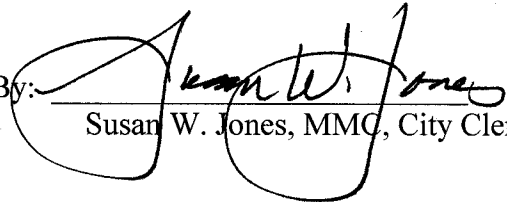
[Signature]

CITY OF TEMECULA

By: 
Jeff Comerchero, Mayor

Dated: 11-9-10

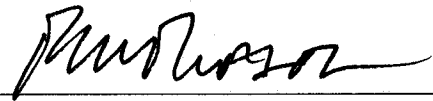
ATTEST:

By: 
Susan W. Jones, MMC, City Clerk

Dated: 11/10/10

[Seal]

Approved as to form and content:
Peter M. Thorson, City Attorney



CITY OF WILDOMAR

By: _____
Mayor, City Council

Dated: _____

ATTEST:

By: _____
Deputy

Dated: _____

[Seal]

Approved as to form and content:
City Attorney

CITY OF TEMECULA

By: _____
Mayor, City Council

Dated: _____

ATTEST:

By: _____
Deputy

Dated: _____

[Seal]

Approved as to form and content:
City Attorney

CITY OF WILDOMAR

By: Marsha Swanson
Mayor, City Council

Dated: 01-12-11

ATTEST:

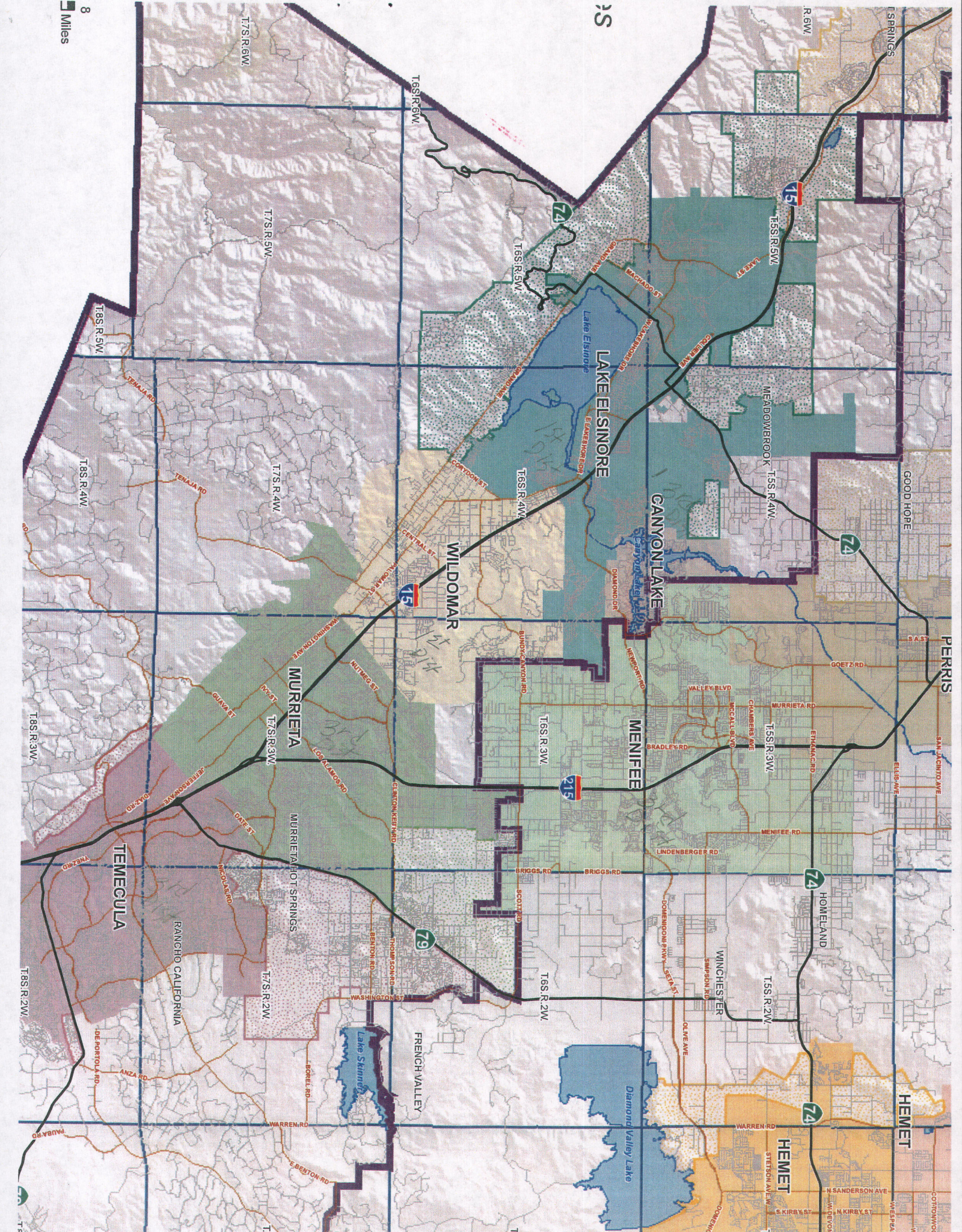
By: Debbie A. Lee
~~Deputy~~ City Clerk
Debbie A. Lee

Dated: 01-12-11

[Seal]

Approved as to form and content:
City Attorney

Jodie Dagg



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VALLEY BLVD

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SUB-LEASE AGREEMENT

Dated as of November 1, 2010

by and between the

COUNTY OF RIVERSIDE,
as Sub-lessor

and the

CITY OF WILDOMAR,
as Sub-lessee

Relating to
\$15,105,000
Southwest Communities Financing Authority
2008 Lease Revenue Bonds
Series A
(County of Riverside Capital Project)

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SUB-LEASE AGREEMENT

THIS SUB-LEASE AGREEMENT (this "Sub-Lease Agreement"), dated as of November 1, 2010, is by and between the COUNTY OF RIVERSIDE, a division of the State organized and existing under the laws of the State of California, as Sub-lessor (the "County"), and the City of Wildomar a municipal corporation organized and existing under the laws of the State, as sub-lessee (the "City");

WITNESSETH:

WHEREAS, the Southwest Communities Financing Authority (the "Authority") is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement dated as of November 30, 2004, as amended from time to time (the "Joint Exercise of Powers Agreement") executed by and among the County, the City of Canyon Lake, the City of Lake Elsinore, the City of Murrieta, and the City of Temecual (together, the "Member Agencies"); and

WHEREAS, under Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Bond Law") the Authority is authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, public entities including the Member Agencies, and to provide financing for public capital improvements of public entities including the Member Agencies and to lease such public capital improvements including the land on which the public capital improvements are or will be located; and

WHEREAS, the Authority has leased a certain parcel (the "Leased Premises") from Animal Friends of the Valleys ("AFV") pursuant to a Ground Lease, dated November 1, 2008, by and between the AFV, as Sub-lessor, and the Authority, as sub-lessee (the "Ground Lease"), and wishes to lease the Leased Premises and improvements constructed thereon to the County pursuant to the laws of the State of California to enter into a Lease Agreement, dated November 1, 2008, between the County and the Authority (the "Lease Agreement"); and

WHEREAS, the Lease Premises are leased to the AFV pursuant to an Amended and Restated Site Lease Agreement between the Elsinore Valley Municipal Water District and AFV, dated December 28, 2006 (the "AFV Lease"), as amended, and this Sub-Lease Agreement is subject to the AFV Lease; and

WHEREAS, the City executed a Third Amended and Restated Joint Exercise of Powers Agreement, dated as of November 1, 2010, whereby the City became a member agency of the Authority; and

WHEREAS, the County is subleasing a portion of the Leased Premises to the City pursuant to this Sub-Lease in consideration for the City's proportionate use and occupancy of the Leased Premises; and

WHEREAS, the Leased Premises constitute a public capital improvement, as that term is defined in the Bond law; and

WHEREAS, the Authority shall lease the Leased Premises to the County for the purpose (among others) of operating an animal shelter and the rent thereon shall provide amounts sufficient to pay the principal of and interest on the Bonds (as defined herein); and

WHEREAS, for the purpose of providing moneys to acquire or construct capital projects of the County, the Authority has issued its \$15,105,000 aggregate principal amount 2008 Lease Revenue Bonds, Series A (County of Riverside Capital Project) (the "Bonds") under that certain Indenture of Trust dated as of November 1, 2008 (the "Indenture") by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee; and

WHEREAS, all conditions to the execution and delivery of this Sub-Lease Agreement have been satisfied and the County and the City are duly authorized to execute and deliver this Sub-Lease Agreement;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I DEFINITIONS AND EXHIBITS

Section 1.01 Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Sub-Lease Agreement shall have the respective meanings specified in Section 1.01 of the Lease Agreement and Section 1.01 of the Indenture.

Section 1.02 Exhibits. The following exhibits are attached to, and by this reference made a part of, this Sub-Lease Agreement.

Exhibit A: Description of the Leased Premises.

ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.01 Representations, Covenants and Warranties of the City. The City makes the following covenants, representations and warranties to the County as of the date of the execution and delivery of this Sub-Lease Agreement:

(a) Due Organization and Existence. The City is a municipal corporation duly organized and validly existing under the laws of the State, has full legal right, power and authority under the laws of the State to enter into this Sub-Lease Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the City has duly authorized the execution and delivery of this Sub-Lease Agreement.

(b) Due Execution. The representatives of the City executing this Sub-Lease Agreement have been fully authorized to execute the same pursuant to a resolution duly adopted by the City Council.

(c) Valid, Binding and Enforceable Obligations. This Sub-Lease Agreement has been duly authorized, executed and delivered by the City and constitutes the legal, valid and binding agreement of the City enforceable against the City in accordance with the terms hereof.

(d) No Conflicts. The execution and delivery of this Sub-Lease Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Sub-Lease Agreement or the financial condition, assets, properties or operations of the City.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Sub-Lease Agreement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Sub-Lease Agreement, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Sub-Lease Agreement or the financial conditions, assets, properties or operations of the City.

(g) Essentiality. The Leased Premises and Facilities constitute property that is essential to carrying out the governmental functions of the City.

Section 2.02 Representations, Covenants and Warranties of County. The County makes the following covenants, representations and warranties to the City as of the date of the execution and delivery of this Sub-Lease Agreement:

(a) Due Organization and Existence. The County is a division of the State duly organized and existing under and by virtue of the laws of the State; has power to enter into this Sub-Lease Agreement and the Lease Agreement; is possessed of full power to own and hold, improve and equip real and personal property, and to lease the same; and has duly authorized the

execution and delivery of each of the aforesaid agreements and such agreements constitute the legal, valid and binding agreements of the County, enforceable against the County in accordance with their respective terms.

(b) Due Execution. The representatives of the County executing this Sub-Lease Agreement and the Lease Agreement are fully authorized to execute the same pursuant to official action taken by the Board of Supervisors of the County.

(c) Valid Binding and Enforceable Obligations. This Sub-Lease Agreement and the Lease Agreement have been duly authorized, executed and delivered by the County and constitute the legal, valid and binding agreements of the County, enforceable against the County in accordance their respective terms.

(d) No Conflicts. The execution and delivery of this Sub-Lease Agreement and the Lease Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the County is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the County, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Sub-Lease Agreement and the Lease Agreement or the financial condition, assets, properties or operations of the County.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the County, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Sub-Lease Agreement or the Lease Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental Authority pending or, to the knowledge of the County after reasonable investigation, threatened against or affecting the County or the assets, properties or operations of the County which, if determined adversely to the County or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Sub-Lease Agreement or the Lease Agreement, or upon the financial condition, assets, properties or operations of the County, and the County is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Sub-Lease Agreement or the Lease Agreement or the financial conditions, assets, properties or operations of the County.

ARTICLE III THE BONDS

Section 3.01 The Bonds. The Authority has authorized the issuance of the Bonds pursuant to the Indenture in the aggregate principal amount of Fifteen Million One Hundred Five Thousand Dollars (\$15,105,000). The Authority has contracted with the County to use the proceeds of sale of the Bonds to construct the Facilities and such proceeds were paid to the Trustee on the Closing Date for deposit and application pursuant to the terms and conditions of the Indenture.

Section 3.02 Payment of Costs of Issuance. Payment of all Costs of Issuance shall be made from the moneys deposited with the Trustee in the Costs of Issuance Fund, which moneys shall be disbursed for such purpose in accordance with Section 3.03 of the Indenture. The City shall deposit the amount of \$0 for payment of its proportionate share of those Costs of Issuance which may not be funded from the proceeds of the Bonds. Any Costs of Issuance for the payment of which insufficient funds shall be available on deposit in the Costs of Issuance Fund, shall be paid by the Member Agencies, and the City shall pay its proportionate share as determined by the County.

ARTICLE IV LEASE; TERM OF THIS LEASE AGREEMENT; RENTAL PAYMENTS

Section 4.01 Lease by Authority and Lease to County.

(a) For consideration described therein, AFV has leased to the Authority, pursuant to the Ground Lease, the Site for the Term stated therein, plus one week following the end of the Term of the Ground Lease.

(b) For consideration described therein, the Authority has leased the Leased Premises to the County, and the County has leased the Leased Premises from the Authority, upon the terms and conditions set forth in the Lease Agreement.

(c) The County hereby leases the Leased Premises to the City, and the City hereby leases the Leased Premises from the County, upon the terms and conditions set forth in this Sub-Lease Agreement.

(d) The City hereby takes possession of its proportionate share of the Leased Premises upon execution and delivery of this Sub-Lease Agreement by the City and County.

Section 4.02 Term of Lease Agreement. The Term of this Sub-Lease Agreement shall be commensurate with the Term of the Leased Agreement and this Sub-Lease Agreement, and shall terminate upon the earlier of the final date of the Term of this Sub-Lease Agreement or the date that Lease Payments due hereunder shall have been paid or made available for payment pursuant to this Sub-Lease Agreement.

Section 4.03

Lease Payments; Security Deposit.

(a) Obligation to Pay. In consideration of the Sub-Lease by the County of the Leased Premises and in consideration of the issuance of the Bonds by the Authority for the purpose of constructing the Facilities, and subject to the provisions of Sections 6.01 and 6.03 of the Lease Agreement, the City agrees to pay to the County, its successors and assigns, as rental for the use and occupancy of the Leased Premises during each Fiscal Year, the Lease Payments for the use of the Leased Premises to be due and payable on August 1 of each year of the Term of this Sub-Lease. The Lease Payments coming due and payable in any Fiscal Year shall be for the City's use of the Leased Premises for such Fiscal Year as determined by the Authority and the County. The Lease Payments due hereunder shall be the City's percentage of animals housed in the Facilities for the previous calendar year in relation to the total number of animals housed in the Facilities for the previous calendar year multiplied by the total Lease Payment due by the County under the Lease Agreement.

(b) [Reserved]

(c) Rate on Overdue Payments. In the event the City should fail to make any of the payments required in this Section 4.03, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate per annum equal to the average interest rate on the Bonds. Such interest, if received, shall be deposited by the County in the Bond Fund.

(d) Fair Rental Value. The Lease Payments and Miscellaneous Rent coming due and payable hereunder in each Fiscal Year shall constitute the total rental for the Leased Premises for each Fiscal Year and shall be paid by the City in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Leased Premises during each Fiscal Year. The parties hereto have agreed and determined that the total amount of such Lease Payments and Miscellaneous Rent for the Leased Premises do not exceed the fair rental value of the Leased Premises. In making such determination, consideration has been given to the obligations of the parties under this Sub-Lease Agreement, the uses and purposes which may be served by the Leased Premises and the benefits therefrom which will accrue to the City and the general public.

(e) Source of Payments; Budget and Appropriation. The Lease Payments shall be payable from any source of available funds of the City. The City covenants to take such action as may be necessary to include all Lease Payments and Miscellaneous Rent due hereunder in each of its budgets during the Term of this Sub-Lease Agreement and to make the necessary annual appropriations for all such Lease Payments and Miscellaneous Rent. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Sub-Lease Agreement agreed to be carried out and performed by the City.

The City and the County understand and intend that the obligation of the City to pay Lease Payments and other payments hereunder constitutes a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the County, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of the City. Lease Payments due hereunder shall be payable only from current funds which are budgeted and appropriated, or otherwise legally available, for the purpose of paying Lease Payments or other payments due hereunder as consideration for use of the Leased Premises during the Fiscal Year for which such funds were budgeted and appropriated or otherwise made legally available for such purpose. This Sub-Lease Agreement shall not create an immediate indebtedness for any aggregate payments which may become due hereunder. The City has not pledged the full faith and credit of the City, the State or any agency or department thereof to the payment of the Lease Payments or any other payments due hereunder, the Bonds or the interest thereon.

(f) Prepayment of Leased Premises. Notwithstanding any other provision of this Sub-Lease Agreement, the City may on any date secure the payment of the Lease Payments in whole by depositing with the County an amount of cash, which is sufficient to pay such Lease Payments for the remaining Term but only for the purpose of withdrawing from the Authority pursuant to the provisions of Section 7(g) of the Joint Exercise of Powers Agreement. The amount of the remaining Lease Payments shall be determined by the County based upon the average of the previous three years of Lease Payments hereunder plus any premium associated with prepayment of Lease Payments by the County pursuant to Section 4.05 of the Lease Agreement.

Section 4.04 Quiet Enjoyment. During the Term of this Sub-Lease Agreement, the Authority shall provide the City with quiet use and enjoyment of the Leased Premises, and the City shall, during such Term, peaceably and quietly have and hold and enjoy the Leased Premises without suit, trouble or hindrance from the County, except as expressly set forth in this Sub-Lease Agreement. The County will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the County may lawfully do so.

Section 4.05 Title. During the Term of this Sub-Lease Agreement, the City shall hold a leasehold in the Leased Premises, and in any and all additions which comprise fixtures, repairs, replacements or modifications to the Leased Premises, except for those fixtures, repairs, replacements or modifications which are added to the Leased Premises by the City at its own expense and which may be removed without damaging the Leased Premises and except for any items added to the Leased Premises by the City pursuant to this Sub-Lease Agreement. All right, title and interest of the City, the County, and the Authority in and to the Leased Premises shall be transferred to and vested in AFV, after all of Lease Payments and Miscellaneous Rent due hereunder and under the Lease Agreement shall have been paid and the Lease Agreement shall have been deemed paid. The City agrees to take any and all steps and execute and record any and all documents reasonably required by AFV to consummate any such transfer of title.

Section 4.06 Miscellaneous Rent. In addition to the Lease Payments, the City shall pay when due its proportionate share of the following items of Miscellaneous Rent:

(a) all fees and expenses incurred by the County in connection with or by reason of its leasehold estate in the Leased Premises as and when the same become due and payable;

(b) all reasonable compensation and indemnification to the Trustee pursuant to Section 8.06 of the Indenture for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Indenture;

(c) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the County, the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Lease Agreement or the Indenture; and

(d) the reasonable out-of-pocket expenses of the County, including the fees charged by the County for its participation in the financing of the Facilities, and Authority in connection with the execution and delivery of the Lease Agreement or the Indenture, or in connection with the issuance of the Bonds, including but not limited to amounts payable pursuant to Section 5.11, any compensation and indemnification due to the Insurer and including, but not limited to, any and all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, or incurred by the County and Authority in connection with any litigation which may at any time be instituted involving the Lease Agreement, the Bonds, the Indenture or any of the other documents contemplated hereby or thereby, or otherwise incurred in connection with the administration of the Lease Agreement.

Section 4.07 Substitution or Release of Leased Premises. In the event that the County substitutes or releases all or any portion of the Leased Premises pursuant to Section 4.09 of the Lease, then this Sub-Lease shall be amended by the City and County to conform to the description of real property and facilities thereon which constitute Leased Premises or Substitute Leased Premises under the Lease Agreement, as amended.

ARTICLE V MAINTENANCE; TAXES; INSURANCE; USE LIMITATIONS; AND OTHER MATTERS

Section 5.01 Maintenance, Utilities, Taxes and Assessments. Throughout the Term of the Lease Agreement the County has agreed to pay all improvement, repair and maintenance of the Leased Premises and Facilities. The County has also agreed to pay for or otherwise arrange for the payment of all utility services supplied to the Leased Premises which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water taxes, all applicable insurance under the Lease Agreement, and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Premises resulting from ordinary wear and tear or want of care on the part of the County or any assignee or sub-lessee thereof. The City will reimburse the County the City's proportionate share of the operation and maintenance costs of the Leased Premises and those expenses required under Sections 7(a) – (f) of the Joint Exercise of Powers Agreement. The City waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the City under the terms of this Lease Agreement.

Section 5.02 **Liens.** Neither the County nor the City shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to any portion of the Leased Premises and Facilities, other than the respective rights of the County and the City as provided herein and other than Permitted Encumbrances. Except as expressly provided in this Article V, the County and the City shall promptly, at their own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City shall reimburse the County for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

**ARTICLE VI
DAMAGE, DESTRUCTION AND EMINENT DOMAIN;
USE OF NET PROCEEDS**

Section 6.01 **Damage and Destruction of Leased Premises.** In the event that the Facilities are damaged, destroyed or subject to condemnation pursuant to Article VI of the Lease Agreement, the County shall use the net proceeds of insurance or condemnation award as provided in the Lease Agreement and the Indenture. The County shall provide City with an accounting of the use of such net proceeds to either rebuild or replace the Facilities or pay the principal of and interest on the Bonds. The City shall continue to make Lease Payments in accordance with Section 4.03(a) hereof, provided, however, that the County shall reduce any Lease Payments payable hereunder in the event that Bonds have been prepaid and redeemed from Net Proceeds in proportion to the City's remaining use of the Facilities to the whole.

**ARTICLE VII
[RESERVED]**

**ARTICLE VIII
ASSIGNMENT, SUBLEASING AND AMENDMENT**

Section 8.01 **Assignment by the Authority.** The Authority's rights under the Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the County under the Lease Agreement, have been pledged and assigned to the Trustee for the benefit of the Owners of the Bonds pursuant to the Indenture, to which pledge and assignment the County has consented under the Lease Agreement.

Section 8.02 **Assignment and Subleasing by the City.** This Sub-Lease Agreement may not be assigned by the City. Additionally, the City may not sublease the Leased Premises and Facilities or any portion thereof.

Section 8.03 **Amendment Hereof.** The County and the City may at any time amend or modify any of the provisions of this Sub-Lease Agreement by written agreement and consent of the Authority.

ARTICLE IX
EVENTS OF DEFAULT; REMEDIES

Section 9.01 Events of Default Defined. The following shall be "Events of Default" under this Sub-Lease Agreement:

(a) Failure by the City to pay any Lease Payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to make any Miscellaneous Rent payment required hereunder and the continuation of such failure for a period of thirty (30) days.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the County or the Authority; provided, however, that if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such sixty (60) day period, such failure shall not constitute an Event of Default if the City shall commence to cure such failure within such sixty (60) day period and thereafter diligently and in good faith shall cure such failure in a reasonable period of time.

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of applicable federal bankruptcy law, or under any similar acts which may hereafter be enacted.

Section 9.02 Remedies on Default. Whenever any Event of Default referred to in Section 9.01 shall have happened and be continuing, it shall be lawful for the County to exercise any and all remedies available pursuant to law or granted pursuant to this Sub-Lease Agreement; provided, however, that notwithstanding anything to the contrary herein, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable or to terminate this Sub-Lease Agreement or to cause the leasehold interest of the County or the subleasehold interest of the City in the Leased Premises to be sold, assigned or otherwise alienated. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and upon the breach thereof the County may exercise any and all rights of entry and re-entry upon the Leased Premises and Facilities, subject to the provisions of the AFV Lease. In the event of such default and notwithstanding any re-entry by the County, the City shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Sub-Lease Agreement and the performance of all conditions herein contained, and in any event such rent and damages shall be payable to the County at the time and in the manner as herein provided, to wit:

(a) The City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the County for any

deficiency arising out of the re-leasing of the Leased Premises and Facilities, or, in the event the County is unable to relet the Leased Premises and Facilities, then for the full amount of all Lease Payments to the end of the Term of this Sub-Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the County or any suit in unlawful detainer, or otherwise, brought by the County for the purpose of effecting such re-entry or obtaining possession of the Leased Premises and Facilities or the exercise of any other remedy by the County.

Section 9.03 No Remedy Exclusive. No remedy herein conferred upon or reserved to the County is intended to be exclusive and every such remedy shall be cumulative and shall, except as herein expressly provided to the contrary, be in addition to every other remedy given under this Sub-Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it in this Article IX it shall not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.04 Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Sub-Lease Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 9.05 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Sub-Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE X MISCELLANEOUS

Section 10.01 Notices. All written notices to be given under this Sub-Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication; (b) 48 hours after deposit in the United States mail, postage prepaid; or (c) otherwise, upon actual receipt. The Authority, the County, and the City may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority: Southwest Communities Financing Authority
c/o County Executive Office
4080 Lemon Street, 4th Floor
Riverside, CA 92501-3679
Attention: Program Administrator/Deputy County
Executive Officer

If to the County: County of Riverside
County Executive Officer
4080 Lemon Street, 4th Floor
Riverside, CA 92501-3679
Attention: Deputy County Executive Officer

If to the City: City of Wildomar
23873 Clinton Keith Road, Suite 201
Wildomar, CA 92595
Attn.: City Manager

Section 10.02 Binding Effect. This Sub-Lease Agreement shall inure to the benefit of and shall be binding upon the City and the County and their respective successors and assigns.

Section 10.03 Severability. In the event any provision of this Sub-Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.04 Net-net-net Lease. This Sub-Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Lease Payments shall be an absolute net return to the County, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.05 Further Assurances and Corrective Instruments. The City and the County agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Premises hereby leased or intended so to be or for carrying out the expressed intention of this Sub-Lease Agreement.

Section 10.06 Execution in Counterparts. This Sub-Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.07 Applicable Law. This Sub-Lease Agreement shall be governed by and construed in accordance with the laws of the State.

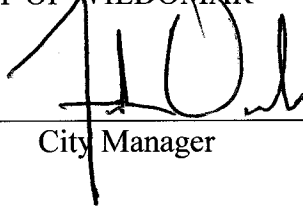
Section 10.08 Authorized Representatives. Whenever under the provisions of this Sub-Lease Agreement the approval of the City or the County is required, or the City or the

County is required to take some action at the request of the other, such approval or such request shall be given for the City by an Authorized Representative of the City and for the County by an authorized Representative of the County, and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.09 **Captions.** The captions or headings in this Sub-Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Sub-Lease Agreement.

IN WITNESS WHEREOF, the City has caused this Lease Agreement to be executed in its corporate name by its duly authorized officers and sealed with its seal; and the County has caused this Lease Agreement to be executed in its name by its duly authorized officers and sealed with its corporate seal, as of the date first above written.

CITY OF WILDOMAR

By 
City Manager

Attest:


City Clerk

COUNTY OF RIVERSIDE

By 
County Executive Officer

(SEAL)

Attest: 
Clerk of the Board of Supervisors

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE)

On 01-04, 2010, before me, Debbie Lee, City Clerk, a Notary Public, personally appeared Frank Oviedo, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Debbie A. Lee

(Seal)

WALSLEY M. SHAW
Commissioner # 178944
Notary Public - California
Riverside County
My Comm. Expires 06/30/2011

